

NUVEEN PENNSYLVANIA INVESTMENT QUALITY MUNICIPAL FUND INC

Form N-30D

September 04, 2002

Annual Report June 30, 2002

NUVEEN
MUNICIPAL CLOSED-END
EXCHANGE-TRADED
FUNDS

NEW JERSEY

NQJ

NNJ

NXJ

NUJ

PENNSYLVANIA

NQP

NPY

NXM

NVY

[photo of: woman and child on bikes]

[photo of: 2 women and child]

Dependable,
tax-free income
because
it's not what you earn,
it's what you keep. (R)

THE NUVEEN
INVESTOR
See Page 13

Logo: NUVEEN Investments

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DIVIDENDS AND STATEMENTS

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Photo of: Timothy R. Schwertfeger
Chairman of the Board

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

Dear Shareholder

I am pleased to report that during the period covered by this report, your Fund continued to seek to meet its primary objective of providing attractive monthly income, while at the same time offering opportunities to reduce overall portfolio volatility. Detailed information on your Fund's performance can be found in the Portfolio Managers' Comments and Performance Overview sections of this report. I urge you to take the time to read them.

I also 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 also may help lower Fund expenses. Sign up is quick and easy - see the inside front cover of this report for detailed instructions.

In addition to providing you with tax-free income, your Nuveen Fund also features several characteristics that can help make it an essential part of your overall investment strategy. These include careful research, constant surveillance and judicious trading by Nuveen's seasoned portfolio management team, with every action designed to supplement income, improve Fund structure, better adapt to current market conditions or increase diversification. In uncertain markets like these, prudent investors understand the importance of diversification, balance, and risk management, all attributes your Nuveen Fund can bring to your portfolio.

For more than 100 years, Nuveen has specialized in offering quality investments such as these Nuveen Funds to those seeking to accumulate and preserve wealth. Our mission continues to be to assist you and your financial advisor by offering the investment services and products that can help you meet your financial objectives. We thank you for continuing to choose Nuveen Investments as a partner as you work toward that goal.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger
Chairman of the Board

August 15, 2002

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Nuveen New Jersey and Pennsylvania Municipal Closed-End Exchange-Traded Funds
(NQJ, NNJ, NXJ, NUJ, NQP, NPY, NXM, NVY)

Portfolio Managers' Comments

Portfolio managers Tom Spalding and Tom O'Shaughnessy review economic and market conditions, key strategies, and recent Fund performance. A 25-year veteran of Nuveen, Tom Spalding assumed portfolio management responsibility for NQJ, NNJ and NXJ in March 2001, and for NUJ upon its inception in 2002. Tom O'Shaughnessy, who has been with Nuveen since 1983, has managed NQP since 1991, NPY since 1995, NXM since its inception in 2001 and NVY since its inception in 2002.

WHAT FACTORS HAD THE GREATEST INFLUENCE ON THE U.S. ECONOMY AND THE MUNICIPAL MARKET DURING THIS REPORTING PERIOD?

The two major forces at work during the twelve months ended June 30, 2002, were the general slowdown in economic growth and the Federal Reserve's aggressive easing of short-term interest rates. In addition, the events of September 11, 2001, and the uncertain geopolitical climate that followed also impacted the economy and the markets.

In the municipal markets, the generally sluggish economic environment of the past twelve months helped many bonds perform well. In addition, the trend toward increased issuance remained strong. Looking at the first six months of 2002, Pennsylvania had an 18.9% growth in new issue supply when compared with the same period in 2001. New Jersey issuance also increased relative to 2001. On the demand side, municipal bonds continued to be highly sought after by individual investors looking for diversification, tax-free income and an alternative to a volatile stock market. Institutional investors, especially traditional purchasers such as property/ casualty insurance companies, also have been active buyers.

HOW WAS THE ECONOMIC AND MARKET ENVIRONMENT IN NEW JERSEY AND PENNSYLVANIA?

During the first half of 2002, New Jersey's economy matched the sluggish national picture. Overall, the state saw its unemployment number rise to 5.6% in June 2002 from 4.2% one year earlier. Many expect the New Jersey economy to begin a recovery in the last half of 2002, but some suggest that collection of income and sales taxes may continue to slow, and the state may experience a budget deficit for an indefinite period. While most observers like the state's longer term prospects, New Jersey's credit quality rating was lowered recently by Standard & Poor's to AA- from AA+.

Pennsylvania also has seen a slowdown in economic activity over the past year.

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Unemployment had reached 5.3% in June 2002, compared with 4.7% in 2001. Reduced manufacturing activity has had an impact on the retail and service sectors. While Pennsylvania's highly skilled workforce represents a strong base for future growth, aging demographics and a relatively low concentration of high-growth industries could limit Pennsylvania's prospects in the intermediate term.

HOW DID THE NUVEEN FUNDS FOR NEW JERSEY AND PENNSYLVANIA PERFORM OVER THE PAST TWELVE MONTHS?

For the fiscal year ended June 30, 2002, the four older Nuveen Closed-End Exchange-Traded Funds covered in this report produced total annual returns on Common share net asset value (NAV) as shown in the accompanying table. The annual returns for the Lehman Brothers Municipal Bond Index¹ and relevant Lipper Peer Groups² are also presented.

| | MARKET YIELD | TOTAL RETURN ON NAV | LEHMAN TOTAL RETURN ¹ | LIPPER AVERAGE ² |
|-----|--------------|-------------------------------------|-------------------------------------|--------------------------------|
| | 6/30/02 | TAXABLE- EQUIVALENT ³ | 1 YEAR ENDED 6/30/02 | 1 YEAR ENDED 6/30/02 |
| NQJ | 6.03% | 9.21% | 6.56% | 6.92% |
| NNJ | 5.65% | 8.63% | 7.91% | 6.92% |
| NXJ | 6.03% | 9.21% | 6.05% | 6.92% |
| NUJ | 6.10% | 9.31% | -- | -- |
| NQP | 6.01% | 8.84% | 7.34% | 6.92% |
| NPY | 6.13% | 9.01% | 8.88% | 6.92% |
| NXM | 5.92% | 8.71% | 9.67% | 6.92% |
| NVY | 6.23% | 9.16% | -- | -- |

Past performance is not predictive of future results.

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

¹ The Funds' performances are compared with that of the Lehman Brothers Municipal Bond Index, a national unleveraged index comprising a broad range of investment-grade municipal bonds. Results for the Lehman index do not reflect any expenses.

² The total returns of the New Jersey Funds are compared with the average annualized return of the nine funds in the Lipper New Jersey Municipal Debt Funds category, while the total returns of Pennsylvania Funds are compared with the average annualized return of the ten funds in the Lipper Pennsylvania Municipal Debt Funds category. Fund and Lipper returns assume reinvestment of dividends.

³ The taxable-equivalent yield represents the yield that must be earned on a

taxable investment in order to equal the yield of the Nuveen Fund on an after-tax basis. The taxable-equivalent yield is based on the Fund's market yield on the indicated date and a federal income tax rate of 30% plus the applicable state income tax rate. The combined federal and state tax rates used in this report are as follows: New Jersey 34.5% and Pennsylvania 32%.

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Over the past twelve months, the Fed's policy to keep short-term interest rates relatively low, combined with generally favorable market conditions, created a positive total return environment for municipal bonds. This is reflected in the total returns on NAV listed in the previous table.

HOW DID THE MARKET ENVIRONMENT AFFECT THE FUNDS' DIVIDENDS AND SHARE PRICES?

With the Fed keeping short-term interest rates relatively low, the dividend-paying capabilities of these Funds benefited from their use of leverage, a strategy that can potentially enhance the dividends paid to common shareholders. This benefit is tied in part to the short-term rates the Funds pay their MuniPreferred(R) shareholders. For example, low short-term rates can enable the Funds to reduce the amount of income they pay preferred shareholders, which can leave more earnings to support common share dividends.

During the fiscal year ended June 30, 2002, relatively low short-term interest rates enabled us to implement three dividend increases in NNJ, and to maintain the attractive monthly dividends in the other New Jersey Funds. Similarly, NPY had four dividend increases during the year, NXM had one, and the other two Pennsylvania Funds maintained their dividends. In coming months, the lower rates currently offered by municipal securities with shorter maturities may continue to benefit these Funds by keeping the amount paid to MuniPreferred shareholders relatively low. However, this could be offset to some degree by the effect of bond calls on higher-yielding securities, especially if refundings increase as the result of lower rates. The level of short-term rates, the number of bond calls, and the interest rates at which we can reinvest the proceeds of any calls will all influence the dividends of these Funds over the next twelve months.

Over the past year, as the markets remained volatile, the share prices of the New Jersey and Pennsylvania Funds all stayed relatively stable (see the charts on the individual Performance Overview pages). As of June 30, 2002, the share prices of four of these Funds were at slight premiums to their Common share net asset values and four were at slight discounts.

NUJ and NPY were both introduced in March 2002. Since then, they have each declared their first regular monthly dividend and each has traded well in the secondary market.

WHAT KEY STRATEGIES WERE USED TO MANAGE THESE FUNDS DURING THE FISCAL YEAR ENDED JUNE 30, 2002?

During this reporting period, we focused on two principal areas: enhancing the dividend-paying capabilities of the Funds and improving their diversification and call protection. With new issuance abundant, we looked for opportunities and tried to respond quickly when favorable situations developed.

Looking specifically at the New Jersey Funds, we found several attractive opportunities in the housing and healthcare sectors, as well as with certain insured general obligation bonds. Most of the immediate call exposure in these Funds has been eliminated, either by selling callable bonds or redeploying

assets from called bonds in other securities. The initial investing period for NUJ was completed during the reporting period, and we believe that Fund is well positioned to provide attractive dividends for shareholders in the months ahead.

The New Jersey Funds have some exposure to bonds issued by the Port Authority of New York and New Jersey, the owner of the World Trade Center. Many of these holdings were insured and, in general, have not impacted the Funds' performance. The Port Authority's financial strength and the diverse scope of its operations are helping to ease the financial burden precipitated by September 11.

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In Pennsylvania, we took advantage of increased issuance in the state's municipal market to sell some bonds approaching call dates and reinvested the proceeds in credits that we believe improved the structure and diversification of the Funds. The ample supply of Pennsylvania bonds also ensured that we were able to complete the initial investing process for NVY. Overall, our focus was on the healthcare and housing sectors - two areas that we believed offered good values. There is a good deal of demand from individual investors for Pennsylvania municipal bonds, and in some instances we were able to take advantage of this by selling bonds at very favorable prices and investing the proceeds in other bonds that enhanced yield or improved structure.

We also were keeping a close eye on the duration⁴ of each Fund, to help make sure we retained the ability to move quickly in the event of an anticipated major shift in interest rates. We believe that in this market environment it is beneficial to maintain slightly shorter durations, which we think will help make the portfolios less sensitive to possible interest rate changes while still providing yields and returns that are competitive with longer duration funds.

In the current geopolitical climate, we believe that maintaining strong credit quality is a key requirement for all the Funds. All of the New Jersey and Pennsylvania Funds continue to offer excellent credit quality, with allocations of bonds rated AAA/U.S. guaranteed and AA ranging from 60% to 90% as of June 30, 2002. All of the Funds also had a portion of their assets invested in BBB and/or non-rated bonds, which can serve to enhance the Funds' income streams.

WHAT IS YOUR OUTLOOK FOR THE MUNICIPAL MARKET IN GENERAL AND THESE NUVEEN FUNDS IN PARTICULAR?

In general, our outlook for the fixed-income markets over the next twelve months remains positive. We believe the U.S. economy is headed for recovery, but one that may take longer and see a slower pace of growth than some are now predicting. We believe inflation and interest rates should remain relatively low over the near term, and that new municipal issuance should continue to be strong. We anticipate the demand for tax-exempt municipal bonds will remain firm as investors look for ways to rebalance their portfolios and reduce risk.

We plan to remain focused on strategies that add value for our shareholders, provide support for the Funds' dividends, and fully utilize Nuveen's experience and research expertise. As noted, shareholders may see these Funds' durations shorten modestly in the months ahead.

None of these Funds are facing an excessive amount of call exposure over the

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next 18-24 months. We expect we will be able to readily reinvest proceeds from calls that do occur in bonds that will help maintain strong credit quality and adequate diversification, as well as enhance overall Fund structure and strengthen future dividend paying capabilities.

Overall, we believe these Funds can continue to play an important role in investors' long-range financial programs, providing balance and diversification, dependable tax-free income, and a measure of stability in uncertain times. We believe the Funds currently are well positioned for the market environment ahead, and we will continue to closely monitor and respond to events as appropriate.

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

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Nuveen New Jersey Investment Quality Municipal Fund, Inc.

Performance

Overview As of June 30, 2002

NQJ

Pie Chart:

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 73% |
| AA | 10% |
| A | 5% |
| BBB | 6% |
| NR | 3% |
| Other | 3% |

PORTFOLIO STATISTICS

Share Price \$15.22

Common Share Net Asset Value \$15.07

Market Yield 6.03%

Taxable-Equivalent Yield
(Federal Income Tax Rate)¹ 8.61%

Taxable-Equivalent Yield
(Federal and State Income Tax Rate)¹ 9.21%

Net Assets Applicable to
Common Shares (\$000) \$304,808

Average Effective Maturity (Years) 20.48

 Leverage-Adjusted Duration 9.14

ANNUALIZED TOTAL RETURN (Inception 2/91)

| | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year | 4.19% | 6.56% |
| 5-Year | 4.76% | 5.96% |
| 10-Year | 6.36% | 6.83% |

TOP FIVE SECTORS (as a % of total investments)

| | |
|------------------------|-----|
| Transportation | 25% |
| Healthcare | 12% |
| Tax Obligation/Limited | 9% |
| Tax Obligation/General | 9% |
| Housing/Single Family | 8% |

[bar chart data]:

2001-2002 Monthly Tax-Free Dividends Per Share

| | |
|-----|----------|
| Jul | \$0.0765 |
| Aug | 0.0765 |
| Sep | 0.0765 |
| Oct | 0.0765 |
| Nov | 0.0765 |
| Dec | 0.0765 |
| Jan | 0.0765 |
| Feb | 0.0765 |
| Mar | 0.0765 |
| Apr | 0.0765 |
| May | 0.0765 |
| Jun | 0.0765 |

[line chart data]:

Share Price Performance

Weekly Closing Price

| | |
|--------|---------|
| 7/1/01 | \$15.58 |
| | 15.55 |
| | 15.53 |
| | 15.38 |
| | 15.55 |
| | 15.84 |
| | 15.71 |

| | |
|---------|-------|
| | 15.9 |
| | 16 |
| | 16 |
| | 15.97 |
| | 15.24 |
| | 15.94 |
| | 15.9 |
| | 15.72 |
| | 15.77 |
| | 15.82 |
| | 16 |
| | 15.94 |
| | 15.77 |
| | 15.75 |
| | 15.82 |
| | 15.35 |
| | 15.38 |
| | 15.09 |
| | 15.24 |
| | 15.45 |
| | 15.5 |
| | 15.8 |
| | 15.6 |
| | 15.8 |
| | 15.81 |
| | 15.73 |
| | 15.75 |
| | 15.93 |
| | 15.5 |
| | 15.27 |
| | 14.7 |
| | 14.65 |
| | 14.79 |
| | 14.77 |
| | 14.6 |
| | 14.88 |
| | 15.29 |
| | 15.25 |
| | 15.01 |
| | 15.25 |
| | 15.33 |
| | 15.5 |
| | 15.35 |
| | 15.36 |
| 6/30/02 | 15.22 |

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 34.5%.

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Nuveen New Jersey Premium Income Municipal Fund, Inc.

Performance

Overview As of June 30, 2002

NNJ

Pie Chart:

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 72% |
| AA | 10% |
| A | 13% |
| BBB | 1% |
| NR | 3% |
| Other | 1% |

PORTFOLIO STATISTICS

| | |
|--|-----------|
| Share Price | \$15.50 |
| Common Share Net Asset Value | \$15.60 |
| Market Yield | 5.65% |
| Taxable-Equivalent Yield (Federal Income Tax Rate) ¹ | 8.07% |
| Taxable-Equivalent Yield (Federal and State Income Tax Rate) ¹ | 8.63% |
| Net Assets Applicable to Common Shares (\$000) | \$187,393 |
| Average Effective Maturity (Years) | 15.68 |
| Leverage-Adjusted Duration | 8.40 |

ANNUALIZED TOTAL RETURN (Inception 12/92)

| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year | 7.88% | 7.91% |
| 5-Year | 6.80% | 7.05% |
| Since Inception | 6.23% | 6.88% |

TOP FIVE SECTORS (as a % of total investments)

| | |
|-----------------------------------|-----|
| Transportation | 24% |
| Tax Obligation/Limited | 14% |
| Water and Sewer | 12% |
| Education and Civic Organizations | 11% |

 U.S. Guaranteed 8%

[bar chart data]:

2001-2002 Monthly Tax-Free Dividends Per Share

| | |
|-----|----------|
| Jul | \$0.0695 |
| Aug | 0.0695 |
| Sep | 0.0695 |
| Oct | 0.0695 |
| Nov | 0.0695 |
| Dec | 0.0705 |
| Jan | 0.0705 |
| Feb | 0.0705 |
| Mar | 0.072 |
| Apr | 0.072 |
| May | 0.072 |
| Jun | 0.073 |

[line chart data]:

Share Price Performance

Weekly Closing Price

| | |
|--------|---------|
| 7/1/01 | \$15.26 |
| | 15.05 |
| | 15.11 |
| | 14.92 |
| | 15.13 |
| | 15.38 |
| | 15.48 |
| | 15.47 |
| | 15.49 |
| | 15.45 |
| | 15.45 |
| | 14.69 |
| | 15.42 |
| | 15.3 |
| | 15.22 |
| | 15 |
| | 15.25 |
| | 15.45 |
| | 15.69 |
| | 15.17 |
| | 15.09 |
| | 15.5 |
| | 15.14 |
| | 14.84 |
| | 14.79 |
| | 14.84 |
| | 14.94 |
| | 15.2 |
| | 15.25 |
| | 15.15 |
| | 15.23 |

| | |
|---------|-------|
| | 15.37 |
| | 15.15 |
| | 15.17 |
| | 15.34 |
| | 15.19 |
| | 14.95 |
| | 14.5 |
| | 14.32 |
| | 14.59 |
| | 14.65 |
| | 14.5 |
| | 14.61 |
| | 14.97 |
| | 15.19 |
| | 14.7 |
| | 14.91 |
| | 15.25 |
| | 15.23 |
| | 15.31 |
| | 15.3 |
| 6/30/02 | 15.5 |

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 34.5%.

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Nuveen New Jersey Dividend Advantage Municipal Fund

Performance

Overview As of June 30, 2002

NXJ

Pie Chart:

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 63% |
| AA | 8% |
| A | 17% |
| BBB | 4% |
| Other | 8% |

PORTFOLIO STATISTICS

| | |
|------------------------------|---------|
| Share Price | \$14.12 |
| Common Share Net Asset Value | \$14.38 |
| Market Yield | 6.03% |

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| | |
|--|----------|
| Taxable-Equivalent Yield (Federal Income Tax Rate)1 | 8.61% |
| ----- | |
| Taxable-Equivalent Yield (Federal and State Income Tax Rate)1 | 9.21% |
| ----- | |
| Net Assets Applicable to Common Shares (\$000) | \$94,130 |
| ----- | |
| Average Effective Maturity (Years) | 25.41 |
| ----- | |
| Leverage-Adjusted Duration | 12.83 |
| ----- | |

ANNUALIZED TOTAL RETURN (Inception 3/01)

| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year | -0.17% | 6.05% |
| Since Inception | 0.56% | 5.95% |

TOP FIVE SECTORS (as a % of total investments)

| | |
|-----------------------------------|-----|
| Healthcare | 22% |
| Water and Sewer | 18% |
| Transportation | 17% |
| Tax Obligation/General | 13% |
| Education and Civic Organizations | 12% |

[bar chart data]:

2001-2002 Monthly Tax-Free Dividends Per Share

| | |
|-----|---------|
| Jul | \$0.071 |
| Aug | 0.071 |
| Sep | 0.071 |
| Oct | 0.071 |
| Nov | 0.071 |
| Dec | 0.071 |
| Jan | 0.071 |
| Feb | 0.071 |
| Mar | 0.071 |
| Apr | 0.071 |
| May | 0.071 |
| Jun | 0.071 |

[line chart data]:

Share Price Performance

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Weekly Closing Price

| | |
|---------|---------|
| 7/1/01 | \$15.07 |
| | 14.98 |
| | 14.95 |
| | 14.93 |
| | 14.98 |
| | 15.06 |
| | 15.03 |
| | 15.08 |
| | 15.1 |
| | 15.03 |
| | 14.96 |
| | 14.79 |
| | 14.93 |
| | 15.03 |
| | 14.8 |
| | 15.04 |
| | 14.98 |
| | 15.1 |
| | 15.2 |
| | 15 |
| | 15.1 |
| | 15.06 |
| | 15.02 |
| | 14.99 |
| | 14.81 |
| | 14.75 |
| | 14.52 |
| | 14.75 |
| | 14.71 |
| | 14.75 |
| | 14.77 |
| | 14.65 |
| | 14.5 |
| | 14.78 |
| | 14.68 |
| | 14.38 |
| | 13.99 |
| | 13.36 |
| | 13.64 |
| | 13.7 |
| | 14 |
| | 13.99 |
| | 13.87 |
| | 14.24 |
| | 14.12 |
| | 14.16 |
| | 14.2 |
| | 14.31 |
| | 14.72 |
| | 14.7 |
| | 14.5 |
| 6/30/02 | 14.12 |

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning

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shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 34.5%.

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Nuveen New Jersey Dividend Advantage Municipal Fund 2

Performance

Overview As of June 30, 2002

NUJ

Pie Chart:

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 55% |
| AA | 5% |
| A | 19% |
| BBB | 16% |
| Other | 5% |

PORTFOLIO STATISTICS

| | |
|--|----------|
| Share Price | \$15.04 |
| Common Share Net Asset Value | \$14.46 |
| Market Yield | 6.10% |
| Taxable-Equivalent Yield (Federal Income Tax Rate) ¹ | 8.71% |
| Taxable-Equivalent Yield (Federal and State Income Tax Rate) ¹ | 9.31% |
| Net Assets Applicable to Common Shares (\$000) | \$65,153 |
| Average Effective Maturity (Years) | 24.25 |
| Leverage-Adjusted Duration | 16.01 |

CUMULATIVE TOTAL RETURN (Inception 3/02)

| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| Since Inception | 1.29% | 1.98% |

TOP FIVE SECTORS (as a % of total investments)

| | |
|-----------------------------------|-----|
| Transportation | 26% |
| Healthcare | 18% |
| Education and Civic Organizations | 14% |

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| | |
|------------------------|----|
| Tax Obligation/Limited | 8% |
| ----- | |
| Utilities | 8% |
| ----- | |

[bar chart data]:

2001-2002 Monthly Tax-Free Dividends Per Share

| | |
|-----|----------|
| May | \$0.0765 |
| Jun | 0.0765 |

[line chart data]:

Share Price Performance

Weekly Closing Price

| | |
|---------|---------|
| 3/28/02 | \$15.35 |
| | 15.09 |
| | 15 |
| | 15.02 |
| | 15.1 |
| | 15.06 |
| | 15.12 |
| | 15.02 |
| | 15.1 |
| | 15.2 |
| | 15.28 |
| | 15.5 |
| | 15.35 |
| 6/30/02 | 15.04 |

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 34.5%.

8

Nuveen Pennsylvania Investment Quality Municipal Fund

Performance

Overview As of June 30, 2002

NQP

Pie Chart:

AAA/U.S. Guaranteed 70%

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| | |
|-----|-----|
| AA | 20% |
| A | 7% |
| BBB | 3% |

PORTFOLIO STATISTICS

| | |
|--|-----------|
| Share Price | \$15.18 |
| Common Share Net Asset Value | \$14.70 |
| Market Yield | 6.01% |
| Taxable-Equivalent Yield (Federal Income Tax Rate)1 | 8.59% |
| Taxable-Equivalent Yield (Federal and State Income Tax Rate)1 | 8.84% |
| Net Assets Applicable to Common Shares (\$000) | \$238,926 |
| Average Effective Maturity (Years) | 22.50 |
| Leverage-Adjusted Duration | 15.63 |

ANNUALIZED TOTAL RETURN (Inception 2/91)

| | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year | 6.57% | 7.34% |
| 5-Year | 4.28% | 5.07% |
| 10-Year | 6.33% | 6.63% |

TOP FIVE SECTORS (as a % of total investments)

| | |
|-----------------------------------|-----|
| Tax Obligation/General | 21% |
| Water and Sewer | 15% |
| Tax Obligation/Limited | 15% |
| Education and Civic Organizations | 14% |
| Housing/Single Family | 8% |

[bar chart data]:

2001-2002 Monthly Tax-Free Dividends Per Share

| | |
|-----|---------|
| Jul | \$0.076 |
| Aug | 0.076 |
| Sep | 0.076 |
| Oct | 0.076 |
| Nov | 0.076 |

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| | |
|-----|-------|
| Dec | 0.076 |
| Jan | 0.076 |
| Feb | 0.076 |
| Mar | 0.076 |
| Apr | 0.076 |
| May | 0.076 |
| Jun | 0.076 |

[line chart data]:

Share Price Performance

Weekly Closing Price

| | |
|--------|---------|
| 7/1/01 | \$15.21 |
| | 15.27 |
| | 15.27 |
| | 15.3 |
| | 15.28 |
| | 15.69 |
| | 15.71 |
| | 15.55 |
| | 15.95 |
| | 16.1 |
| | 16.04 |
| | 14.66 |
| | 15.1 |
| | 15.8 |
| | 15.4 |
| | 15.51 |
| | 15.6 |
| | 15.62 |
| | 15.74 |
| | 15.47 |
| | 15.38 |
| | 15.3 |
| | 15.25 |
| | 14.8 |
| | 14.47 |
| | 14.9 |
| | 14.95 |
| | 15.19 |
| | 15.35 |
| | 15.58 |
| | 15.52 |
| | 15.78 |
| | 15.53 |
| | 15.55 |
| | 15.71 |
| | 15.56 |
| | 15.12 |
| | 14.28 |
| | 14.16 |
| | 14.2 |
| | 14.33 |
| | 14.46 |
| | 14.56 |
| | 14.77 |
| | 14.75 |

| | |
|---------|-------|
| | 14.73 |
| | 14.8 |
| | 14.82 |
| | 14.8 |
| | 15 |
| | 14.95 |
| 6/30/02 | 15.18 |

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 32%.

9

Nuveen Pennsylvania Premium Income Municipal Fund 2

Performance

Overview As of June 30, 2002

NPY

Pie Chart:

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 74% |
| AA | 9% |
| A | 6% |
| BBB | 7% |
| NR | 3% |
| Other | 1% |

PORTFOLIO STATISTICS

| | |
|--|-----------|
| Share Price | \$14.79 |
| Common Share Net Asset Value | \$14.83 |
| Market Yield | 6.13% |
| Taxable-Equivalent Yield (Federal Income Tax Rate) ¹ | 8.76% |
| Taxable-Equivalent Yield (Federal and State Income Tax Rate) ¹ | 9.01% |
| Net Assets Applicable to Common Shares (\$000) | \$233,536 |
| Average Effective Maturity (Years) | 17.85 |

 Leverage-Adjusted Duration 9.44

ANNUALIZED TOTAL RETURN (Inception 3/93)

| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year | 13.25% | 8.88% |
| 5-Year | 8.26% | 6.66% |
| Since Inception | 5.92% | 6.35% |

TOP FIVE SECTORS (as a % of total investments)

| | |
|-----------------------------------|-----|
| U.S. Guaranteed | 15% |
| Utilities | 12% |
| Water and Sewer | 12% |
| Healthcare | 11% |
| Education and Civic Organizations | 9% |

[bar chart data]:

2001-2002 Monthly Tax-Free Dividends Per Share

| | |
|-----|----------|
| Jul | \$0.0685 |
| Aug | 0.0685 |
| Sep | 0.0705 |
| Oct | 0.0705 |
| Nov | 0.0705 |
| Dec | 0.0725 |
| Jan | 0.0725 |
| Feb | 0.0725 |
| Mar | 0.074 |
| Apr | 0.074 |
| May | 0.074 |
| Jun | 0.0755 |

[line chart data]:

Share Price Performance

Weekly Closing Price

| | |
|--------|---------|
| 7/1/01 | \$13.95 |
| | 13.83 |
| | 13.85 |
| | 13.74 |
| | 13.88 |
| | 14.18 |
| | 14.1 |
| | 14.22 |

| | |
|---------|-------|
| | 14.14 |
| | 14.45 |
| | 14.65 |
| | 13.65 |
| | 14.25 |
| | 14.65 |
| | 14.52 |
| | 14.39 |
| | 14.47 |
| | 14.36 |
| | 14.7 |
| | 14.44 |
| | 14.25 |
| | 14.11 |
| | 14.07 |
| | 13.9 |
| | 13.85 |
| | 13.93 |
| | 14.13 |
| | 14.35 |
| | 14.62 |
| | 14.67 |
| | 14.61 |
| | 14.73 |
| | 14.49 |
| | 14.56 |
| | 14.47 |
| | 14.3 |
| | 14.26 |
| | 13.91 |
| | 13.92 |
| | 13.92 |
| | 13.96 |
| | 13.99 |
| | 14.29 |
| | 14.3 |
| | 14.34 |
| | 14.25 |
| | 14.38 |
| | 14.74 |
| | 14.81 |
| | 14.75 |
| | 14.64 |
| 6/30/02 | 14.79 |

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 32%.

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Nuveen Pennsylvania Dividend Advantage Municipal Fund

Performance

Overview As of June 30, 2002

NXM

Pie Chart:

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 57% |
| AA | 19% |
| A | 10% |
| BBB | 11% |
| NR | 3% |

PORTFOLIO STATISTICS

| | |
|--|----------|
| Share Price | \$14.89 |
| Common Share Net Asset Value | \$14.96 |
| Market Yield | 5.92% |
| Taxable-Equivalent Yield (Federal Income Tax Rate) ¹ | 8.46% |
| Taxable-Equivalent Yield (Federal and State Income Tax Rate) ¹ | 8.71% |
| Net Assets Applicable to Common Shares (\$000) | \$49,306 |
| Average Effective Maturity (Years) | 23.46 |
| Leverage-Adjusted Duration | 14.87 |

ANNUALIZED TOTAL RETURN (Inception 3/01)

| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year | 9.10% | 9.67% |
| Since Inception | 5.07% | 9.38% |

TOP FIVE SECTORS (as a % of total investments)

| | |
|-----------------------------------|-----|
| Tax Obligation/General | 30% |
| Education and Civic Organizations | 17% |
| Healthcare | 14% |
| Tax Obligation/Limited | 9% |
| Long-Term Care | 6% |

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[bar chart data]:

2001-2002 Monthly Tax-Free Dividends Per Share

| | |
|-----|----------|
| Jul | \$0.0725 |
| Aug | 0.0725 |
| Sep | 0.0725 |
| Oct | 0.0725 |
| Nov | 0.0725 |
| Dec | 0.0725 |
| Jan | 0.0725 |
| Feb | 0.0725 |
| Mar | 0.0735 |
| Apr | 0.0735 |
| May | 0.0735 |
| Jun | 0.0735 |

[line chart data]:

Share Price Performance

Weekly Closing Price

| | |
|--------|---------|
| 7/1/01 | \$14.71 |
| | 14.87 |
| | 14.9 |
| | 14.75 |
| | 14.93 |
| | 15.23 |
| | 15.01 |
| | 15.08 |
| | 15.1 |
| | 15.08 |
| | 15.08 |
| | 14.55 |
| | 14.5 |
| | 14.92 |
| | 14.9 |
| | 14.65 |
| | 14.72 |
| | 15.05 |
| | 15.5 |
| | 14.99 |
| | 15.12 |
| | 15.34 |
| | 15.22 |
| | 14.89 |
| | 14.55 |
| | 14.82 |
| | 14.9 |
| | 14.77 |
| | 14.9 |
| | 14.97 |
| | 14.98 |
| | 15.06 |
| | 15 |
| | 14.85 |
| | 15.08 |
| | 14.75 |

| | |
|---------|-------|
| | 14.64 |
| | 14.15 |
| | 14.45 |
| | 13.98 |
| | 13.83 |
| | 13.95 |
| | 14.08 |
| | 14.45 |
| | 14.4 |
| | 14.5 |
| | 14.78 |
| | 15 |
| | 14.82 |
| | 14.95 |
| | 14.89 |
| 6/30/02 | 14.89 |

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 32%.

2 The Fund also paid shareholders a capital gains distribution in December 2001 of \$0.0126 per share.

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Nuveen Pennsylvania Dividend Advantage Municipal Fund 2

Performance

Overview As of June 30, 2002

NVY

Pie Chart:

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 59% |
| AA | 28% |
| A | 2% |
| BBB | 11% |

PORTFOLIO STATISTICS

| | |
|------------------------------|---------|
| Share Price | \$14.74 |
| Common Share Net Asset Value | \$14.64 |
| Market Yield | 6.23% |
| Taxable-Equivalent Yield | |

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| | |
|--|----------|
| (Federal Income Tax Rate) ¹ | 8.90% |
| ----- | |
| Taxable-Equivalent Yield (Federal and State Income Tax Rate) ¹ | 9.16% |
| ----- | |
| Net Assets Applicable to Common Shares (\$000) | \$54,481 |
| ----- | |
| Average Effective Maturity (Years) | 20.77 |
| ----- | |
| Leverage-Adjusted Duration | 13.51 |
| ----- | |

CUMULATIVE TOTAL RETURN (Inception 3/02)

| | | |
|-----------------|----------------|--------|
| | ON SHARE PRICE | ON NAV |
| ----- | | |
| Since Inception | -0.73% | 3.24% |
| ----- | | |

TOP FIVE SECTORS (as a % of total investments)

| | |
|-----------------------------------|-----|
| Tax Obligation/General | 37% |
| ----- | |
| Tax Obligation/Limited | 25% |
| ----- | |
| Education and Civic Organizations | 12% |
| ----- | |
| Healthcare | 6% |
| ----- | |
| Water and Sewer | 6% |
| ----- | |

[bar chart data]:

2001-2002 Monthly Tax-Free Dividends Per Share

| | |
|-----|----------|
| May | \$0.0765 |
| Jun | 0.0765 |

[line chart data]:

Share Price Performance

Weekly Closing Price

| | |
|---------|--------|
| 3/28/02 | \$15.1 |
| | 15.02 |
| | 15.1 |
| | 15 |
| | 15.01 |
| | 15.09 |
| | 15.25 |
| | 15 |
| | 15.22 |
| | 15.24 |
| | 15.38 |
| | 15.15 |

| | |
|---------|-------|
| | 15.05 |
| 6/30/02 | 14.74 |

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 32%.

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THE NUVEEN
INVESTOR

VI

[photo of 2 boys walking]

BOND SURVEILLANCE -
A HIGH PRIORITY AT NUVEEN

The Enron scandal has raised numerous questions about the real value of American securities. Investors want to know what safeguards are in place to inspire their trust and ensure their holdings are dependable. The Nuveen Investor recently spoke with David Blair, Assistant Vice President and Senior Analyst at Nuveen, about the research and surveillance processes used for Nuveen funds.

HOW DO NUVEEN'S RESEARCH ANALYSTS EVALUATE BONDS PRIOR TO PURCHASE?

We evaluate factors impacting market sectors, issuers and specific bonds and assign credit ratings to bonds we consider for purchase. We seek to purchase bonds with stable and improving credit characteristics, which have attractive prices and yields relative to other bonds in their sectors.

HOW DO YOU CONDUCT YOUR RESEARCH?

We conduct detailed analyses that often involve site visits and discussions with managers of the projects being financed. Since Nuveen is a major investor with large buying power, issuers and project managers are willing to listen to us and respond to our concerns.

IS THE RESEARCH AND ANALYSIS PROCESS ANY DIFFERENT WHEN CONSIDERING HIGH-YIELD BONDS?

Up to 20 percent of some funds can be invested in below investment grade bonds to help the fund attain a higher yield. This underscores the need for research. If one of our 16 analysts believes a high-yield bond should be purchased, a second analyst reviews the issue as well.

HOW DO YOU MONITOR THE VARIOUS BONDS ONCE THEY'VE BEEN PURCHASED?

We have a proprietary database with information and analysis on the bonds Nuveen

holds in its funds. Among other things, we are able to evaluate risk exposure to sectors, issuers and specific bonds on an on-going basis.

HOW DOES THE RESEARCH DEPARTMENT COMMUNICATE THE INFORMATION GATHERED?

We conduct biweekly meetings within the research department and weekly meetings with portfolio managers. We also write-up our findings and distribute them with "buy," "hold" or "sell" recommendations to portfolio managers.

(continued on page 15)

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A High Priority at Nuveen
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Your Bond Strategy?
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to Find Solutions with Professional Advice
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Available Online
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The Source for All Exchange-Traded Funds
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[logo: NUVEEN Investments]

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IS IT TIME TO RETHINK YOUR BOND STRATEGY?

Significant stock market losses in recent history have sent many investors toward bonds as a way to potentially cut their losses and balance equity-dominated portfolios. While many consider bonds a set-and-forget investment, there are several circumstances that might prompt you to reassess -- and perhaps revamp -- your bond holdings.

Tax bracket changes

The Economic Growth and Tax Relief Reconciliation Act of 2001 has dropped tax brackets a percentage point this year, but a higher salary, large bonus, sale of assets or retirement may push you into a higher tax bracket for 2002.

If you are in a higher tax bracket and want to generate an income stream without raising your tax burden, tax-free municipal bonds may be a prudent option. Even if you are in a lower tax bracket, municipal bonds could make sense. The question is whether municipal or taxable bonds will deliver a better taxable yield.

Retirement plans change

Whether you are near retirement or are currently enjoying it, you may want to consider rebalancing your retirement accounts with less stock and more bonds, to potentially reduce risk and try to preserve the assets that you have accumulated. If you are just entering retirement you may want to make tax-free municipal bonds a part of your portfolio to emphasize income generation and protection from taxation.

Risk tolerance changes

The recent market volatility and market downturn may have caused many investors to reevaluate their tolerance for risk. On the other hand, your portfolio might have performed well over the last few years and you may not need to take on extra risk to meet your long-term goals. In either situation you could take a look at your bond portfolio and determine whether you need to make changes to correspond with your tolerance for risk.

Portfolio changes

If you make significant changes to one or more of your investments, you'll want to look at your portfolio as a whole, particularly with regard to overall asset allocation. You may need to do some rebalancing to stay on track with your investment strategy.

Your financial advisor can help. Regardless of how your circumstances change, he or she can provide up-to-date information on the bond market and various funds to help you decide how to maximize your returns consistent with your short- and long-term financial goals.

No investment is risk free and some investments carry more risk than others. It is important to know what the risks are, to evaluate them against any potential rewards, and to determine your tolerance for risk when selecting an investment.

[photo of bridge to lighthouse]

[photo of toddlers playing]

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[logo: NUVEEN Investments]

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[photo of partly-cloudy sky]

[photo of woman and young girl looking at photographs]

MANY INVESTORS CONTINUE
TO FIND SOLUTIONS WITH
PROFESSIONAL ADVICE

For many investors, current financial markets are confusing and frustrating. According to research conducted for the Forum for Investor Advice*, that's the number one reason many turn to a financial advisor. They want someone to suggest ideas and provide consultation, dialogue and professional advice.

Investors say their advisors are helpful in other key ways, including...

- o Saving time. After consultation, investors note that the second most important reason for using an advisor is to have someone else monitor their

portfolio, reducing the amount of time they spend on investing.

- o Help in sorting through information. Investors in the 21st century have more products from which to choose than in the past. For example, there are approximately 8,000 mutual funds today, up from 3,000 in 1990.
- o Assistance in setting financial goals. According to investors who use a financial advisor, they are more likely to have a plan for a specific financial goal than do-it-yourself investors.
- o Staying focused. Advisor-assisted investors are more likely than do-it-yourself investors to have developed a comprehensive investment program.
- o Peace of mind. Investors say their comfort level in all types of markets is higher when using an advisor for a "second opinion" on an investment decision.

*The survey of 324 investors was conducted in December of 2000 by Market Facts and analyzed by New York based Neuwirth Research. Of the 324, 166 said they had an ongoing relationship with a financial advisor, while 157 described themselves as do-it-yourselfers.

(continued from page 13)

HOW ARE PROBLEM BONDS IDENTIFIED AND HANDLED?

We conduct surveillance on our bonds on a regular basis to ensure, among other things, that deteriorating bonds are identified early. We then discuss any emerging problems and potential courses of action with the portfolio manager.

HOW MANY ISSUES DOES THE RESEARCH DEPARTMENT FOLLOW?

We follow 12 sectors and 1,500 uninsured bonds, worth about \$18 billion of Nuveen's \$45 billion in total municipal assets. The remaining \$27 billion in municipal assets are insured or escrowed (backed by Treasury bonds). For the insured bonds, we monitor closely on a regular basis the insurers guaranteeing the bonds.

Will research and surveillance change in light of problems with Enron securities?

Overall, our investment process and surveillance have worked well and been effective. However, we meet as a group on a regular basis and are constantly evaluating ways to improve the process to respond to issues and the market environment.

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[logo: NUVEEN Investments]

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LOOK AHEAD...

FUND REPORTS
AVAILABLE
ONLINE

Nuveen Fund information is now available online. Once you register, you'll receive an e-mail notice with a link to your Fund's reports and other information just as soon as it is ready. Registering takes only a few minutes.

If you receive statements from a brokerage firm or financial advisor, go to www.investordelivery.com. Enter your personal 13-character enrollment number imprinted on the address sheet of this report near your name. From the options on the follow-up page, select the New Enrollment-Create screen. Once there, enter your e-mail address and a personal, four-digit PIN. Hit the Submit button. Confirm the information you entered is correct, then hit Submit again.

[photo of investordelivery.com website]

If you receive statements directly from Nuveen, go to www.nuveen.com. Select the Access Your Account tab, then select E-Report Enrollment. Finally, click on the Enrollment Page. Once there, you'll need to provide your social security number and e-mail address. Click on Enroll.

After registering, you should receive a confirming e-mail within 24 hours. If not, repeat these steps to ensure all information is accurate. You can use this same process if you need to change your registration information or want to cancel Internet viewing. The e-mail address you provide is strictly confidential and will only be used to notify you of shareholder information.

[photo of nuveen.com website]

The information in this newsletter should not be construed as specific tax or investment advice. Contact your advisor for information about your particular situation.

ETFCONNECT:
THE SOURCE FOR ALL
EXCHANGE-TRADED FUNDS

Last fall, Nuveen launched ETFConnect, the industry's first website featuring all-encompassing information on exchanged-traded funds. Whatever you're looking for in the world of Index ETFs or Closed-End Exchange-Traded Funds - prices, NAVs, dividend information, performance histories, new developments - this is the place. Highlights include Quick Facts sheets for more than 500 funds, a multi-fund search capability, website links, a list of fund sponsors, tools for portfolio tracking, and a continually updated education center. Check out www.etfconnect.com.

[photo of etfconnect.com website]

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Report of
Independent Auditors

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THE BOARDS OF DIRECTORS, TRUSTEES AND SHAREHOLDERS

NUVEEN NEW JERSEY INVESTMENT QUALITY MUNICIPAL FUND, INC.
NUVEEN NEW JERSEY PREMIUM INCOME MUNICIPAL FUND, INC.
NUVEEN NEW JERSEY DIVIDEND ADVANTAGE MUNICIPAL FUND
NUVEEN NEW JERSEY DIVIDEND ADVANTAGE MUNICIPAL FUND 2
NUVEEN PENNSYLVANIA INVESTMENT QUALITY MUNICIPAL FUND
NUVEEN PENNSYLVANIA PREMIUM INCOME MUNICIPAL FUND 2
NUVEEN PENNSYLVANIA DIVIDEND ADVANTAGE MUNICIPAL FUND
NUVEEN PENNSYLVANIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Nuveen New Jersey Investment Quality Municipal Fund, Inc., Nuveen New Jersey Premium Income Municipal Fund, Inc., Nuveen New Jersey Dividend Advantage Municipal Fund, Nuveen New Jersey Dividend Advantage Municipal Fund 2, Nuveen Pennsylvania Investment Quality Municipal Fund, Nuveen Pennsylvania Premium Income Municipal Fund 2, Nuveen Pennsylvania Dividend Advantage Municipal Fund and Nuveen Pennsylvania Dividend Advantage Municipal Fund 2, as of June 30, 2002, and the related statements of operations, changes in net assets and the financial highlights for the periods indicated therein. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned as of June 30, 2002, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of Nuveen New Jersey Investment Quality Municipal Fund, Inc., Nuveen New Jersey Premium Income Municipal Fund, Inc., Nuveen New Jersey Dividend Advantage Municipal Fund, Nuveen New Jersey Dividend Advantage Municipal Fund 2, Nuveen Pennsylvania Investment Quality Municipal Fund, Nuveen Pennsylvania Premium Income Municipal Fund 2, Nuveen Pennsylvania Dividend Advantage Municipal Fund and Nuveen Pennsylvania Dividend Advantage Municipal Fund 2 at June 30, 2002, and the results of their operations, changes in their net assets and their financial highlights for the periods indicated therein in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

Chicago, Illinois
August 9, 2002

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

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|---------------------------|---|------------------------------|
| \$ 6,250 | BASIC MATERIALS - 2.1% The Pollution Control Financing Authority of Salem County, New Jersey, Waste Disposal Revenue Bonds (E.I. du Pont de Nemours and Company - Chambers Works Project), 1991 Series A, 6.500%, 11/15/21 (Alternative Minimum Tax) | 11/02 at 101. |
| 6,220 | CONSUMER STAPLES - 2.1% The Children's Trust Fund, Puerto Rico, Tobacco Settlement Asset-Backed Bonds, Series 2000, 5.750%, 7/01/20 | 7/10 at 100. |
| 4,390 | EDUCATION AND CIVIC ORGANIZATIONS - 11.5% New Jersey Higher Education Student Assistance Authority, Student Loan Revenue Bonds, 2000 Series A, 6.125%, 6/01/17 (Alternative Minimum Tax) | 6/10 at 101. |
| 2,865 | New Jersey Economic Development Authority, School Revenue Bonds (Gill/St. Bernard School), Series 1998, 6.000%, 2/01/25 | 2/08 at 101. |
| 1,000 | New Jersey Educational Facilities Authority, Revenue Bonds (Saint Peter's College Issue), 1998 Series B: 5.375%, 7/01/18 | 7/08 at 102. |
| 1,750 | 5.500%, 7/01/27 | 7/08 at 102. |
| 1,250 | New Jersey Educational Facilities Authority, Revenue Refunding Bonds (Seton Hall University Project F), 1998 Series, 5.000%, 7/01/21 | 7/08 at 101. |
| 1,000 | New Jersey Educational Facilities Authority, Revenue Bonds (Ramapo College of New Jersey), Series 2001D, 5.000%, 7/01/31 | 7/11 at 100. |
| 1,000 | New Jersey Educational Facilities Authority, Revenue Bonds (New Jersey Institute of Technology), Series 2001G: 5.250%, 7/01/20 | 7/11 at 100. |
| 1,945 | 5.250%, 7/01/21 | 7/11 at 100. |
| 750 | New Jersey Educational Facilities Authority, Revenue Refunding Bonds (Rider University), Series 2002A, 5.000%, 7/01/17 | 7/12 at 100. |
| 2,000 | New Jersey Educational Facilities Authority, Revenue Bonds (New Jersey City University), Series 2002A, 5.000%, 7/01/32 | 7/12 at 100. |
| 35 | New Jersey Higher Education Assistance Authority, Senior Student Loan Revenue Bonds, 1991 Series A, 7.200%, 7/01/09 (Alternative Minimum Tax) | 7/02 at 101. |
| 5,730 | New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds (New Jersey Class Loan Program), Series 1997A, 5.800%, 6/01/16 (Alternative Minimum Tax) | 6/07 at 102. |
| 4,235 | Puerto Rico Industrial, Educational, Medical and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds (University of the Sacred Heart Project), Series 2001, 5.250%, 9/01/21 | 9/11 at 100. |
| 2,000 | University of Medicine and Dentistry, New Jersey, Revenue Bonds, Series 2002A: 5.000%, 12/01/24 | 12/12 at 100. |
| 4,000 | 5.500%, 12/01/27 | 12/12 at 100. |
| 8,000 | ENERGY - 2.7% Pollution Control Financing Authority of Middlesex County, New | 12/02 at 102. |

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Jersey, Pollution Control Revenue Refunding Bonds (Amerada Hess Corporation Project), Series 1992, 6.875%, 12/01/22

| | | |
|-------|--|--------------|
| | HEALTHCARE - 18.9% | |
| 1,500 | New Jersey Healthcare Facilities Financing Authority, Revenue Refunding Bonds (Saint Elizabeth Hospital Obligated Group), Series 1997, 6.000%, 7/01/27 | 7/07 at 102. |
| 2,070 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Robert Wood Johnson University Hospital), Series B, 6.625%, 7/01/16 | 7/02 at 101. |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|------------------------|---|---------------------------|
| | HEALTHCARE (continued) | |
| \$ 4,350 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Mercer Medical Center Issue), Series 1991, 6.500%, 7/01/10 | 7/02 at 101. |
| 2,535 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Deborah Heart and Lung Center Issue), Series 1993, 6.200%, 7/01/13 | 7/03 at 102. |
| 6,150 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Jersey City Medical Center Issue - FHA-Insured Mortgage), Series 2001, 5.000%, 8/01/41 | 8/11 at 100. |
| 3,000 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Kennedy Health System), Series 2001, 5.500%, 7/01/21 | 7/11 at 100. |
| 3,135 | New Jersey Healthcare Facilities Financing Authority, Revenue Refunding Bonds (Bayshore Community Hospital), Series 2002, 5.125%, 7/01/32 | 1/12 at 100. |
| 7,400 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (South Jersey Hospital), Series 2002, 5.875%, 7/01/21 (DD, settling 7/01/02) | 7/12 at 100. |
| 2,155 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Kennedy Health System Obligated Group), Series 1998B, 5.750%, 7/01/05 | No Opt. Ca |
| | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Robert Wood Johnson University Hospital), Series 2000: | |
| 3,850 | 5.750%, 7/01/25 | 7/10 at 100. |
| 2,000 | 5.750%, 7/01/31 | 7/10 at 100. |
| 4,320 | New Jersey Healthcare Facilities Financing Authority, Revenue Refunding Bonds (Saint Barnabas Medical Center - West Hudson Hospital Obligated Group), Series 1998A, 5.000%, 7/01/23 | 7/08 at 101. |
| 5,040 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (The Society of the Valley Obligated Group Issue), Series 2000, 5.375%, 7/01/31 | 7/10 at 100. |
| 2,000 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Saint Peter's University Hospital Issue), Series 2000A, 6.875%, 7/01/20 | 7/10 at 100. |
| 3,500 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Meridian Health System Obligated Group Issue), Series 1999, 5.250%, 7/01/29 | 7/09 at 101. |
| 3,980 | Newark, New Jersey, Healthcare Facility Revenue Bonds (GNMA Collateralized - New Community Urban Renewal Corporation), Series 2001A, 5.200%, 6/01/30 | 6/12 at 102. |

| HOUSING/MULTIFAMILY - 9.8% | | |
|-------------------------------|---|---------------|
| 3,790 | The Hudson County Improvement Authority, New Jersey, Multifamily Housing Revenue Bonds (Conduit Financing - Observer Park Project), Series 1992A, 6.900%, 6/01/22 (Alternative Minimum Tax) | 6/04 at 100. |
| 1,255 | Housing Finance Corporation of the City of Long Branch, New Jersey, Section 8 Assisted Housing Revenue Bonds (Washington Manor Associates Ltd., 1980 Elderly Project), 10.000%, 10/01/11 | 10/02 at 100. |
| 12,000 | New Jersey Housing and Mortgage Finance Agency, Multifamily Housing Revenue Refunding Bonds (Presidential Plaza at Newport Project - FHA-Insured Mortgages), 1991 Series 1, 7.000%, 5/01/30 | 11/02 at 101. |
| 4,500 | New Jersey Housing and Mortgage Finance Agency, Multifamily Housing Revenue Bonds, 1995 Series A, 6.000%, 11/01/14 | 5/05 at 102. |
| 4,500 | New Jersey Housing and Mortgage Finance Agency, Multifamily Housing Revenue Bonds, 1996 Series A, 6.250%, 5/01/28 (Alternative Minimum Tax) | 5/06 at 102. |
| 100 | New Jersey Housing and Mortgage Finance Agency, Housing Revenue Refunding Bonds, 1992 Series One, 6.700%, 11/01/28 | 11/02 at 102. |
| 2,743 | Housing Authority of the City of Newark, New Jersey, Housing Revenue Bonds (GNMA Collateralized - Fairview Apartments Project), 2000 Series A, 6.400%, 10/20/34 (Alternative Minimum Tax) | 10/09 at 102. |
| HOUSING/SINGLE FAMILY - 11.9% | | |
| 2,110 | New Jersey Housing and Mortgage Finance Agency, Home Buyer Revenue Bonds, 1990 Series F-2, 6.300%, 4/01/25 (Alternative Minimum Tax) | 10/02 at 100. |
| 2,580 | New Jersey Housing and Mortgage Finance Agency, Home Buyer Revenue Bonds, 1995 Series O, 6.350%, 10/01/27 (Alternative Minimum Tax) | 10/05 at 101. |
| 4,415 | New Jersey Housing and Mortgage Finance Agency, Home Buyer Revenue Bonds, 1996 Series S, 6.050%, 10/01/28 (Alternative Minimum Tax) | 4/07 at 101. |

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

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|-----------------------------------|--|---------------------------|
| HOUSING/SINGLE FAMILY (continued) | | |
| \$ 10,000 | New Jersey Housing and Mortgage Finance Agency, Home Buyer Revenue Bonds, 1997 Series U, 5.850%, 4/01/29 (Alternative Minimum Tax) | 10/07 at 101. |
| 10,325 | New Jersey Housing and Mortgage Finance Agency, Home Buyer Revenue Bonds, 2000 Series CC, 5.875%, 10/01/31 (Alternative Minimum Tax) | 10/10 at 100. |
| 3,000 | Puerto Rico Housing Finance Corporation, Home Mortgage Revenue Bonds, Mortgage-Backed Securities, 2001 Series A, 5.200%, 12/01/33 | 6/11 at 100. |
| 3,000 | Puerto Rico Housing Finance Corporation, Home Mortgage Revenue | 6/11 at 100. |

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Bonds, Mortgage-Backed Securities, 2001 Series B, 5.300%, 12/01/28

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|------------------------|--|---------------------------|
| ----- | | |
| | INDUSTRIAL/OTHER - 1.6% | |
| 5,000 | New Jersey Economic Development Authority, Economic Development Revenue Refunding Bonds (Kapkowski Road Landfill Project), Series 2002, 5.750%, 10/01/21 | No Opt. Ca |
| ----- | | |
| | LONG-TERM CARE - 1.8% | |
| | New Jersey Healthcare Facilities Financing Authority, Healthcare Facilities Revenue Bonds (The House of the Good Shepherd Obligated Group Issue), Series 2001: | |
| 1,000 | 5.100%, 7/01/21 | 7/11 at 100. |
| 1,500 | 5.200%, 7/01/31 | 7/11 at 100. |
| 2,995 | New Jersey Economic Development Authority, GNMA Collateralized Mortgage Revenue Bonds (Victoria Health Corporation Project), Series 2001A, 5.200%, 12/20/36 | 12/11 at 103. |
| ----- | | |
| | TAX OBLIGATION/GENERAL - 13.4% | |
| | Clifton, New Jersey, General Obligation Bonds, Series 2002: | |
| 1,700 | 5.000%, 1/15/21 | 1/11 at 100. |
| 1,625 | 5.000%, 1/15/22 | 1/11 at 100. |
| 1,110 | Township of East Brunswick, County of Middlesex, New Jersey, General Obligation Refunding Bonds, Series 1993, 5.125%, 4/01/13 | 4/03 at 101. |
| | County of Essex, New Jersey, General Obligation Refunding Bonds, 1996 Series A-1: | |
| 3,000 | 6.000%, 11/15/07 | No Opt. Call |
| 1,000 | 5.000%, 11/15/11 | 11/07 at 101. |
| 2,320 | City of Hoboken, New Jersey, Fiscal Year Adjustment General Obligation Bonds, Series 1991, 8.900%, 8/01/06 | No Opt. Call |
| 3,675 | Jersey City, Hudson County, New Jersey, Fiscal Year Adjustment Bonds, Series 1991B, 8.400%, 5/15/06 | No Opt. Cal |
| | The Board of Education of the Township of Middletown, Monmouth County, New Jersey, Refunding School Bonds: | |
| 3,500 | 5.000%, 8/01/22 | 8/10 at 100. |
| 1,500 | 5.000%, 8/01/27 | 8/10 at 100. |
| 1,000 | Monmouth County Improvement Authority, New Jersey, Revenue Bonds (Howell Township Board of Education Project), Series 1997, 5.800%, 7/15/17 | 7/07 at 101. |
| 2,000 | Town of Morristown, Morris County, New Jersey, General Obligation Refunding Bonds, Series 1995, 6.500%, 8/01/19 | 8/05 at 102. |
| | State of New Jersey, General Obligation Bonds, Series D: | |
| 4,000 | 5.750%, 2/15/06 | No Opt. Call |
| 5,000 | 6.000%, 2/15/11 | No Opt. Call |
| 2,000 | Commonwealth of Puerto Rico, Public Improvement Refunding General Obligation Bonds, Series of 2001, 5.125%, 7/01/30 | 7/11 at 100. |
| | Sayreville School District, Middlesex County, New Jersey, General Obligation Bonds, Series 2002: | |
| 1,470 | 5.000%, 3/01/24 | 3/12 at 100. |
| 1,545 | 5.000%, 3/01/25 | 3/12 at 100. |
| 900 | Township of West Deptford, Gloucester County, New Jersey, General Obligation Bonds, Series 1996, 5.250%, 3/01/14 | 3/06 at 102. |

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PRINCIPAL AMOUNT (000) DESCRIPTION OPTIONAL CALL PROVISIONS*

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| | | | |
|-------|--------|---|---------------|
| ----- | | | |
| | | TAX OBLIGATION/LIMITED - 13.4% | |
| \$ | 3,320 | The Atlantic County Improvement Authority, New Jersey, Egg Harbor Township Guaranteed Revenue Bonds (The Egg Harbor Township Golf Corporation Project), Series 2000, 5.400%, 11/01/30 | 11/10 at 100. |
| | 10,000 | The Essex County Improvement Authority, New Jersey, General Obligation Guaranteed Lease Revenue Bonds (County Correctional Facility Project), Series 2000, 6.000%, 10/01/25 | 10/10 at 100. |
| | 2,535 | The Board of Education of the Township of Mansfield, Warren County, New Jersey, Certificates of Participation, 5.900%, 3/01/15 | 3/06 at 102. |
| | 1,500 | Middlesex County, New Jersey, Certificates of Participation, Series 2001, 5.000%, 8/01/31 | 8/11 at 100. |
| | | New Jersey Economic Development Authority, Lease Revenue Bonds (Bergen County Administration Complex), Series 1998: | |
| | 500 | 4.050%, 11/15/03 | No Opt. Cal |
| | 4,000 | 4.750%, 11/15/26 | 11/08 at 101. |
| | 285 | New Jersey Sports and Exposition Authority, State Contract Bonds, 1992 Series A, 6.500%, 3/01/19 | 9/02 at 102. |
| | 5,670 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, 2001 Series B, 5.000%, 12/15/21 | 12/11 at 100. |
| | 1,895 | North Bergen Township Municipal Utility Authority, New Jersey, Sewer Revenue Refunding Bonds, Series 1993, 7.875%, 12/15/09 | No Opt. Ca |
| | 1,000 | The Ocean County Utilities Authority, New Jersey, Wastewater Revenue Refunding Bonds, Series 1997, 5.125%, 1/01/10 | 1/07 at 102. |
| | 1,250 | The Ocean County Utilities Authority, New Jersey, Wastewater Revenue Refunding Bonds, Series 2000, 5.000%, 1/01/18 | 1/11 at 101. |
| | 4,000 | Passaic Valley Sewerage Commissioners, New Jersey, Sewer System Bonds, Series D, 5.800%, 12/01/18 | 12/02 at 102. |
| | 845 | The South Toms River Sewerage Authority, Ocean County, New Jersey, Bank-Qualified Sewer Refunding Revenue Bonds, Series 1992, 7.400%, 11/01/05 | 11/02 at 102. |
| | 2,000 | The Board of Education of the Township of West Orange, Essex County, New Jersey, Certificates of Participation, 6.000%, 10/01/24 | 10/09 at 101. |
| ----- | | | |
| | | TRANSPORTATION - 37.1% | |
| | 3,275 | The Delaware River and Bay Authority, Delaware and New Jersey, Revenue Bonds, Series 2000A, 5.750%, 1/01/29 | 1/10 at 101. |
| | 2,960 | Delaware River Port Authority, Pennsylvania and New Jersey, Port District Project Revenue Refunding Bonds, Series 2001A, 5.200%, 1/01/27 | 1/12 at 100. |
| | 7,000 | Delaware River Port Authority, Pennsylvania and New Jersey, Revenue Bonds, Series 1995, 5.500%, 1/01/26 | 1/06 at 102. |
| | 3,500 | Delaware River Port Authority, Pennsylvania and New Jersey, Revenue Bonds, Series 1999, 5.750%, 1/01/22 | 1/10 at 100. |
| | 3,000 | New Jersey Economic Development Authority, Economic Development Bonds (American Airlines, Inc. Project), 7.100%, 11/01/31 (Alternative Minimum Tax) | 11/02 at 101. |
| | 3,000 | New Jersey Highway Authority, Senior Parkway Revenue and Refunding Bonds (Garden State Parkway), 1999 Series, 5.625%, 1/01/30 | 1/10 at 101. |
| | 9,000 | New Jersey Turnpike Authority, Turnpike Revenue Bonds, Series 1991C: 6.500%, 1/01/08 | No Opt. Cal |
| | 2,770 | 6.500%, 1/01/16 | No Opt. Cal |
| | 9,275 | New Jersey Turnpike Authority, Turnpike Revenue Bonds, Series 2000A: 5.500%, 1/01/25 | 1/10 at 100. |
| | 10,000 | 5.500%, 1/01/27 | 1/10 at 100. |
| | 2,000 | 5.500%, 1/01/30 | 1/10 at 100. |
| | 5,000 | The Port Authority of New York and New Jersey, Consolidated Bonds, One Hundredth Series, 5.750%, 6/15/30 | 6/05 at 101. |
| | 3,150 | The Port Authority of New York and New Jersey, Consolidated Bonds, Ninety-Fifth Series, 6.125%, 7/15/29 (Alternative Minimum Tax) | 7/04 at 101. |

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

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|---------------------------|--|------------------------------|
| ----- | | |
| | TRANSPORTATION (continued) | |
| \$ 4,300 | The Port Authority of New York and New Jersey, Special Project Bonds (Delta Air Lines, Inc. Project - LaGuardia Airport Passenger Terminal), Series 1R, 6.950%, 6/01/08 | 12/02 at 102. |
| 3,930 | The Port Authority of New York and New Jersey, Consolidated Bonds, One Hundred Twenty Second Series, 5.125%, 1/15/36 (Alternative Minimum Tax) | 7/08 at 101. |
| 2,280 | The Port Authority of New York and New Jersey, Consolidated Bonds, One Hundred Twenty Fifth Series: 5.000%, 10/15/26 | 4/12 at 101. |
| 5,000 | 5.000%, 4/15/32 | 4/12 at 101. |
| 6,850 | The Port Authority of New York and New Jersey, Consolidated Bonds, One Hundred Twenty First Series, 5.375%, 10/15/35 | 10/07 at 101. |
| 3,500 | The Port Authority of New York and New Jersey, Special Project Bonds (JFK International Air Terminal LLC Project), Series 6: 7.000%, 12/01/12 (Alternative Minimum Tax) | No Opt. Cal |
| 6,605 | 5.750%, 12/01/22 (Alternative Minimum Tax) | 12/07 at 102. |
| 12,130 | 5.750%, 12/01/25 (Alternative Minimum Tax) | 12/07 at 100. |
| ----- | | |
| | U.S. GUARANTEED - 6.7% | |
| 500 | The Mercer County Improvement Authority, New Jersey, Revenue Bonds (Library System), Series 1994A, 6.000%, 12/01/14 (Pre-refunded to 12/01/03) | 12/03 at 102. |
| 760 | Middlesex County, New Jersey, Certificates of Participation, Series 1994, 6.125%, 2/15/19 (Pre-refunded to 2/15/04) | 2/04 at 101. |
| 5,000 | New Jersey, General Obligation Bonds, Various Series, 6.375%, 8/01/11 (Pre-refunded to 8/01/02) | 8/02 at 101. |
| 600 | The Passaic Valley Water Commission, New Jersey, 1992 Water Supply System Revenue Bonds, Series A, 6.400%, 12/15/22 (Pre-refunded to 12/15/02) | 12/02 at 102. |
| 5,000 | Commonwealth of Puerto Rico, Public Improvement Refunding Obligation Bonds, Series 1995, 5.750%, 7/01/24 (Pre-refunded to 7/01/05) | 7/05 at 101. |
| 7,500 | Puerto Rico Infrastructure Financing Authority, Special Obligation Bonds, 2000 Series A, 5.500%, 10/01/34 | 10/10 at 101. |
| ----- | | |
| | UTILITIES - 8.3% | |
| 3,700 | Camden County Pollution Control Financing Authority, New Jersey, Solid Waste Disposal and Resource Recovery System Revenue Bonds, Series 1991B, 7.500%, 12/01/09 (Alternative Minimum Tax) | 12/02 at 101. |
| 3,500 | Camden County Pollution Control Financing Authority, New Jersey, Solid Waste Disposal and Resource Recovery System Revenue Bonds, Series 1991A, 7.500%, 12/01/10 (Alternative Minimum Tax) | 12/02 at 101. |
| 400 | New Jersey Economic Development Authority, Adjustable Fixed-Rate Pollution Control Revenue Bonds (Jersey Central Power and Light | 7/02 at 102. |

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| | | |
|-------|---|--------------|
| | Company Project), 1985 Series, 7.100%, 7/01/15 | |
| 5,950 | Puerto Rico Electric Power Authority, Power Revenue Refunding Bonds, Series FF, 5.250%, 7/01/13 | 7/09 at 101. |
| 5,000 | Puerto Rico Electric Power Authority, Power Revenue Refunding Bonds, Series Y, 7.000%, 7/01/07 | No Opt. Ca |
| 2,500 | Salem County Pollution Control Financing Authority, New Jersey, Pollution Control Revenue Refunding Bonds (PSEG Power LLC Project), 2001 Series A, 5.750%, 4/01/31 (Alternative Minimum Tax) | 4/12 at 101 |
| 3,000 | The Union County Utilities Authority, New Jersey, Solid Waste Facility Senior Lease Revenue Bonds (Ogden Martin Systems of Union, Inc. Lessee), Series 1998A, 5.000%, 6/01/23 (Alternative Minimum Tax) | 6/08 at 101 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|---------------------------|--|------------------------------|
| ----- | | |
| | WATER AND SEWER - 9.9% | |
| | Cape May County Municipal Utilities Authority, New Jersey, Sewer Revenue Refunding Bonds, Series 1992A: | |
| \$ 2,000 | 6.000%, 1/01/11 | 1/03 at 102. |
| 7,600 | 5.750%, 1/01/16 | 1/03 at 102. |
| 3,000 | Jersey City Municipal Utilities Authority, Hudson County, New Jersey, Sewer Revenue Bonds, Series 2001A-2, 5.200%, 7/15/21 (Alternative Minimum Tax) | 7/08 at 102. |
| 7,500 | New Jersey Economic Development Authority, Water Facilities Revenue Bonds (New Jersey-American Water Company), Series 1996, 6.000%, 5/01/36 (Alternative Minimum Tax) | 5/06 at 102. |
| 6,250 | New Jersey Economic Development Authority, Water Facilities Revenue Bonds (New Jersey-American Water Company, Inc. Project), Series 1998A, 5.250%, 7/01/38 (Alternative Minimum Tax) | 7/08 at 102. |
| 3,000 | The North Hudson Sewerage Authority, New Jersey, Sewer Revenue Refunding Bonds, Series 2002A, 5.250%, 8/01/18 | 8/12 at 100. |
| ----- | | |
| \$ 443,648 | Total Investments (cost \$444,499,422) - 151.2% | |
| ===== | | |
| | SHORT-TERM INVESTMENTS - 0.2% | |
| \$ 500 | The Port Authority of New York and New Jersey, Special Obligation Bonds Versatile Structure, Variable Rate Demand Bonds, Third Series, 1.900%, 6/01/20+ | |
| ===== | | |
| | Other Assets Less Liabilities - 1.7% | |
| ----- | | |
| | Preferred Shares, at Liquidation Value - (53.1)% | |
| ----- | | |
| | Net Assets Applicable to Common Shares - 100% | |
| ===== | | |

* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

** Ratings (not covered by the report of independent auditors): Using the

higher of Standard & Poor's or Moody's rating.

*** Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Securities are normally considered to be equivalent to AAA rated securities.

N/R Investment is not rated.

(DD) Portion of security purchased on a delayed delivery basis.

+ Security has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term security. The rate disclosed is that currently in effect. This rate changes periodically based on market conditions or a specified market index.

See accompanying notes to financial statements.

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

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|---------------------------|---|------------------------------|
| \$ 710 | BASIC MATERIALS - 0.4% New Jersey Economic Development Authority, Economic Growth Bonds, Composite Issue, 1992 Second Series T, 5.300%, 12/01/07 (Alternative Minimum Tax) | 12/03 at 102. |
| 6,220 | CONSUMER STAPLES - 3.4% The Children's Trust Fund, Puerto Rico, Tobacco Settlement Asset-Backed Bonds, Series 2000, 5.750%, 7/01/20 | 7/10 at 100 |
| 3,180 | EDUCATION AND CIVIC ORGANIZATIONS - 15.8% New Jersey Higher Education Student Assistance Authority, Student Loan Revenue Bonds, 2000 Series A: 5.700%, 6/01/08 (Alternative Minimum Tax) | No Opt. Ca 6/10 at 101. |
| 2,140 | 6.000%, 6/01/15 (Alternative Minimum Tax) | |
| 3,280 | New Jersey Economic Development Authority, Economic Development Bonds (Yeshiva Ktana of Passaic 1992 Project), 8.000%, 9/15/18 | No Opt. Ca |
| 2,965 | New Jersey Economic Development Authority, School Revenue Bonds (Gill/St. Bernard School), Series 1998, 6.000%, 2/01/25 | 2/08 at 101. |
| 600 | New Jersey Educational Facilities Authority, Revenue Bonds (Trenton State College Issue), Series 1976D, 6.750%, 7/01/08 | 7/02 at 100. |
| 2,095 | New Jersey Educational Facilities Authority, Refunding Revenue Bonds (Trenton State College Issue), Series 1992E, 6.000%, 7/01/09 | 8/02 at 102. |

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(Pre-refunded to 8/01/02)

| | | |
|-------|--|---------------|
| 1,000 | New Jersey Educational Facilities Authority, Revenue Bonds (New Jersey Institute of Technology Issue), Series 1994A, 6.000%, 7/01/24 | 7/04 at 102. |
| 3,330 | New Jersey Educational Facilities Authority, Revenue Bonds (Montclair State University Dormitory/Cafeteria Facility), Series 1996C, 5.400%, 7/01/12 | 7/06 at 101. |
| 2,500 | New Jersey Educational Facilities Authority, Revenue Bonds (Princeton University), Series 2000E, 5.500%, 7/01/17 | 7/10 at 100. |
| 520 | New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds (New Jersey Class Loan Program), 1992 Series A, 6.125%, 7/01/09 (Alternative Minimum Tax) | 7/02 at 102. |
| 3,640 | New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, 1999 Series A, 5.250%, 6/01/18 (Alternative Minimum Tax) | 6/09 at 101. |
| 3,000 | University of Medicine and Dentistry, New Jersey, Revenue Bonds, Series 2002A, 5.000%, 12/01/31 | 12/12 at 100. |

HEALTHCARE - 10.6%

| | | |
|-------|--|--------------|
| | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Dover General Hospital and Medical Center Issue), Series 1994: | |
| 1,015 | 7.000%, 7/01/03 | No Opt. Ca |
| 800 | 7.000%, 7/01/04 | No Opt. Ca |
| 3,500 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Kennedy Health System), Series 2001, 5.625%, 7/01/31 | 7/11 at 100. |
| 1,710 | New Jersey Healthcare Facilities Financing Authority, Revenue Refunding Bonds (Bayshore Community Hospital), Series 2002, 5.000%, 7/01/22 | 1/12 at 100. |
| 1,130 | New Jersey Healthcare Facilities Financing Authority, Revenue Refunding Bonds (Atlantic City Medical Center), Series 2002, 5.750%, 7/01/25 | 7/12 at 100. |
| 1,500 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (South Jersey Hospital), Series 2002, 5.875%, 7/01/21 | 7/12 at 100. |
| 2,900 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Hackensack University Medical Center Issue), Series 2000, 6.000%, 1/01/34 | 1/10 at 101. |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|------------------------|---|---------------------------|
| | HEALTHCARE (continued) | |
| \$ 2,000 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (The Society of the Valley Obligated Group Issue), Series 2000, 5.750%, 7/01/15 | 7/10 at 100. |
| 1,800 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Meridian Health System Obligated Group Issue), Series 1999, 5.625%, 7/01/12 | 7/09 at 101. |
| 2,900 | Puerto Rico Industrial, Medical, Educational and Environmental Pollution Control Facilities Financing Authority, Adjustable Rate Industrial Revenue Bonds (American Home Products Corporation), 1983 Series A, 5.100%, 12/01/18 | 12/03 at 103.0 |

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| | | |
|--------------------------------|---|---------------|
| HOUSING/MULTIFAMILY - 8.1% | | |
| 755 | Long Branch Housing Finance Corporation, New Jersey, Section 8 Assisted Housing Revenue Bonds (Washington Manor Associates Ltd. - 1980 Elderly Project), 10.000%, 10/01/11 | 10/02 at 100. |
| 4,000 | New Jersey Housing and Mortgage Finance Agency, Multifamily Housing Revenue Refunding Bonds (Presidential Plaza at Newport Project - FHA-Insured Mortgages), 1991 Series 1, 7.000%, 5/01/30 | 11/02 at 101. |
| 2,875 | New Jersey Housing and Mortgage Finance Agency, Multifamily Housing Revenue Bonds, 1995 Series A, 6.000%, 11/01/14 | 5/05 at 102. |
| 7,000 | New Jersey Housing and Mortgage Finance Agency, Multifamily Housing Revenue Bonds, 1997 Series A, 5.550%, 5/01/27 (Alternative Minimum Tax) | 11/07 at 101. |
| 135 | New Jersey Housing and Mortgage Finance Agency, Housing Revenue Refunding Bonds, 1992 Series One, 6.700%, 11/01/28 | 11/02 at 102. |
| ----- | | |
| HOUSING/SINGLE FAMILY - 7.0% | | |
| 1,000 | New Jersey Housing and Mortgage Finance Agency, Home Buyer Revenue Bonds, 1995 Series O, 6.300%, 10/01/23 (Alternative Minimum Tax) | 10/05 at 101. |
| 525 | New Jersey Housing and Mortgage Finance Agency, Home Buyer Revenue Bonds, 1996 Series P, 5.650%, 4/01/14 | 4/06 at 101. |
| 6,130 | New Jersey Housing and Mortgage Finance Agency, Home Buyer Revenue Bonds, 1996 Series S, 6.050%, 10/01/28 (Alternative Minimum Tax) | 4/07 at 101. |
| | New Jersey Housing and Mortgage Finance Agency, Home Buyer Revenue Bonds, 1997 Series U: | |
| 1,965 | 5.700%, 10/01/14 (Alternative Minimum Tax) | 10/07 at 101. |
| 1,500 | 5.850%, 4/01/29 (Alternative Minimum Tax) | 10/07 at 101. |
| 1,000 | New Jersey Housing and Mortgage Finance Agency, Home Buyer Revenue Bonds, 1998 Series X, 5.350%, 4/01/29 (Alternative Minimum Tax) | 10/08 at 101. |
| 500 | New Jersey Housing and Mortgage Finance Agency, Home Buyer Revenue Bonds, 2000 Series CC, 4.600%, 10/01/09 | No Opt. Ca |
| ----- | | |
| INDUSTRIAL/OTHER - 0.5% | | |
| 1,000 | New Jersey Economic Development Authority, Economic Development Revenue Refunding Bonds (Kapkowski Road Landfill Project), Series 2002, 5.750%, 10/01/21 | No Opt. Ca |
| ----- | | |
| LONG-TERM CARE - 1.8% | | |
| 3,255 | New Jersey Economic Development Authority, Revenue Bonds (Morris Hall/St. Lawrence, Inc. Project), Series 1993A, 6.150%, 4/01/13 | 4/03 at 103. |
| ----- | | |
| TAX OBLIGATION/GENERAL - 11.2% | | |
| 2,460 | The Board of Education of Freehold Regional High School District, Monmouth County, New Jersey, School District Refunding Bonds, Series 2001, 5.000%, 3/01/17 | No Opt. Ca |
| | State of New Jersey, General Obligation Bonds, Series D: | |
| 2,760 | 5.750%, 2/15/06 | No Opt. Ca |
| 4,000 | 5.800%, 2/15/07 | No Opt. Ca |
| 2,500 | 6.000%, 2/15/11 | No Opt. Ca |
| 1,560 | 6.000%, 2/15/13 | No Opt. Ca |
| 4,000 | County of Passaic, New Jersey, General Improvement Refunding Bonds, Series 1993, 5.125%, 9/01/12 | No Opt. Ca |
| 1,800 | The Township of Woodbridge, Middlesex County, New Jersey, Sewer Utility Bonds, Series 1999, 5.300%, 7/01/20 | 7/09 at 102. |

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

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|---------------------------|---|------------------------------|
| | TAX OBLIGATION/LIMITED - 21.1% | |
| \$ 1,275 | Camden County Improvement Authority, New Jersey, County Guaranteed Lease Revenue Bonds, Series 1995, 5.625%, 10/01/15 | 10/05 at 102. |
| 1,000 | Hudson County Improvement Authority, New Jersey, Utility System Revenue Bonds (Harrison Franchise Acquisition Project), Series 1997, 5.350%, 1/01/27 | 1/08 at 101. |
| 2,250 | New Jersey Building Authority, State Building Revenue Bonds, Series 2000A, 5.125%, 6/15/20 | 6/10 at 100. |
| 2,000 | New Jersey Economic Development Authority, Lease Revenue Bonds (Bergen County Administration Complex), Series 1998, 4.750%, 11/15/26 | 11/08 at 101. |
| 1,000 | New Jersey Economic Development Authority, Revenue Bonds (Public Schools Small Project Loan Program), Series 1993, 5.400%, 8/15/12 | 8/03 at 102. |
| 1,500 | New Jersey Economic Development Authority, Market Transition Facility Senior Lien Revenue Bonds, Series 1994A, 7.000%, 7/01/04 | No Opt. Ca |
| 2,025 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, 2001 Series B, 6.000%, 12/15/19 | 12/11 at 100. |
| | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, 1995 Series A: | |
| 385 | 5.500%, 6/15/12 | 6/05 at 102. |
| 5,000 | 5.000%, 6/15/15 | 6/05 at 102. |
| 685 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, 1995 Series B, 5.500%, 6/15/15 | 6/05 at 102. |
| 1,040 | Passaic Valley Sewerage Commissioners, New Jersey, Sewer System Bonds, Series D, 5.750%, 12/01/10 | 12/02 at 102. |
| 510 | The Board of Education of the Township of Piscataway, Middlesex County, New Jersey, Certificates of Participation, 1993 Series, 5.375%, 12/15/10 | 6/03 at 102. |
| 8,160 | Puerto Rico Public Building Authority, Public Education and Health Facilities Refunding Bonds, Guaranteed by the Commonwealth of Puerto Rico, Series M, 5.750%, 7/01/15 | 7/03 at 101. |
| 7,500 | Puerto Rico Municipal Finance Agency, Revenue Bonds, 1999 Series A, 5.500%, 8/01/17 | 8/09 at 101. |
| 1,000 | The Stony Brook Regional Sewerage Authority, Princeton, New Jersey, Revenue Refunding Bonds, 1993 Series B, 5.450%, 12/01/12 | No Opt. Ca |
| 2,250 | Western Monmouth Utilities Authority, New Jersey, Revenue Refunding Bonds, 1995 Series A, 5.600%, 2/01/14 | 2/05 at 102. |
| | TRANSPORTATION - 35.7% | |
| 5,000 | Delaware River Port Authority, New Jersey, Port District Project Bonds, Series 1998B, 5.000%, 1/01/19 | 1/08 at 101. |
| | New Jersey Turnpike Authority, Turnpike Revenue Bonds, Series 1991C: | |
| 1,340 | 6.500%, 1/01/08 | No Opt. Ca |
| 2,185 | 6.500%, 1/01/16 | No Opt. Ca |
| 3,505 | 6.500%, 1/01/16 | No Opt. Ca |
| 8,420 | 6.500%, 1/01/16 | No Opt. Ca |
| 2,495 | New Jersey Turnpike Authority, Turnpike Revenue Bonds, Series 2000A, 5.500%, 1/01/25 | 1/10 at 100. |
| 3,000 | The Port Authority of New York and New Jersey, Consolidated Bonds, Ninety Sixth Series, 6.600%, 10/01/23 (Alternative Minimum Tax) | 10/04 at 101. |

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| | | |
|-------|---|--------------|
| | The Port Authority of New York and New Jersey, Consolidated Bonds, Ninety-Ninth Series: | |
| 1,200 | 5.750%, 11/01/09 (Alternative Minimum Tax) | 5/05 at 101. |
| 2,500 | 5.750%, 11/01/14 (Alternative Minimum Tax) | 5/05 at 101. |
| 1,500 | The Port Authority of New York and New Jersey, Consolidated Bonds, One Hundred Sixth Series, 6.000%, 7/01/16 (Alternative Minimum Tax) | 7/06 at 101. |
| | The Port Authority of New York and New Jersey, Consolidated Bonds, One Hundredth Series: | |
| 2,500 | 5.750%, 12/15/20 | 6/05 at 101. |
| 2,000 | 5.750%, 6/15/30 | 6/05 at 101. |
| 2,000 | The Port Authority of New York and New Jersey, Consolidated Bonds, One Hundred Twelfth Series, 5.250%, 12/01/13 (Alternative Minimum Tax) | 6/05 at 101. |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|------------------------|--|---------------------------|
| | TRANSPORTATION (continued) | |
| \$ 2,000 | The Port Authority of New York and New Jersey, Consolidated Bonds, One Hundred Twenty Fifth Series, 5.000%, 4/15/32 | 4/12 at 101. |
| | The Port Authority of New York and New Jersey, Special Project Bonds (JFK International Air Terminal LLC Project), Series 6: | |
| 10,000 | 5.750%, 12/01/22 (Alternative Minimum Tax) | 12/07 at 102. |
| 11,000 | 5.750%, 12/01/25 (Alternative Minimum Tax) | 12/07 at 100. |
| 1,435 | South Jersey Transportation Authority, New Jersey, Transportation System Revenue Bonds, 1999 Series, 5.125%, 11/01/22 | 11/09 at 101. |
| | U.S. GUARANTEED - 12.1% | |
| 1,000 | The Essex County Utilities Authority, New Jersey, Solid Waste System Revenue Bonds, Secured by a County Deficiency Agreement, Series 1996A, 5.600%, 4/01/16 (Pre-refunded to 4/01/06) | 4/06 at 102. |
| 745 | New Jersey Healthcare Facilities Financing Authority, Refunding Revenue Bonds (Wayne General Hospital Corp. Issue - FHA-Insured Mortgage), Series B, 5.750%, 8/01/11 (Pre-refunded to 8/01/04) | 8/04 at 102. |
| 2,000 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Monmouth Medical Center Issue), Series C, 6.250%, 7/01/16 (Pre-refunded to 7/01/04) | 7/04 at 102. |
| | New Jersey Educational Facilities Authority, Revenue Bonds (Trenton State College Issue), Series 1996A: | |
| 4,000 | 5.100%, 7/01/21 (Pre-refunded to 7/01/06) | 7/06 at 101. |
| 3,750 | 5.125%, 7/01/24 (Pre-refunded to 7/01/06) | 7/06 at 101. |
| 2,500 | New Jersey Educational Facilities Authority, Revenue Bonds (Rowan College of New Jersey Issue), Series 1996E, 6.000%, 7/01/21 (Pre-refunded to 7/01/06) | 7/06 at 101. |
| 2,000 | New Jersey Transit Corporation, Federal Transit Administration Grants, Certificates of Participation, Series 2000A, 6.125%, 9/15/15 (Pre-refunded to 9/15/09) | 9/09 at 100. |
| 115 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, 1995 Series A, 5.500%, 6/15/12 | No Opt. Ca |
| 415 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, 1995 Series B, 5.500%, 6/15/15 (Pre-refunded to 6/15/05) | 6/05 at 102. |
| 580 | New Jersey Turnpike Authority, Turnpike Revenue Bonds, 1984 Series, 10.375%, 1/01/03 | No Opt. Ca |

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| Sparta Township School District, New Jersey, General Obligation Bonds (Unlimited Tax): | | |
|---|--|---------------|
| 1,100 | 5.800%, 9/01/19 (Pre-refunded to 9/01/06) | 9/06 at 100. |
| 1,100 | 5.800%, 9/01/20 (Pre-refunded to 9/01/06) | 9/06 at 100. |
| 1,100 | 5.800%, 9/01/21 (Pre-refunded to 9/01/06) | 9/06 at 100. |
| ----- | | |
| UTILITIES - 2.7% | | |
| 2,835 | Camden County Pollution Control Financing Authority, New Jersey, Solid Waste Disposal and Resource Recovery System Revenue Bonds, Series 1991D, 7.250%, 12/01/10 | 12/02 at 101. |
| 2,000 | Puerto Rico Electric Power Authority, Power Revenue Refunding Bond, Series FF, 5.250%, 7/01/13 | 7/09 at 101. |
| ----- | | |
| WATER AND SEWER - 17.3% | | |
| 5,250 | Cape May County, New Jersey, Municipal Utilities Authority, Sewer Revenue Refunding Bonds, Series 1992A, 5.750%, 1/01/16 | 1/03 at 102. |
| 1,000 | The Jersey City Sewerage Authority, Hudson County, New Jersey, Sewer Revenue Refunding Bonds, Series 1993, 6.250%, 1/01/14 | No Opt. Ca |
| 3,100 | New Jersey Economic Development Authority, Water Facilities Revenue Refunding Bonds (Hackensack Water Company Project), 1994 Series B, 5.900%, 3/01/24 (Alternative Minimum Tax) | 3/04 at 102. |
| 3,250 | New Jersey Economic Development Authority, Water Facilities Revenue Bonds (New Jersey-American Water Company, Inc. Project), Series 1998A, 5.250%, 7/01/38 (Alternative Minimum Tax) | 7/08 at 102. |

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

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|--|---|------------------------------|
| ----- | | |
| WATER AND SEWER (continued) | | |
| \$ 6,950 | New Jersey Environmental Infrastructure Trust, Environmental Infrastructure Bonds, Series 2001A, 4.750%, 9/01/20 | 9/11 at 101. |
| 7,000 | The North Hudson Sewerage Authority, New Jersey, Sewer Revenue Bonds, Series 1996, 5.125%, 8/01/22 | 8/06 at 101. |
| 3,500 | The North Hudson Sewerage Authority, New Jersey, Sewer Revenue Refunding Bonds, Series 2002A, 5.250%, 8/01/19 | 8/12 at 100. |
| 1,500 | The Wanaque Valley Regional Sewerage Authority, Passaic County, New Jersey, Insured Sewer Revenue Refunding Bonds, 1993 Series B, 5.750%, 9/01/18 | No Opt. Ca |
| ----- | | |
| \$ 261,605 | Total Investments (cost \$260,681,430) - 147.7% | |
| ===== | | |
| Other Assets Less Liabilities - 1.2% | | |
| ----- | | |
| Preferred Shares, at Liquidation Value - (48.9)% | | |
| ----- | | |
| Net Assets Applicable to Common Shares - 100% | | |
| ===== | | |

* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

** Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

*** Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Securities are normally considered to be equivalent to AAA rated securities.

N/R Investment is not rated.

See accompanying notes to financial statements.

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Nuveen New Jersey Dividend Advantage Municipal Fund (NXJ)

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|---------------------------|---|------------------------------|
| \$ 250 | CONSUMER CYCLICALS - 0.3% New Jersey Economic Development Authority, Industrial Development Revenue Refunding Bonds (Newark Airport Marriott Hotel), Series 1996, 7.000%, 10/01/14 | 4/06 at 102. |
| 5,715 | CONSUMER STAPLES - 6.3% The Children's Trust Fund, Puerto Rico, Tobacco Settlement Asset-Backed Bonds, Series 2000, 6.000%, 7/01/26 | 7/10 at 100 |
| 2,000 | EDUCATION AND CIVIC ORGANIZATIONS - 17.7% New Jersey Educational Facilities Authority, Revenue Bonds (Rowan University), Series 2001C, 5.000%, 7/01/31 | 7/11 at 101. |
| 200 | New Jersey Educational Facilities Authority, Revenue Refunding Bonds (Seton Hall University Project), Series 2001A, 5.250%, 7/01/16 | 7/11 at 100. |
| 3,820 | New Jersey Educational Facilities Authority, Revenue Refunding Bonds (Seton Hall University Project), Series 2001G: 4.875%, 7/01/21 | 7/11 at 100. |
| 1,600 | 5.000%, 7/01/26 | 7/11 at 100. |
| 1,000 | New Jersey Educational Facilities Authority, Revenue Bonds (New Jersey Institute of Technology), Series 2001G, 5.250%, 7/01/18 | 7/11 at 100. |
| 1,565 | New Jersey Educational Facilities Authority, Revenue Bonds (Princeton University), Series 2000E, 5.250%, 7/01/16 | 7/10 at 100. |

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| | | | |
|--------|---|--|---------------|
| | Puerto Rico Industrial, Educational, Medical and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds (University of the Sacred Heart Project), Series 2001: | | |
| 2,000 | 5.250%, 9/01/21 | | 9/11 at 100. |
| 2,000 | 5.250%, 9/01/31 | | 9/11 at 100. |
| 500 | Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Higher Education Revenue Refunding Bonds (Ana G. Mendez University System Project), Series 2002, 5.500%, 12/01/31 | | 12/12 at 101. |
| 1,905 | University of Puerto Rico, University System Revenue Bonds, Series M, 5.250%, 6/01/25 | | 6/05 at 101. |
| ----- | | | |
| | HEALTHCARE - 33.0% | | |
| 3,500 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Kennedy Health System), Series 2001, 5.625%, 7/01/31 | | 7/11 at 100. |
| 900 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (South Jersey Hospital), Series 2002, 5.875%, 7/01/21 | | 7/12 at 100. |
| 1,100 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Kennedy Health System Obligated Group), Series 1998B, 5.750%, 7/01/06 | | No Opt. Ca |
| 500 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Trinitas Hospital Obligated Group Issue), Series 2000, 7.500%, 7/01/30 | | 7/10 at 101. |
| | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Robert Wood Johnson University Hospital), Series 2000: | | |
| 3,000 | 5.750%, 7/01/25 | | 7/10 at 100. |
| 13,235 | 5.750%, 7/01/31 | | 7/10 at 100. |
| 6,000 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Virtua Health System), Series 1998, 4.500%, 7/01/28 | | 1/09 at 101. |
| 2,500 | New Jersey Healthcare Facilities Financing Authority, Revenue Refunding Bonds (Burdette Tomlin Memorial Hospital), Series 1999, 5.500%, 7/01/29 | | 7/09 at 101. |

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Nuveen New Jersey Dividend Advantage Municipal Fund (NXJ) (continued)

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|------------------------|---|---------------------------|
| | INDUSTRIAL/OTHER - 0.4% | |
| \$ 390 | New Jersey Economic Development Authority, District Heating and Cooling Revenue Bonds (Trigen-Trenton Project), 1993 Series B, 6.100%, 12/01/04 (Alternative Minimum Tax) | 12/03 at 102. |
| | LONG-TERM CARE - 1.5% | |
| 1,000 | New Jersey Economic Development Authority, Economic Development Revenue Bonds (Masonic Charity Foundation Project), Series 2001: 6.000%, 6/01/25 | 6/11 at 102. |
| 335 | 5.500%, 6/01/31 | 6/11 at 102. |

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| | | |
|---|---|---------------|
| TAX OBLIGATION/GENERAL - 18.7% | | |
| Board of Education of the Township of Hamilton, Mercer County, New Jersey, General Obligation Bonds, Series 2001: | | |
| 1,850 | 4.750%, 8/15/18 | 8/10 at 100. |
| 1,630 | 4.750%, 8/15/19 | 8/10 at 100. |
| Commonwealth of Puerto Rico, Public Improvement Refunding General Obligation Bonds, Series of 2001: | | |
| 3,500 | 5.250%, 7/01/27 | 7/11 at 100. |
| 10,500 | 5.125%, 7/01/30 | 7/11 at 100. |
| TAX OBLIGATION/LIMITED - 12.1% | | |
| New Jersey Economic Development Authority, School Facilities Construction Bonds, 2001 Series A: | | |
| 2,000 | 5.250%, 6/15/19 | 6/11 at 100. |
| 2,400 | 5.000%, 6/15/21 | 6/11 at 100. |
| 3,110 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, 1998 Series A, 5.000%, 6/15/17 | 6/09 at 100. |
| 2,350 | Puerto Rico Highway and Transportation Authority, Transportation Revenue Bonds, Series A, 4.750%, 7/01/38 | 7/18 at 100. |
| 1,500 | Virgin Islands Public Finance Authority, Revenue and Refunding Bonds (Virgin Islands Matching Fund Loan Notes), Series 1998A (Senior Lien/Refunding), 5.500%, 10/01/18 | 10/08 at 101. |
| TRANSPORTATION - 24.7% | | |
| 8,000 | New Jersey Economic Development Authority, Special Facilities Revenue Bonds (Continental Airlines, Inc. Project), Series 2000, 7.000%, 11/15/30 (Alternative Minimum Tax) | 11/10 at 101. |
| 3,000 | The Port Authority of New York and New Jersey, Consolidated Bonds, One Hundred Ninth Series, 5.375%, 1/15/32 | 1/07 at 101. |
| 3,500 | The Port Authority of New York and New Jersey, Consolidated Bonds, One Hundred Twentieth Series, 5.500%, 10/15/35 (Alternative Minimum Tax) | 10/07 at 101. |
| 5,000 | The Port Authority of New York and New Jersey, Special Project Bonds (JFK International Air Terminal LLC Project), Series 6, 5.750%, 12/01/22 (Alternative Minimum Tax) | 12/07 at 102. |
| 4,000 | South Jersey Transportation Authority, New Jersey, Transportation System Revenue Bonds, 1999 Series, 5.125%, 11/01/22 | 11/09 at 101. |
| U.S. GUARANTEED - 4.4% | | |
| 4,000 | Puerto Rico Infrastructure Financing Authority, Special Obligation Bonds, 2000 Series A, 5.500%, 10/01/40 | 10/10 at 101. |
| UTILITIES - 3.2% | | |
| 3,045 | Pollution Control Financing Authority of Camden County, New Jersey, Solid Waste Disposal and Resource Recovery System Revenue Bonds, Series 1991B, 7.500%, 12/01/09 (Alternative Minimum Tax) | 12/02 at 101. |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|------------------------|--|---------------------------|
| \$ 4,635 | WATER AND SEWER - 26.4% New Jersey Economic Development Authority, Water Facilities Revenue | 5/08 at 102. |

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| | | |
|------------|--|--------------|
| | Bonds (New Jersey - American Water Company Project), Series 1997B, 5.375%, 5/01/32 | |
| 7,000 | New Jersey Economic Development Authority, Water Facilities Revenue Bonds (Middlesex Water Company Project), Series 1998, 5.350%, 2/01/38 (Alternative Minimum Tax) | 2/08 at 102. |
| 5,000 | New Jersey Economic Development Authority, Water Facilities Revenue Bonds (New Jersey - American Water Company, Inc. Project), Series 1998A, 5.250%, 7/01/38 (Alternative Minimum Tax) | 7/08 at 102. |
| 2,775 | New Jersey Environmental Infrastructure Trust, Environmental Infrastructure Bonds, Series 1998A, 4.500%, 9/01/18 | 9/08 at 101. |
| 15,840 | The North Hudson Sewerage Authority, New Jersey, Sewer Refunding Revenue Bonds, Series 2001A, 0.000%, 8/01/23 | No Opt. Ca |
| ----- | | |
| \$ 149,650 | Total Investments (cost \$138,652,292) - 148.7% | |
| ===== | | |
| | Other Assets Less Liabilities - 2.3% | |
| ----- | | |
| | Preferred Shares, at Liquidation Value - (51.0)% | |
| ----- | | |
| | Net Assets Applicable to Common Shares - 100% | |
| ===== | | |

* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

** Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

See accompanying notes to financial statements.

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Nuveen New Jersey Dividend Advantage Municipal Fund 2 (NUJ)

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|---------------------------|--|------------------------------|
| ----- | | |
| | CONSUMER CYCLICALS - 1.9% | |
| \$ 1,250 | New Jersey Economic Development Authority, Industrial Development Revenue Refunding Bonds (Newark Airport Marriott Hotel), Series 1996, 7.000%, 10/01/14 | 4/06 at 102. |
| ----- | | |
| | CONSUMER STAPLES - 6.7% | |
| 3,000 | The Children's Trust Fund, Puerto Rico, Tobacco Settlement Asset-Backed Bonds, Series 2000, 6.000%, 7/01/26 | 7/10 at 100. |
| 1,325 | Tobacco Settlement Financing Corporation of the Virgin Islands, | 5/11 at 100. |

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Asset-Backed Bonds, Series 2001, 5.000%, 5/15/31

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|------------------------|---|---------------------------|
| ----- | | |
| | EDUCATION AND CIVIC ORGANIZATIONS - 15.5% | |
| 1,090 | New Jersey Educational Facilities Authority, Revenue Refunding Bonds (Rider University), Series 2002A, 5.000%, 7/01/17 | 7/12 at 100. |
| 3,000 | New Jersey Educational Facilities Authority, Revenue Bonds (College of New Jersey Project), Series 2002C, 4.750%, 7/01/19 | 7/12 at 100. |
| | Puerto Rico Industrial, Tourist, Educational, Medical and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds (Ana G. Mendez University System Project), Series 1999: | |
| 2,000 | 5.375%, 2/01/19 | 2/09 at 101. |
| 1,000 | 5.375%, 2/01/29 | 2/09 at 101. |
| 3,000 | University of Medicine and Dentistry, New Jersey, Revenue Bonds, Series 2002A, 5.000%, 12/01/31 | 12/12 at 100. |
| ----- | | |
| | HEALTHCARE - 28.8% | |
| 1,500 | New Jersey Healthcare Facilities Financing Authority, Revenue Refunding Bonds (Saint Elizabeth Hospital Obligated Group), Series 1997, 6.000%, 7/01/27 | 7/07 at 102. |
| | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Jersey City Medical Center Issue, FHA-Insured Mortgage), Series 2001: | |
| 1,000 | 5.000%, 8/01/31 | 8/11 at 100. |
| 1,925 | 5.000%, 8/01/41 | 8/11 at 100. |
| 1,150 | New Jersey Healthcare Facilities Financing Authority, Revenue Refunding Bonds (Bayshore Community Hospital), Series 2002, 5.125%, 7/01/32 | 1/12 at 100. |
| 1,000 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Palisades Medical Center of New York, Presbyterian Healthcare System), Series 2002, 6.625%, 7/01/31 | 7/12 at 101. |
| 2,500 | New Jersey Healthcare Facilities Financing Authority, Revenue Refunding Bonds (Atlantic City Medical Center), Series 2002, 5.750%, 7/01/25 | 7/12 at 100. |
| 2,460 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (South Jersey Hospital), Series 2002, 5.875%, 7/01/21 | 7/12 at 100. |
| 3,500 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Robert Wood Johnson University Hospital), Series 2000, 5.750%, 7/01/31 | 7/10 at 100. |
| 510 | New Jersey Healthcare Facilities Financing Authority, Revenue Bonds (Meridian Health System Obligated Group Issue), Series 1999, 5.250%, 7/01/29 | 7/09 at 101. |
| 3,100 | Puerto Rico Industrial, Medical, Educational and Environmental Pollution Control Facilities Financing Authority, Adjustable Rate Industrial Revenue Bonds (American Home Products Corporation), 1983 Series A, 5.100%, 12/01/18 | 12/03 at 103. |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|------------------------|---|---------------------------|
| ----- | | |
| | HOUSING/MULTIFAMILY - 3.5% | |
| \$ 2,250 | New Jersey Housing and Mortgage Finance Agency, Multifamily | 11/07 at 101. |

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Housing Revenue Bonds, 1997 Series A, 5.650%, 5/01/40
(Alternative Minimum Tax)

| | | |
|-------|---|---------------|
| ----- | | |
| | INDUSTRIAL/OTHER - 4.1% | |
| 2,700 | New Jersey Economic Development Authority, Economic Development Revenue Refunding Bonds (Kapkowski Road Landfill Project), Series 2002, 5.750%, 10/01/21 | No Opt. Ca |
| ----- | | |
| | LONG-TERM CARE - 7.9% | |
| 1,000 | New Jersey Economic Development Authority, Economic Development Revenue Bonds (Masonic Charity Foundation Project), Series 2001: 5.500%, 6/01/21 | 6/11 at 102. |
| 4,000 | 5.500%, 6/01/31 | 6/11 at 102. |
| ----- | | |
| | TAX OBLIGATION/GENERAL - 7.7% | |
| 3,000 | The Township of Jackson, Ocean County, New Jersey, General Obligation Bonds, Series 2002, 5.000%, 4/15/21 | 4/12 at 100. |
| 1,000 | Old Bridge Township Board of Education, Middlesex County, New Jersey, General Obligation Bonds, Series 2002, 5.000%, 7/15/30 | 7/11 at 100. |
| 1,000 | Commonwealth of Puerto Rico, Public Improvement General Obligation Bonds, Series 2001, 5.125%, 7/01/23 | 7/11 at 100. |
| ----- | | |
| | TAX OBLIGATION/LIMITED - 13.5% | |
| 3,000 | The Brick Township Municipal Utilities Authority, Ocean County, New Jersey, Revenue Bonds, Series 2002, 5.000%, 12/01/25 | 12/12 at 100. |
| 680 | New Jersey Transportation Trust Fund Authority, Transportation System Bonds, 2001 Series B, 5.000%, 12/15/21 | 12/11 at 100. |
| 1,000 | Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, 1998 Series A, 5.125%, 6/01/24 | No Opt. Ca |
| 4,000 | Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, 2002 Series E, 5.500%, 8/01/29 | 2/12 at 100. |
| ----- | | |
| | TRANSPORTATION - 41.7% | |
| 2,000 | New Jersey Economic Development Authority, Special Facilities Revenue Bonds (Continental Airlines, Inc. Project), Series 2000, 7.000%, 11/15/30 (Alternative Minimum Tax) | 11/10 at 101. |
| 3,105 | New Jersey Turnpike Authority, Turnpike Revenue Bonds, Series 1991C, 6.500%, 1/01/16 | No Opt. Ca |
| 2,000 | The Port Authority of New York and New Jersey, Special Project Bonds (Delta Air Lines, Inc. Project - LaGuardia Airport Passenger Terminal), Series 1R, 6.950%, 6/01/08 | 12/02 at 102. |
| 4,000 | The Port Authority of New York and New Jersey, Consolidated Bonds, One Hundred Twenty Seventh Series, 5.125%, 6/15/37 (Alternative Minimum Tax) (WI, settling 7/10/02) | 6/14 at 100. |
| | The Port Authority of New York and New Jersey, Consolidated Bonds, One Hundred Twenty Fifth Series: | |
| 3,000 | 5.000%, 10/15/26 | 4/12 at 101. |
| 7,000 | 5.000%, 4/15/32 | 4/12 at 101. |
| 1,000 | The Port Authority of New York and New Jersey, Consolidated Bonds, One Hundred Twenty First Series, 5.125%, 10/15/30 | 10/07 at 101. |
| 4,000 | The Port Authority of New York and New Jersey, Special Project Bonds (JFK International Air Terminal LLC Project), Series 6, 7.000%, 12/01/12 (Alternative Minimum Tax) | No Opt. Ca |
| ----- | | |
| | U.S. GUARANTEED - 4.0% | |
| 2,500 | Puerto Rico Infrastructure Financing Authority, Special Obligation Bonds, 2000 Series A, 5.500%, 10/01/40 | 10/10 at 101. |

Nuveen New Jersey Dividend Advantage Municipal Fund 2 (NUJ) (continued)

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|---------------------------|---|------------------------------|
| | UTILITIES - 13.0% | |
| \$ 405 | Pollution Control Financing Authority of Camden County, New Jersey, Solid Waste Disposal and Resource Recovery System Revenue Bonds, Series 1991B, 7.500%, 12/01/09 (Alternative Minimum Tax) | 12/02 at 101. |
| 2,500 | Guam Power Authority, Revenue Bonds, 1999 Series A, 5.250%, 10/01/34 | 10/09 at 101. |
| 2,500 | New Jersey Economic Development Authority, Pollution Control Revenue Refunding Bonds (PSEG Power LLC Project), Series 2001A, 5.000%, 3/01/12 | No Opt. Ca |
| 3,000 | Puerto Rico Electric Power Authority, Power Revenue Bonds, 2002 Series II, 5.125%, 7/01/26 | 7/12 at 101. |
| | WATER AND SEWER - 3.8% | |
| 2,500 | The Indianapolis Local Public Improvement Bond Bank, Indiana (Waterworks Project), Series 2002A, 5.250%, 7/01/33 | 7/12 at 100. |
| \$ 97,450 | Total Investments (cost \$97,784,423) - 152.1% | |
| | SHORT-TERM INVESTMENTS - 8.4% | |
| 4,100 | New Jersey Economic Development Authority, Revenue Bonds (Lawrenceville School Project), Series 2001, Variable Rate Demand Obligations, 1.350%, 7/01/31+ | |
| 1,400 | New Jersey Economic Development Authority, Variable Rate Demand Water Facilities Revenue Refunding Bonds (United Water New Jersey, Inc. Project), 1996 Series A, 1.800%, 11/01/26+ | |
| \$ 5,500 | Total Short-Term Investments (cost \$5,500,000) | |
| | Other Assets Less Liabilities - (7.5)% | |
| | Preferred Shares, at Liquidation Value - (53.0)% | |
| | Net Assets Applicable to Common Shares - 100% | |

* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

** Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

(WI) Security purchased on a when-issued basis.

+ Security has a maturity of more than one year, but has variable rate and

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demand features which qualify it as a short-term security. The rate disclosed is that currently in effect. This rate changes periodically based on market conditions or a specified market index.

See accompanying notes to financial statements.

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Nuveen Pennsylvania Investment Quality Municipal Fund (NQP)

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|---------------------------|--|------------------------------|
| \$ 5,000 | CAPITAL GOODS - 2.1% Pennsylvania Economic Development Financing Authority, Exempt Facilities Revenue Bonds (Amtrak Project), Series 2001A, 6.375%, 11/01/41 (Alternative Minimum Tax) | 5/11 at 101. |
| 13,300 | CONSUMER STAPLES - 5.5% Pennsylvania Economic Development Financing Authority, Solid Waste Disposal Revenue Bonds (Procter & Gamble Paper Project), Series 2001, 5.375%, 3/01/31 (Alternative Minimum Tax) | No Opt. Ca |
| 10,000 | EDUCATION AND CIVIC ORGANIZATIONS - 20.2% Allegheny County Higher Education Building Authority, Pennsylvania, Revenue Bonds (Carnegie Mellon University), Series 2002, 5.125%, 3/01/32 | 3/12 at 100. |
| 2,000 | Allegheny County Higher Education Building Authority, Pennsylvania, College Revenue Bonds (Chatham College), Series 1998A, 5.250%, 9/01/18 | 9/08 at 102. |
| 2,000 | Chester County Industrial Development Authority, Pennsylvania, Educational Facilities Revenue Bonds (The Westtown School Project), Series 2002, 5.000%, 1/01/26 | 1/12 at 100. |
| 3,000 | Delaware County Authority, Pennsylvania, Haverford College Revenue Bonds, Series 2000, 5.750%, 11/15/29 | 11/10 at 101. |
| 1,000 | The General Municipal Authority of the Borough of Harveys Lake, Pennsylvania, College Revenue Bonds (College Misericordia Project), Series 1999, 6.000%, 5/01/19 | 11/09 at 100. |
| 1,450 | Indiana County Industrial Development Authority, Pennsylvania, Revenue Bonds (The Student Cooperative Association, Inc. - Indiana University of Pennsylvania Student Union Project), Series 1999A, 5.875%, 11/01/29 | 11/06 at 100. |
| 815 | Indiana County Industrial Development Authority, Pennsylvania, Revenue Bonds (The Student Cooperative Association, Inc. - Indiana University of Pennsylvania Student Union Project), Series 1999B: 0.000%, 11/01/15 | No Opt. Ca |
| 815 | 0.000%, 11/01/16 | No Opt. Ca |
| 815 | 0.000%, 11/01/17 | No Opt. Ca |

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| | | |
|-------|--|---------------|
| 815 | 0.000%, 11/01/18 | No Opt. Ca |
| 815 | 0.000%, 11/01/19 | No Opt. Ca |
| 2,750 | Northeastern Pennsylvania Hospital and Education Authority, Luzerne County, School Revenue Bonds (Wyoming Seminary Project), Series 1998, 4.750%, 10/01/28 | 10/08 at 100. |
| 8,000 | Pennsylvania Higher Education Assistance Agency, Capital Acquisition Revenue Refunding Bonds, Series 2001, 5.000%, 12/15/30 | 11/11 at 100. |
| 3,000 | Pennsylvania Higher Education Assistance Agency, Student Loan Revenue Bonds, 1992 Series C, 6.400%, 3/01/22 (Alternative Minimum Tax) | 9/02 at 102. |
| 5,000 | Pennsylvania Higher Educational Facilities Authority, College and University Revenue Bonds (Moravian College Project), Series 2001, 5.375%, 7/01/31 | 7/11 at 100. |
| 8,445 | Swarthmore Borough Authority, Pennsylvania, Swarthmore College Revenue Bonds, Series 1998, 5.000%, 9/15/28 | 9/08 at 100. |
| 330 | The General Municipal Authority of the City of Wilkes-Barre, Pennsylvania, College Misericordia Revenue Refunding Bonds, Series 1992B, 7.750%, 12/01/12 | 12/02 at 102. |

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Nuveen Pennsylvania Investment Quality Municipal Fund (NQP) (continued)

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|------------------------|--|---------------------------|
| ----- | | |
| | HEALTHCARE - 5.1% | |
| \$ 1,600 | Geisinger Authority, Montour County, Pennsylvania, Health System Revenue Bonds, Penn State Geisinger Health System, Series 1998A, 5.000%, 8/15/28 | 8/08 at 101. |
| 9,500 | Pennsylvania Higher Educational Facilities Authority, UPMC Health System Revenue Bonds, Series 2001A, 6.000%, 1/15/31 | 1/11 at 101. |
| 1,000 | The Hospitals and Higher Education Facilities Authority of Philadelphia, Pennsylvania, Hospital Revenue Bonds (Temple University Hospital), Series 1993A, 6.625%, 11/15/23 | 11/03 at 102. |
| ----- | | |
| | HOUSING/MULTIFAMILY - 0.4% | |
| 980 | Urban Redevelopment Authority of Pittsburgh, Pennsylvania, Redevelopment Mortgage Revenue Bonds, 1992 Series C, 7.125%, 8/01/13 (Alternative Minimum Tax) | 8/02 at 102. |
| ----- | | |
| | HOUSING/SINGLE FAMILY - 12.3% | |
| 6,515 | Allegheny County Residential Finance Authority, Pennsylvania, Single Family Mortgage Revenue Bonds, 1994 Series Z, 0.000%, 5/01/27 (Alternative Minimum Tax) | No Opt. Ca |
| 905 | Redevelopment Authority of the County of Berks, Pennsylvania, Senior Single Family Mortgage Revenue Bonds, 1986 Series A, 8.000%, 12/01/17 (Alternative Minimum Tax) | No Opt. Ca |
| 2,000 | Pennsylvania Housing Finance Agency, Single Family Mortgage Revenue Bonds, Series 1995-46, 6.200%, 10/01/14 (Alternative Minimum Tax) | 10/05 at 102. |
| 1,000 | Pennsylvania Housing Finance Agency, Single Family Mortgage Revenue Bonds, Series 1996-48, 6.150%, 4/01/25 (Alternative Minimum Tax) | 4/06 at 102. |
| 5,725 | Pennsylvania Housing Finance Agency, Single Family Mortgage Revenue | 4/06 at 102. |

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| | | |
|-------|--|---------------|
| 220 | Bonds, Series 1996-49, 6.450%, 4/01/25 (Alternative Minimum Tax) Pennsylvania Housing Finance Agency, Single Family Mortgage Revenue | 4/06 at 102. |
| 5,000 | Bonds, Series 1996-50B, 6.350%, 10/01/27 (Alternative Minimum Tax) Pennsylvania Housing Finance Agency, Single Family Mortgage Revenue | 4/06 at 102. |
| 5,000 | Bonds, Series 1996-52B, 6.250%, 10/01/24 (Alternative Minimum Tax) Pennsylvania Housing Finance Agency, Single Family Mortgage Revenue | 10/07 at 101. |
| 2,215 | Bonds, Series 1997-59A, 5.750%, 10/01/23 (Alternative Minimum Tax) Urban Redevelopment Authority of Pittsburgh, Pennsylvania, Mortgage | 10/11 at 100. |
| 1,385 | Revenue Bonds, 2001 Series B, 5.450%, 10/01/32 Urban Redevelopment Authority of Pittsburgh, Pennsylvania, Mortgage | 4/06 at 102. |
| 1,085 | Revenue Bonds, 1996 Series C, 6.550%, 4/01/28 (Alternative Minimum Tax) Urban Redevelopment Authority of Pittsburgh, Pennsylvania, Mortgage | 4/07 at 102. |
| 2,865 | Revenue Bonds, 1997 Series A, 6.250%, 10/01/28 (Alternative Minimum Tax) Urban Redevelopment Authority of Pittsburgh, Pennsylvania, Mortgage | 10/02 at 101. |
| | Revenue Bonds, 1991 Series G, 7.050%, 4/01/23 (Alternative Minimum Tax) | |
| ----- | | |
| | INDUSTRIAL/OTHER - 2.3% | |
| 5,000 | Pennsylvania Industrial Development Authority, Economic Development Revenue Bonds, Series 2002, 5.500%, 7/01/12 | No Opt. Ca |
| ----- | | |
| | LONG-TERM CARE - 2.1% | |
| 3,225 | Montgomery County Higher Education and Health Authority, Pennsylvania, Mortgage Revenue Bonds (Waverly Heights Project), Series 1996, 6.375%, 1/01/26 | 1/06 at 101. |
| 1,500 | Philadelphia Authority for Industrial Development, Pennsylvania, Revenue Bonds (The Philadelphia Corporation for the Aging Project), Series 2001B, 5.250%, 7/01/26 | 7/11 at 101. |
| 335 | The Hospitals and Higher Education Facilities Authority of Philadelphia, Pennsylvania, Hospital Revenue Bonds (Children's Seashore House), Series 1992A, 7.000%, 8/15/03 | 8/02 at 102. |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|---------------------------|---|------------------------------|
| | TAX OBLIGATION/GENERAL - 31.9% | |
| \$ 3,550 | Allegheny County, Pennsylvania, General Obligation Bonds, Series 52, 5.250%, 11/01/23 | 5/11 at 100. |
| 3,120 | Allegheny County, Pennsylvania, General Obligation Refunding Bonds, Series C-53, 5.250%, 11/01/20 | 5/11 at 100. |
| 2,000 | Canon-McMillan School District, Washington County, Pennsylvania, General Obligation Bonds, Series 2001A, 0.000%, 12/01/25 Carlisle Area School District, Cumberland County, Pennsylvania, General Obligation Bonds, Series 2002: | No Opt. Ca |
| 1,915 | 4.750%, 3/01/20 | 3/12 at 100. |
| 5,760 | 5.000%, 3/01/22 | 3/12 at 100. |
| 2,000 | Claysburg Kimmel School District, Blair County, Pennsylvania, General Obligation Refunding Bonds, Series 2002, 5.000%, 1/15/31 | 1/09 at 100. |
| 4,600 | Garnet Valley School District, Delaware County, Pennsylvania, General Obligation Bonds, Series 2001A, 5.000%, 2/15/25 Redevelopment Authority of the City of Harrisburg, Dauphin County, Pennsylvania, Guaranteed Revenue Bonds, Series 1998B: | 8/11 at 100. |

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| | | |
|--------|--|---------------|
| 2,750 | 0.000%, 5/01/24 | 5/16 at 68. |
| 2,750 | 0.000%, 11/01/24 | 5/16 at 66. |
| 5,160 | 0.000%, 5/01/25 | 5/16 at 64. |
| 6,275 | Hempfield Area School District, Westmoreland County, Pennsylvania, General Obligation Bonds, Series 2002, 5.375%, 2/15/18 | 2/12 at 100. |
| | Mckeesport Area School District, Allegheny County, Pennsylvania, General Obligation Bonds, Series 1999C: | |
| 3,430 | 0.000%, 10/01/23 | No Opt. Ca |
| 3,380 | 0.000%, 10/01/24 | No Opt. Ca |
| 3,420 | 0.000%, 10/01/25 | No Opt. Ca |
| 2,340 | 0.000%, 10/01/26 | No Opt. Ca |
| 2,340 | 0.000%, 10/01/27 | No Opt. Ca |
| 2,340 | 0.000%, 10/01/29 | No Opt. Ca |
| 7,500 | Montgomery County, Pennsylvania, General Obligation Bonds, Series 1999, 5.000%, 7/15/24 | 7/09 at 100. |
| 1,700 | City of Philadelphia, Pennsylvania, General Obligation Bonds, Series 2000, 5.000%, 9/15/31 | 3/11 at 100. |
| 3,400 | Philadelphia School District, Pennsylvania, General Obligation Bonds, Series 2002B, 5.625%, 8/01/18 | 8/12 at 100. |
| 15,000 | Philadelphia School District, Pennsylvania, General Obligation Bonds, Series 1995B, 5.500%, 9/01/25 | 9/05 at 101. |
| 3,000 | Pittsburgh School District, Allegheny County, Pennsylvania, General Obligation Refunding Bonds, Series 2002A, 5.500%, 9/01/15 (WI, settling 7/10/02) | No Opt. Ca |
| 6,100 | Plum Borough School District, Allegheny County, Pennsylvania, General Obligation Bonds, Series 2001, 5.250%, 9/15/30 | 9/11 at 100. |
| 1,590 | Red Lion Area School District, York County, Pennsylvania, General Obligation Bonds, Series 2001, 5.000%, 4/15/20 | 10/11 at 100. |
| 1,465 | Stroudsburg Area School District, Monroe County, Pennsylvania, General Obligation Bonds, Series 2001A, 5.000%, 4/01/18 | 4/12 at 100. |
| ----- | | |
| | TAX OBLIGATION/LIMITED - 22.8% | |
| 5,500 | Port Authority of Allegheny County, Pennsylvania, Special Transportation Revenue Bonds, Series 2001, 5.000%, 3/01/29 | 3/11 at 101. |
| 5,000 | Delaware Valley Regional Finance Authority, Pennsylvania, Local Government Revenue Bonds, Series 2002, 5.750%, 7/01/17 | No Opt. Ca |
| 9,225 | Pennsylvania Intergovernmental Cooperation Authority, Special Tax Revenue Refunding Bonds (City of Philadelphia Funding Program), Series 1999, 4.750%, 6/15/23 | 6/09 at 100. |
| 3,500 | Pennsylvania Turnpike Commission, Oil Franchise Tax Senior Revenue Bonds, Series 1998A, 4.750%, 12/01/27 | 12/08 at 100. |
| 5,150 | Pennsylvania Turnpike Commission, Registration Fee Revenue Bonds, Series 2001, 5.000%, 7/15/41 | 7/11 at 101. |

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Nuveen Pennsylvania Investment Quality Municipal Fund (NQP) (continued)

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|---------------------------|-------------|------------------------------|
|---------------------------|-------------|------------------------------|

TAX OBLIGATION/LIMITED (continued)

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| | | |
|-----------|--|---------------|
| \$ 10,935 | Philadelphia Authority for Industrial Development, Pennsylvania, Lease Revenue Bonds, Series 2001B, 5.250%, 10/01/30 | 10/11 at 101. |
| 5,000 | Pittsburgh and Allegheny County Public Auditorium Authority, Pennsylvania, Regional Asset District Sales Tax Revenue Bonds, Series 1999, 5.000%, 2/01/29 | 8/09 at 101. |
| 1,090 | Urban Redevelopment Authority of Pittsburgh, Pennsylvania, Tax Increment Bonds (Center Triangle Tax Increment Financing District - PNC Bank Corp. Project), Series 1999A, 6.100%, 5/01/19 | 5/09 at 100. |
| 10,250 | Southeastern Pennsylvania Transportation Authority, Special Revenue Bonds, Series 1999A, 4.750%, 3/01/29 | 3/09 at 101. |
| ----- | | |
| | TRANSPORTATION - 9.9% | |
| 2,000 | Lehigh-Northampton Airport Authority, Pennsylvania, Lehigh Valley Airport System, Airport Revenue Bonds, Series 2000A, 6.000%, 5/15/30 (Alternative Minimum Tax) | 5/10 at 100. |
| 735 | Pennsylvania Turnpike Commission, Pennsylvania Turnpike Revenue Bonds, 1992 Series O, 5.500%, 12/01/17 | 12/02 at 102. |
| 2,500 | Pennsylvania Turnpike Commission, Pennsylvania Turnpike Revenue Bonds, 2001 Series R, 5.000%, 12/01/30 | 12/11 at 101. |
| 5,000 | City of Philadelphia, Pennsylvania, Airport Revenue Bonds (Philadelphia Airport System), Series 2001B, 5.250%, 6/15/31 (Alternative Minimum Tax) | 6/11 at 101. |
| | Philadelphia Authority for Industrial Development, Pennsylvania, Airport Revenue Bonds (Philadelphia Airport System Project), Series 1998A: | |
| 7,315 | 5.000%, 7/01/23 (Alternative Minimum Tax) | 7/08 at 101. |
| 3,085 | 5.125%, 7/01/28 (Alternative Minimum Tax) | 7/08 at 101. |
| 3,250 | The Philadelphia Parking Authority, Pennsylvania, Airport Parking Revenue Bonds, Series 1999, 5.250%, 9/01/29 | 9/09 at 101. |
| ----- | | |
| | U.S. GUARANTEED - 8.9% | |
| 1,355 | Bensalem Township School District, Bucks County, Pennsylvania, General Obligation Bonds, Series 1996, 5.850%, 7/15/12 (Pre-refunded to 7/15/06) | 7/06 at 100. |
| 2,000 | Hampton Township School District, Allegheny County, Pennsylvania, General Obligation Bonds, Series 1995, 6.750%, 11/15/21 (Pre-refunded to 11/15/04) | 11/04 at 100. |
| 3,000 | The Pittsburgh Water and Sewer Authority, Pennsylvania, Water and Sewer System Revenue Refunding Bonds, Series 1986, 7.625%, 9/01/04 | No Opt. Ca |
| 2,000 | Sto-Rox School District, Allegheny County, Pennsylvania, General Obligation Bonds, Series 2000, 5.800%, 6/15/30 (Pre-refunded to 12/15/10) | 12/10 at 100. |
| 3,000 | Warrington Township Municipal Authority, Bucks County, Pennsylvania, Water and Sewer Revenue Bonds, Series 1991, 7.100%, 12/01/21 (Pre-refunded to 11/15/15) | 11/15 at 100. |
| 5,450 | The Municipal Authority of the Borough of West View, Allegheny County, Pennsylvania, Special Obligation Bonds, Series 1985A, 9.500%, 11/15/14 | No Opt. Ca |
| 645 | The General Municipal Authority of the City of Wilkes-Barre, Pennsylvania, College Misericordia Revenue Refunding Bonds, Series 1992A, 7.750%, 12/01/12 (Pre-refunded to 12/01/02) | 12/02 at 102. |
| ----- | | |
| | UTILITIES - 7.1% | |
| 2,900 | Carbon County Industrial Development Authority, Pennsylvania, Resource Recovery Revenue Refunding Bonds (Panther Creek Partners Project), 2000 Series, 6.650%, 5/01/10 (Alternative Minimum Tax) | No Opt. Ca |
| 325 | Greater Lebanon Refuse Authority, Lebanon County, Pennsylvania, Solid Waste Revenue Bonds, Series 1992, 7.000%, 11/15/04 | 11/02 at 100. |
| 4,000 | Lehigh County Industrial Development Authority, Pollution Control Revenue Refunding Bonds (Pennsylvania Power and Light Company Project), 1995 Series A, 6.150%, 8/01/29 | 8/05 at 102. |

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| | | |
|-------|---|--------------|
| 5,500 | Montgomery County Industrial Development Authority, Pennsylvania, Resource Recovery Revenue Bonds (Montgomery County Project), Series 1989, 7.500%, 1/01/12 | 1/03 at 100. |
| 3,700 | York County Industrial Development Authority, Pennsylvania, Pollution Control Revenue Refunding Bonds (PSEG Power Project), Series 2001A, 5.500%, 9/01/20 | 3/12 at 101. |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|---------------------------|--|------------------------------|
| ----- | | |
| | WATER AND SEWER - 23.1% | |
| \$ 5,000 | Delaware County Industrial Development Authority, Pennsylvania, Water Facilities Revenue Bonds (Philadelphia Water Company Project), Series 2001, 5.350%, 10/01/31 | 10/12 at 100. |
| 5,325 | Delaware County Regional Water Quality Control Authority, Pennsylvania, Sewer Revenue Bonds, Series 2001A: 5.100%, 5/01/20 | 11/11 at 100. |
| 1,465 | 5.100%, 5/01/21 | 11/11 at 100. |
| | Erie City Water Authority, Erie County, Pennsylvania, Water Revenue Bonds, Series 2001A: | |
| 2,670 | 0.000%, 12/01/23 | No Opt. Call |
| 5,000 | 5.200%, 12/01/30 | 12/11 at 100. |
| 3,000 | Luzerne County Industrial Development Authority, Exempt Facilities Revenue Refunding Bonds (Pennsylvania Gas and Water Company Project), 1992 Series A, 7.200%, 10/01/17 (Alternative Minimum Tax) | 10/02 at 102. |
| 3,550 | Luzerne County Industrial Development Authority, Exempt Facilities Revenue Bonds (Pennsylvania Gas and Water Company Project), 1992 Series B, 7.125%, 12/01/22 (Alternative Minimum Tax) | 12/02 at 102. |
| 5,000 | Luzerne County Industrial Development Authority, Exempt Facilities Revenue Refunding Bonds (Pennsylvania Gas and Water Company Project), 1994 Series A, 7.000%, 12/01/17 (Alternative Minimum Tax) | 12/04 at 102. |
| | City of Philadelphia, Pennsylvania, Water and Wastewater Revenue Bonds, Series 2001A: | |
| 5,525 | 5.375%, 11/01/20 | 11/12 at 100. |
| 10,750 | 5.000%, 11/01/31 | 11/12 at 100. |
| 20,000 | The Pittsburgh Water and Sewer Authority, Pennsylvania, Water and Sewer System First Lien Revenue Bonds, Series 1998B, 0.000%, 9/01/26 | No Opt. Ca |
| 12,625 | Municipal Authority of Westmoreland County, Pennsylvania, Municipal Service Revenue Bonds, Series 1999A, 0.000%, 8/15/23 | No Opt. Ca |
| ----- | | |
| \$ 416,610 | Total Investments (cost \$356,489,881) - 153.7% | |
| ===== | | |
| | SHORT-TERM INVESTMENTS - 1.0% | |
| \$ 2,300 | Allentown Commercial and Industrial Development Authority, Pennsylvania, Variable Rate Demand Revenue Bonds (Diocese of Allentown), Series 1999, 1.750%, 12/01/29+ | |
| ----- | | |
| | Other Assets Less Liabilities - 0.5% | |
| ----- | | |
| | Preferred Shares, at Liquidation Value - (55.2)% | |
| ----- | | |

Net Assets Applicable to Common Shares - 100%

- =====
- * Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.
 - ** Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.
 - *** Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Securities are normally considered to be equivalent to AAA rated securities.
- N/R Investment is not rated.
- (WI) Security purchased on a when-issued basis.
- + Security has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term security. The rate disclosed is that currently in effect. This rate changes periodically based on market conditions or a specified market index.

See accompanying notes to financial statements.

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Nuveen Pennsylvania Premium Income Municipal Fund 2 (NPY)

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|---------------------------|---|------------------------------|
| ----- | | |
| \$ 500 | BASIC MATERIALS - 0.2% Erie County Industrial Development Authority, Pennsylvania, Environmental Improvement Revenue Refunding Bonds, 2000 eries B, 6.000%, 9/01/16 (Alternative Minimum Tax) | 9/10 at 101. |
| ----- | | |
| 2,000 | CAPITAL GOODS - 1.6% New Morgan Industrial Development Authority, Pennsylvania, Solid Waste Disposal Revenue Bonds (New Morgan Landfill Company, Inc. Project), Series 1994, 6.500%, 4/01/19 (Alternative Minimum Tax) | 4/04 at 102. |
| 2,000 | Pennsylvania Economic Development Financing Authority, Exempt Facilities Revenue Bonds (Amtrak Project), Series 2001A, 6.250%, 11/01/31 (Alternative Minimum Tax) | 5/11 at 101. |
| ----- | | |
| | CONSUMER CYCLICALS - 1.5% | |

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| | | |
|--------|--|---------------|
| 4,500 | Pennsylvania Economic Development Financing Authority, Exempt Facilities Revenue Bonds (National Gypsum Project), Series 1997B, 6.125%, 11/01/27 | 11/08 at 102. |
| ----- | | |
| | EDUCATION AND CIVIC ORGANIZATIONS - 14.0% | |
| 2,045 | Allegheny County Higher Education Building Authority, Pennsylvania, College Revenue Bonds (Thiel College), Series 1999A, 5.375%, 11/15/29 | 5/09 at 102. |
| 3,000 | Chester County Health and Educational Facilities Authority, Pennsylvania, College Revenue Bonds (Immaculata College), Series 1998, 5.625%, 10/15/27 | 10/08 at 102. |
| 1,350 | Lancaster Higher Education Authority, Pennsylvania, College Revenue Bonds (Franklin and Marshall College Project), Series 1993, 5.700%, 4/15/13 | 4/03 at 100. |
| 10,000 | Pennsylvania Higher Education Assistance Agency, Student Loan Revenue Bonds, 1988 Series D, 6.050%, 1/01/19 (Alternative Minimum Tax) | 7/03 at 102. |
| 1,000 | Pennsylvania Higher Educational Facilities Authority, LaSalle University Revenue Bonds, Series 1998, 5.250%, 5/01/23 | 5/08 at 101. |
| 2,100 | Pennsylvania Higher Educational Facilities Authority (Commonwealth of Pennsylvania), Philadelphia University Revenue Bonds, Series 2000, 6.000%, 6/01/29 | 6/10 at 100. |
| 4,615 | Pennsylvania Higher Educational Facilities Authority, Widner University Revenue Bonds, 1993 Series A, 5.250%, 7/15/11 | 7/03 at 102. |
| 1,500 | Pennsylvania Higher Educational Facilities Authority, Temple University Revenue Bonds, First Series 2001, 5.000%, 7/15/31 | 7/11 at 101. |
| 3,340 | State Public School Building Authority, Commonwealth of Pennsylvania, College Revenue Bonds (Northampton County Area Community College Project), Series 1993U, 5.850%, 3/15/15 | 3/03 at 100. |
| 2,500 | West Cornwall Township Municipal Authority, Pennsylvania, College Revenue Bonds (Elizabethtown College Project), Series 2001, 5.900%, 12/15/18 | 12/11 at 100. |
| 845 | The General Municipal Authority of the City of Wilkes-Barre, Pennsylvania, College Misericordia Revenue Refunding Bonds, Series 1992B, 7.750%, 12/01/12 | 12/02 at 102. |
| ----- | | |
| | HEALTHCARE - 16.9% | |
| 8,500 | Allegheny County Hospital Development Authority, Pennsylvania, Hospital Revenue Bonds (South Hills Health System), Series 1996A, 5.875%, 5/01/26 | 5/06 at 102. |
| 14,000 | Allegheny County Hospital Development Authority, Pennsylvania, Health Center Revenue Bonds (University of Pittsburgh Medical Center System), Series 1997A, 5.625%, 4/01/27 | 4/07 at 102. |
| 7,900 | Montgomery County Higher Education and Health Authority, Pennsylvania, Revenue Bonds (Pottstown Healthcare Corporation), Series 1998, 5.000%, 1/01/27 | 1/09 at 101. |
| 485 | Montgomery County Higher Education and Health Authority, Pennsylvania, Hospital Revenue Bonds (Abington Memorial Hospital), Series 1993A, 6.000%, 6/01/22 | 6/03 at 102. |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|---------------------------|-------------|------------------------------|
|---------------------------|-------------|------------------------------|

HEALTHCARE (continued)

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| | | |
|----------|--|---------------|
| \$ 4,700 | Pennsylvania Higher Educational Facilities Authority, University of Pennsylvania Health Services Revenue Bonds, Series 1996A, 5.750%, 1/01/22 | 1/06 at 101. |
| | City of Pottsville Hospital Authority, Pennsylvania, Hospital Revenue Bonds (The Pottsville Hospital and Warne Clinic), Series 1998: | |
| 2,000 | 5.500%, 7/01/18 | 7/08 at 100. |
| 2,000 | 5.625%, 7/01/24 | 7/08 at 100. |
| ----- | | |
| | HOUSING/MULTIFAMILY - 6.6% | |
| 4,345 | Bucks County Redevelopment Authority, Pennsylvania, Second Lien Multifamily Mortgage Revenue Bonds (Section 8 Assisted Country Commons Apartments), Series 1993A, 6.200%, 8/01/14 (Alternative Minimum Tax) | 8/03 at 100. |
| 2,000 | Delaware County Industrial Development Authority, Pennsylvania, Multifamily Housing Revenue Bonds (Darby Townhouses Project), Series 2002A, 5.500%, 4/01/32 (Alternative Minimum Tax) (Mandatory put 4/01/22) | No Opt. Ca |
| 1,615 | Luzerne County Housing Corporation, Pennsylvania, Mortgage Revenue Refunding Bonds, Series 1993 (FHA-Insured Mortgage Loan) (Freeland Apartments - Section 8 Assisted Project), 6.125%, 7/15/23 | 9/03 at 100. |
| 5,000 | Pennsylvania Housing Finance Agency, Rental Housing Refunding Bonds, Issue 1992, 6.400%, 7/01/12 (Pre-refunded to 7/25/02) | 7/02 at 102. |
| 2,345 | Swissvale Housing Development Corporation (An Instrumentality of the Allegheny County Housing Authority), Pennsylvania, Multifamily Mortgage Revenue Refunding Bonds (FHA-Insured Mortgage Loan - Section 8 Assisted Swissvale Project), Series 1993C, 6.100%, 7/01/22 | 7/03 at 100. |
| ----- | | |
| | HOUSING/SINGLE FAMILY - 12.1% | |
| 1,340 | Allegheny County Residential Finance Authority, Pennsylvania, Single Family Mortgage Revenue Bonds, 2000 Series II-2, 5.900%, 11/01/32 (Alternative Minimum Tax) | 11/10 at 100. |
| 2,000 | Pennsylvania Housing Finance Agency, Single Family Mortgage Revenue Bonds, Series 37A, 5.450%, 10/01/17 | 10/03 at 102. |
| 1,120 | Pennsylvania Housing Finance Agency, Single Family Mortgage Revenue Bonds, Series 1996-47, 6.750%, 10/01/06 (Alternative Minimum Tax) | No Opt. Ca |
| 2,815 | Pennsylvania Housing Finance Agency, Single Family Mortgage Revenue Bonds, Series 1996-51, 6.375%, 4/01/28 (Alternative Minimum Tax) | 4/06 at 102. |
| 2,380 | Pennsylvania Housing Finance Agency, Single Family Mortgage Revenue Bonds, Series 1997-54A, 6.150%, 10/01/22 (Alternative Minimum Tax) | 10/06 at 102. |
| | Pennsylvania Housing Finance Agency, Single Family Mortgage Revenue Bonds, Series 1997-56A: | |
| 1,500 | 6.050%, 10/01/16 (Alternative Minimum Tax) | 4/07 at 102. |
| 4,000 | 6.150%, 10/01/27 (Alternative Minimum Tax) | 4/07 at 102. |
| 1,620 | Pennsylvania Housing Finance Agency, Single Family Mortgage Revenue Bonds, Series 1997-58A, 5.950%, 10/01/28 (Alternative Minimum Tax) | 4/07 at 101. |
| 1,645 | Pennsylvania Housing Finance Agency, Single Family Mortgage Revenue Bonds, Series 1997-59A, 5.700%, 4/01/17 (Alternative Minimum Tax) | 10/07 at 101. |
| 1,190 | Pennsylvania Housing Finance Agency, Single Family Mortgage Revenue Bonds, Series 1998-62A, 5.500%, 10/01/22 (Alternative Minimum Tax) | 6/08 at 101. |
| 1,500 | Pittsburgh Urban Redevelopment Authority, Pennsylvania, Mortgage Revenue Bonds, 1996 Series C, 6.500%, 10/01/23 (Alternative Minimum Tax) | 4/06 at 102. |
| | Pittsburgh Urban Redevelopment Authority, Pennsylvania, Mortgage Revenue Bonds, 1997 Series A: | |

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| | | |
|-------|---|--------------|
| 845 | 6.150%, 10/01/16 (Alternative Minimum Tax) | 4/07 at 102. |
| 765 | 6.200%, 10/01/21 (Alternative Minimum Tax) | 4/07 at 102. |
| 1,375 | Pittsburgh Urban Redevelopment Authority, Pennsylvania, Mortgage Revenue Bonds, 1992 Series D, 6.500%, 4/01/17 | 4/03 at 102. |
| 2,460 | Pittsburgh Urban Redevelopment Authority, Pennsylvania, Mortgage Revenue Bonds, 1992 Series C-1, 6.800%, 10/01/25 (Alternative Minimum Tax) | 4/03 at 102. |
| 615 | Pittsburgh Urban Redevelopment Authority, Pennsylvania, Mortgage Revenue Bonds, 1994 Series B, 6.950%, 10/01/10 (Alternative Minimum Tax) | 4/04 at 102. |

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Nuveen Pennsylvania Premium Income Municipal Fund 2 (NPY) (continued)

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|------------------------|--|---------------------------|
| ----- | | |
| | INDUSTRIAL/OTHER - 4.5% | |
| \$ 2,165 | Montgomery County Industrial Development Authority, Pennsylvania, Health Facilities Revenue Bonds (Emergency Care Research Institute, ECRI), Series of 1993, 6.850%, 6/01/13 | 6/03 at 102. |
| | Pennsylvania Industrial Development Authority, Economic Development Revenue Bonds, Series 1994: | |
| 2,000 | 7.000%, 7/01/06 | No Opt. Ca |
| 1,550 | 7.000%, 1/01/07 | No Opt. Ca |
| 1,000 | 7.000%, 7/01/07 | No Opt. Ca |
| 2,750 | Pennsylvania Industrial Development Authority, Economic Development Revenue Bonds, Series 2002, 5.500%, 7/01/17 | 7/12 at 101. |
| ----- | | |
| | LONG-TERM CARE - 4.6% | |
| 1,230 | Pennsylvania Economic Development Financing Authority, Revenue Bonds, Series 1998A (Northwestern Human Services, Inc. Project), 5.250%, 6/01/28 | 6/08 at 100. |
| | Pennsylvania Economic Development Financing Authority, Revenue Bonds (Dr. Gertrude A. Barber Center Inc.), Series 2000: | |
| 1,000 | 6.150%, 12/01/20 | 8/02 at 100. |
| 2,000 | 5.900%, 12/01/30 | 12/10 at 100. |
| | Philadelphia Authority for Industrial Development, Pennsylvania, Healthcare Facilities Revenue Bonds (Paul's Run), Series 1998A: | |
| 1,350 | 5.750%, 5/15/18 | 5/08 at 102. |
| 1,650 | 5.875%, 5/15/28 | 5/08 at 102. |
| 4,000 | Philadelphia Hospital and Higher Educational Facilities Authority, Pennsylvania, Revenue Refunding Bonds (Philadelphia MR Project), Series 1992, 5.625%, 8/01/04 | 8/03 at 102. |
| ----- | | |
| | TAX OBLIGATION/GENERAL - 9.2% | |
| | Chichester School District, Delaware County, Pennsylvania, General Obligation Bonds, Series 1999: | |
| 3,125 | 0.000%, 3/01/23 | No Opt. Ca |
| 3,125 | 0.000%, 3/01/24 | No Opt. Ca |

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| | | |
|--------|--|---------------|
| 3,125 | 0.000%, 3/01/25 | No Opt. Ca |
| 2,110 | Fayette County, Pennsylvania, General Obligation Bonds, Series 2000, 5.625%, 11/15/28 | 11/10 at 100. |
| | Harrisburg Redevelopment Authority, Dauphin County, Pennsylvania, Guaranteed Revenue Bonds, Series 1998B: | |
| 1,750 | 0.000%, 5/01/22 | 5/16 at 75. |
| 2,750 | 0.000%, 11/01/22 | 5/16 at 73. |
| 2,750 | 0.000%, 5/01/23 | 5/16 at 71. |
| 2,750 | 0.000%, 11/01/23 | 5/16 at 69. |
| 4,305 | County of Montgomery, Pennsylvania, General Obligation Bonds, Series 1996B, 5.375%, 10/15/21 | 10/06 at 100. |
| 2,000 | The School District of Philadelphia, Pennsylvania, General Obligation Refunding Bonds, Series 1995A, 6.250%, 9/01/09 | No Opt. Ca |
| 3,500 | The School District of Philadelphia, Pennsylvania, General Obligation Bonds, Series 1999A, 4.500%, 4/01/23 | 4/09 at 100. |
| 1,700 | Pine-Richland School District, Allegheny County, Pennsylvania, General Obligation Refunding Bonds, Series 2001, 5.000%, 9/01/29 | 9/11 at 100. |
| 1,535 | Stroudsburg Area School District, Monroe County, Pennsylvania, General Obligation Bonds, Series 2001A, 5.000%, 4/01/19 | 4/12 at 100. |
| ----- | | |
| | TAX OBLIGATION/LIMITED - 9.9% | |
| 4,060 | Delaware Valley Regional Finance Authority, Pennsylvania, Local Government Revenue Bonds, Series 1996A, 6.000%, 4/15/26 | 4/06 at 100. |
| 9,000 | Pittsburgh and Allegheny County Public Auditorium Authority, Pennsylvania, Hotel Room Excise Tax Revenue Bonds, Series 1999, 4.500%, 2/01/29 | 8/09 at 101. |
| 11,725 | Southeastern Pennsylvania Transportation Authority, Special Revenue Bonds, Series 1999A, 4.750%, 3/01/29 | 3/09 at 101. |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|------------------------|---|---------------------------|
| ----- | | |
| | TRANSPORTATION - 9.5% | |
| \$ 2,300 | County of Allegheny, Pennsylvania, Airport Revenue Refunding Bonds (Pittsburgh International Airport), Series 1997A, 5.250%, 1/01/16 (Alternative Minimum Tax) | 1/08 at 101. |
| 3,575 | Pennsylvania Turnpike Commission, Turnpike Revenue Bonds, 2001 Series R, 5.000%, 12/01/30 | 12/11 at 101. |
| 10,000 | Philadelphia Authority for Industrial Development, Pennsylvania, Airport Revenue Bonds (Philadelphia Airport System Project), Series 2001A, 5.250%, 7/01/28 (Alternative Minimum Tax) | 7/11 at 101. |
| 6,525 | Sports and Exhibition Authority of Pittsburgh and Allegheny County, Pennsylvania, Parking Revenue Bonds, Series 2001A, 5.350%, 12/01/26 | 12/06 at 100. |
| ----- | | |
| | U.S. GUARANTEED - 22.7% | |
| 3,000 | Allegheny County Hospital Development Authority, Pennsylvania, Health Center Revenue Bonds (Presbyterian University Health System, Inc. Project), Series 1992A, 6.250%, 11/01/23 (Pre-refunded to 11/01/02) | 11/02 at 100. |
| 2,000 | Bangor Area School District, Northampton County, Pennsylvania, General Obligation Bonds, Series 1996B, 5.500%, 3/15/18 (Pre-refunded to 3/15/06) | 3/06 at 100. |

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| | | |
|--------|--|---------------|
| 2,500 | Bensalem Township School District, Bucks County, Pennsylvania, General Obligation Bonds, Series 1996, 5.875%, 7/15/16 (Pre-refunded to 7/15/06) | 7/06 at 100. |
| 17,895 | The Harrisburg Authority, Dauphin County, Pennsylvania, Tax-Exempt Revenue Bonds (The City of Harrisburg Project), Series II of 1997, 5.625%, 9/15/22 (Pre-refunded to 9/15/07) | 9/07 at 100. |
| 3,500 | Hollidaysburg Sewer Authority, Pennsylvania, Guaranteed Sewer Revenue Bonds, Series 1993, 6.100%, 1/01/23 (Pre-refunded to 1/01/03) | 1/03 at 100. |
| 1,500 | Ligonier Valley School District, Westmoreland County, Pennsylvania, General Obligation Bonds, Series 1994, 6.000%, 3/01/23 (Pre-refunded to 3/01/04) | 3/04 at 100. |
| 2,015 | Montgomery County Higher Education and Health Authority, Pennsylvania, Hospital Revenue Bonds (Abington Memorial Hospital), Series 1993A, 6.000%, 6/01/22 (Pre-refunded to 6/01/03) | 6/03 at 102. |
| 1,445 | Pennsylvania Higher Educational Facilities Authority, College and University Revenue Bonds, 9th Series, 7.625%, 7/01/15 | No Opt. Ca |
| 1,005 | Philadelphia Hospitals and Higher Educational Facilities Authority, Pennsylvania, Community College Revenue Bonds (Community College of Philadelphia), Series 1994, 6.100%, 5/01/10 (Pre-refunded to 5/01/04) | 5/04 at 102. |
| | City of Philadelphia, Pennsylvania, Water and Wastewater Revenue Bonds, Series 1993: | |
| 955 | 5.750%, 6/15/13 (Pre-refunded to 6/15/03) | 6/03 at 102. |
| 1,135 | 5.500%, 6/15/14 (Pre-refunded to 6/15/03) | 6/03 at 102. |
| | Philadelphia Hospitals and Higher Educational Facilities Authority, Pennsylvania, Hospital Revenue Bonds (Presbyterian Medical Center of Philadelphia), Series 1993: | |
| 1,000 | 6.500%, 12/01/11 | 12/03 at 102. |
| 3,690 | 6.650%, 12/01/19 | 12/03 at 102. |
| 1,750 | Pine-Richland School District, Allegheny County, Pennsylvania, General Obligation Bonds, Series 1993A, 6.100%, 9/01/18 (Pre-refunded to 9/01/03) | 9/03 at 100. |
| 2,500 | Schuylkill Valley School District, Berks County, Pennsylvania, General Obligation Bonds, Series 1993, 5.850%, 4/15/13 (Pre-refunded to 4/15/03) | 4/03 at 100. |
| 1,650 | The Municipal Authority of the Borough of West View, Allegheny County, Pennsylvania, Special Obligation Bonds, Series 1985A, 9.500%, 11/15/14 | No Opt. Ca |
| ----- | | |
| | UTILITIES - 17.9% | |
| 8,000 | Beaver County Industrial Development Authority, Pennsylvania, Exempt Facilities Revenue Bonds (Shippingport Project), 1998 Series A, 5.375%, 6/01/28 (Alternative Minimum Tax) | 6/08 at 102. |
| 3,935 | Carbon County Industrial Development Authority, Pennsylvania, Resource Recovery Revenue Refunding Bonds (Panther Creek Partners Project), 2000 Series, 6.650%, 5/01/10 (Alternative Minimum Tax) | No Opt. Ca |
| 7,590 | Indiana County Industrial Development Authority, Pennsylvania, Pollution Control Revenue Bonds (Metropolitan Edison Company Project), 1997 Series A, 5.950%, 5/01/27 (Alternative Minimum Tax) | 5/07 at 102. |
| 2,000 | Indiana County Industrial Development Authority, Pennsylvania, Pollution Control Revenue Refunding Bonds (PSEG Power LLC Project), Series 2001A, 5.850%, 6/01/27 (Alternative Minimum Tax) | 6/12 at 101. |

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Nuveen Pennsylvania Premium Income Municipal Fund 2 (NPY) (continued)

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|---------------------------|--|------------------------------|
| <hr/> | | |
| | UTILITIES (continued) | |
| \$ 13,500 | Lehigh County Industrial Development Authority, Pollution Control Revenue Refunding Bonds (Pennsylvania Power and Light Company Project), 1992 Series A, 6.400%, 11/01/21 | 11/02 at 102. |
| 5,750 | City of Philadelphia, Pennsylvania, Gas Works Revenue Bonds, 1998 General Ordinance, Second Series, 5.000%, 7/01/29 | 7/09 at 101. |
| <hr/> | | |
| | WATER AND SEWER - 17.6% | |
| 2,000 | Allegheny County Sanitary Authority, Pennsylvania, Sewer Revenue Bonds, Series 2000, 5.500%, 12/01/30 | 12/10 at 101. |
| 4,000 | Bucks County Industrial Development Authority, Pennsylvania, Water Facility Revenue Bonds (Pennsylvania Suburban Water Company Project), Series 2002, 5.550%, 9/01/32 (Alternative Minimum Tax) | 3/12 at 100. |
| 1,975 | Delaware County Industrial Development Authority, Pennsylvania, Water Facilities Revenue Refunding Bonds (Philadelphia Suburban Water Company Project), Series 1992, 6.500%, 6/01/10 | 12/02 at 102. |
| 7,350 | Luzerne County Industrial Development Authority, Pennsylvania, Exempt Facilities Revenue Refunding Bonds (Pennsylvania Gas and Water Company Project), 1992 Series A, 7.200%, 10/01/17 (Alternative Minimum Tax) | 10/02 at 102. |
| 4,500 | Luzerne County Industrial Development Authority, Pennsylvania, Exempt Facilities Revenue Bonds (Pennsylvania Gas and Water Company Project), 1992 Series B, 7.125%, 12/01/22 (Alternative Minimum Tax) | 12/02 at 102. |
| 3,360 | Mercer County Industrial Development Authority, Pennsylvania, Water Facilities Revenue Bonds (Consumers Pennsylvania Water Company - Shenango Valley Division Project), Series 2000, 6.000%, 7/01/30 (Alternative Minimum Tax) | 7/10 at 100. |
| 5,500 | Northumberland County Industrial Development Authority, Pennsylvania, Exempt Facilities Revenue Bonds (Roaring Creek Water Company Project), Series 1993, 6.375%, 10/15/23 (Alternative Minimum Tax) | 10/03 at 102. |
| | City of Philadelphia, Pennsylvania, Water and Wastewater Revenue Bonds, Series 1995: | |
| 3,000 | 6.750%, 8/01/05 | No Opt. Ca |
| 2,730 | 6.250%, 8/01/10 | No Opt. Ca |
| | City of Philadelphia, Pennsylvania, Water and Wastewater Revenue Bonds, Series 1993: | |
| 1,380 | 5.750%, 6/15/13 | 6/03 at 102. |
| 1,165 | 5.500%, 6/15/14 | 6/03 at 102. |
| 10,000 | The Pittsburgh Water and Sewer Authority, Pennsylvania, Water and Sewer System First Lien Revenue Bonds, Series 1998B, 0.000%, 9/01/28 | No Opt. Ca |
| <hr/> | | |
| \$ 361,035 | Total Investments (cost \$331,147,144) - 148.8% | |
| <hr/> | | |
| | Other Assets Less Liabilities - 1.8% | |
| <hr/> | | |
| | Preferred Shares, at Liquidation Value - (50.6)% | |
| <hr/> | | |
| | Net Assets Applicable to Common Shares - 100% | |
| <hr/> | | |

* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

** Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

N/R Investment is not rated.

See accompanying notes to financial statements.

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Nuveen Pennsylvania Dividend Advantage Municipal Fund (NXM)

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|---------------------------|---|------------------------------|
| \$ 2,000 | CAPITAL GOODS - 4.0% Pennsylvania Economic Development Financing Authority, Exempt Facilities Revenue Bonds (Amtrak Project), Series 2001A, 6.250%, 11/01/31 (Alternative Minimum Tax) | 5/11 at 101. |
| 3,000 | CONSUMER CYCLICALS - 4.9% Pennsylvania Economic Development Financing Authority, Exempt Facilities Revenue Bonds (National Gypsum Project), Series 1997B, 6.125%, 11/01/27 | 11/08 at 102. |
| 3,450 | CONSUMER STAPLES - 6.9% Pennsylvania Economic Development Financing Authority, Solid Waste Disposal Revenue Bonds (Procter & Gamble Paper Project), Series 2001, 5.375%, 3/01/31 (Alternative Minimum Tax) | No Opt. Ca |
| 2,250 | EDUCATION AND CIVIC ORGANIZATIONS - 26.8% Bucks County Industrial Development Authority, Pennsylvania, Revenue Bonds (George School Project), Series of 2001, 5.125%, 9/15/31 | 9/11 at 100. |
| 1,825 | Delaware County Authority, Pennsylvania, College Revenue Refunding Bonds (Neumann College), Series 2001, 6.000%, 10/01/31 | 10/11 at 100. |
| 2,370 | Montgomery County Industrial Development Authority, Pennsylvania, Revenue Bonds (The Hill School Project), Series of 1997, 5.350%, 8/15/27 | 8/07 at 100. |
| 1,500 | Pennsylvania Higher Educational Facilities Authority, College and University Revenue Bonds (Moravian College Project), Series 2001, 5.375%, 7/01/31 | 7/11 at 100. |
| 3,000 | The Pennsylvania State University, Refunding Bonds, Series 2002, | No Opt. Ca |

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| | | | |
|-------|--|---------------|--|
| | 5.250%, 8/15/14 | | |
| 2,000 | West Cornwall Township Municipal Authority, Pennsylvania, College Revenue Bonds (Elizabethtown College Project), Series 2001, 6.000%, 12/15/27 | 12/11 at 100. | |
| ----- | | | |
| | HEALTHCARE - 22.3% | | |
| 2,500 | Chester County Health and Educational Facilities Authority, Pennsylvania, Health System Revenue Bonds (Jefferson Health System), Series 1997B, 5.375%, 5/15/27 | 5/08 at 101. | |
| 2,500 | Geisinger Authority, Montour County, Pennsylvania, Health System Revenue Bonds (Penn State Geisinger Health System), Series 1998A, 5.000%, 8/15/28 | 8/08 at 101. | |
| 2,900 | Pennsylvania Higher Educational Facilities Authority, UPMC Health System Revenue Bonds, Series 2001A, 6.000%, 1/15/31 | 1/11 at 101. | |
| 1,000 | Washington County Hospital Authority, Pennsylvania, Revenue Bonds (Monongahela Valley Hospital Project), Series 2002, 5.500%, 6/01/17 | 6/12 at 101. | |
| 2,250 | West Shore Area Hospital Authority, Cumberland County, Pennsylvania, Hospital Revenue Bonds (Holy Spirit Hospital of the Sisters of Christian Charity Project), Series 2001, 6.250%, 1/01/32 | 1/12 at 100. | |
| ----- | | | |
| | HOUSING/SINGLE FAMILY - 4.7% | | |
| 2,305 | Allegheny County Residential Finance Authority, Pennsylvania, Single Family Mortgage Revenue Bonds, 1998 Series DD2, 5.400%, 11/01/29 (Alternative Minimum Tax) | 11/08 at 102. | |
| ----- | | | |
| | INDUSTRIAL/OTHER - 2.7% | | |
| 1,250 | Pennsylvania Industrial Development Authority, Economic Development Revenue Bonds, Series 2002, 5.500%, 7/01/17 | 7/12 at 101. | |
| ----- | | | |
| | LONG-TERM CARE - 10.1% | | |
| 2,100 | Lancaster County Hospital Authority, Pennsylvania, Health Center Revenue Bonds (Willow Valley Retirement Communities Project), Series 2001, 5.875%, 6/01/31 | 12/11 at 100. | |
| 2,875 | Philadelphia Authority for Industrial Development, Pennsylvania, Revenue Bonds (The Philadelphia Corporation for the Aging Project), Series 2001B, 5.250%, 7/01/31 | 7/11 at 101. | |

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Nuveen Pennsylvania Dividend Advantage Municipal Fund (NXM) (continued)

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|------------------------|---|---------------------------|
| | TAX OBLIGATION/GENERAL - 47.3% | |
| \$ 2,415 | Central Bucks School District, Bucks County, Pennsylvania, General Obligation Bonds, Series 2002, 5.500%, 5/15/18 | 5/12 at 100. |

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| | | |
|-----------|---|---------------|
| | Lake-Lehman School District, Luzerne County, Pennsylvania, General Obligation Bonds, Series 2001: | |
| 1,315 | 0.000%, 4/01/25 | No Opt. Ca |
| 1,315 | 0.000%, 4/01/26 | No Opt. Ca |
| 1,105 | Oxford Area School District, Chester County, Pennsylvania, General Obligation Bonds, 2001 Series A, 5.500%, 2/15/17 | 2/12 at 100. |
| 2,000 | Commonwealth of Pennsylvania, General Obligation Bonds, Second Series of 2001, 5.000%, 9/15/13 (DD, settling 7/01/02) | 9/11 at 101. |
| 2,500 | Philadelphia School District, Pennsylvania, General Obligation Bonds, Series 2002B, 5.625%, 8/01/18 | 8/12 at 100. |
| 3,000 | Pittsburgh School District, Allegheny County, Pennsylvania, General Obligation Refunding Bonds, Series 2002A, 5.500%, 9/01/14 (WI, settling 7/10/02) | No Opt. Ca |
| 3,700 | Plum Borough School District, Allegheny County, Pennsylvania, General Obligation Bonds, Series 2001, 5.250%, 9/15/30 | 9/11 at 100. |
| 9,270 | Reading School District, Berks County, Pennsylvania, General Obligation Bonds, Series 2001A, 0.000%, 1/15/22 | 7/11 at 54. |
| 2,625 | Sto-Rox School District, Allegheny County, Pennsylvania, General Obligation Refunding Bonds, Series 2001, 5.125%, 12/15/29 | 12/11 at 100. |
| 1,230 | Stroudsburg Area School District, Monroe County, Pennsylvania, General Obligation Bonds, Series 2001A, 5.000%, 4/01/15 | 4/12 at 100. |
| ----- | | |
| | TAX OBLIGATION/LIMITED - 14.8% | |
| 250 | Port Authority of Allegheny County, Pennsylvania, Special Transportation Revenue Bonds, Series 2001, 5.000%, 3/01/29 | 3/11 at 101. |
| 3,500 | Pennsylvania Turnpike Commission, Oil Franchise Tax Senior Revenue Bonds, Series 1998A, 4.750%, 12/01/27 | 12/08 at 100. |
| 1,500 | Philadelphia Redevelopment Authority, Pennsylvania, Revenue Bonds (City of Philadelphia Neighborhood Transformation Initiative), Series 2002A, 5.500%, 4/15/19 | 4/12 at 100. |
| 2,250 | Pittsburgh and Allegheny County Public Auditorium Authority, Pennsylvania, Regional Asset District Sales Tax Revenue Bonds, Series 1999, 5.000%, 2/01/29 | 8/09 at 101. |
| ----- | | |
| | TRANSPORTATION - 8.0% | |
| 1,750 | Philadelphia Authority for Industrial Development, Pennsylvania, Airport Revenue Bonds (Philadelphia Airport System Project), Series 2001A, 5.250%, 7/01/28 (Alternative Minimum Tax) | 7/11 at 101. |
| 2,210 | Sports and Exhibition Authority of Pittsburgh and Allegheny County, Pennsylvania, Parking Revenue Bonds, Series 2001A, 5.375%, 12/01/30 | 12/06 at 100. |
| ----- | | |
| | UTILITIES - 4.5% | |
| 2,240 | City of Philadelphia, Pennsylvania, Gas Works Revenue Bonds, Fourteenth Series, 6.375%, 7/01/26 | 7/03 at 102. |
| ----- | | |
| \$ 85,250 | Total Investments (cost \$75,301,132) - 157.0% | |
| ===== | | |
| | Other Assets Less Liabilities - (6.3)% | |
| ----- | | |
| | Preferred Shares, at Liquidation Value - (50.7)% | |
| ----- | | |
| | Net Assets Applicable to Common Shares - 100% | |
| ===== | | |

* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

** Ratings (not covered by the report of independent auditors): Using the

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higher of Standard & Poor's or Moody's rating.

N/R Investment is not rated.

(DD) Security purchased on a delayed delivery basis.

(WI) Security purchased on a when-issued basis.

See accompanying notes to financial statements.

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Nuveen Pennsylvania Dividend Advantage Municipal Fund 2 (NVY)

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|---------------------------|--|------------------------------|
| \$ 2,190 | BASIC MATERIALS - 4.0% Bucks County Industrial Development Authority, Pennsylvania, Environmental Improvement Revenue Bonds (USX Corp. Project), Series 1995, 5.400%, 11/01/17 (Mandatory put 11/01/11) | No Opt. Ca |
| 700 | EDUCATION AND CIVIC ORGANIZATIONS - 17.7% Allegheny County Higher Education Building Authority, Pennsylvania, Revenue Bonds (Carnegie Mellon University), Series 2002, 5.450%, 3/01/27 | 9/02 at 100. |
| 1,500 | Allegheny County Higher Education Building Authority, Commonwealth of Pennsylvania, College Revenue Refunding Bonds (Robert Morris College), Series 1998A, 6.000%, 5/01/28 | No Opt. Ca |
| 2,000 | Pennsylvania Higher Educational Facilities Authority, Revenue Bonds (Temple University), First Series 2001, 5.000%, 7/15/31 | 7/11 at 101. |
| 5,000 | The Pennsylvania State University, Series 2002 Refunding Bonds, 5.250%, 8/15/12 | No Opt. Ca |
| 2,000 | HEALTHCARE - 9.3% Chester County Health and Educational Facilities Authority, Pennsylvania, Health System Revenue Bonds (Jefferson Health System), Series 1997B, 5.375%, 5/15/27 | 5/08 at 101. |
| 1,000 | Philadelphia Hospitals and Higher Educational Facilities Authority, Pennsylvania, Hospital Revenue Bonds (Temple University Hospital), Series 1993A, 6.625%, 11/15/23 | 11/03 at 102. |
| 1,450 | Washington County Hospital Authority, Pennsylvania, Revenue Bonds (Monongahela Valley Hospital Project), Series 2002, 6.250%, 6/01/22 | 6/12 at 101. |
| 600 | West Shore Area Hospital Authority, Cumberland County, Pennsylvania, Hospital Revenue Bond (Holy Spirit Hospital of the Sisters of Christian Charity Project), Series 2001, 6.250%, 1/01/32 | 1/12 at 100. |
| | INDUSTRIAL/OTHER - 7.8% | |

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| | | |
|-------|---|---------------|
| 4,000 | Pennsylvania Industrial Development Authority, Economic Development Revenue Bonds, Series 2002, 5.500%, 7/01/19 | 7/12 at 101. |
| ----- | | |
| 965 | LONG-TERM CARE - 3.9% Allegheny County Residential Finance Authority, Pennsylvania, Healthcare Facilities Revenue Bonds (GNMA Collateralized - Lemington Home for the Aged Project), Series 2002A, 5.750%, 5/20/37 | 5/12 at 102. |
| 1,155 | Bucks County Industrial Development Authority, Pennsylvania, Revenue Bonds (Pennswood Village Project), Series 2002A, 6.000%, 10/01/34 | 10/12 at 101. |
| ----- | | |
| 2,000 | TAX OBLIGATION/GENERAL - 56.6% Adams County, Pennsylvania, General Obligation Bonds, Series 2001, 5.500%, 11/15/26 | 5/11 at 100. |
| 2,500 | Ambridge Area School District, Beaver County, Pennsylvania, General Obligation Bonds, Series 2002B, 5.125%, 5/01/23 | 11/12 at 100. |
| 1,740 | Butler Area School District, Butler County, Pennsylvania, General Obligation Bonds, Series 2002A, 5.375%, 10/01/26 | 10/12 at 100. |
| 765 | Butler Area School District, Butler County, Pennsylvania, General Obligation Bonds, Series 2002B, 5.375%, 10/01/29 | 10/12 at 100. |
| 2,150 | Fairview School District, Erie County, Pennsylvania, General Obligation Bonds, Series 2001B, 5.125%, 2/01/29 | 8/11 at 100. |
| | Greensburg Salem School District, Westmoreland County, Pennsylvania, General Obligation Refunding Bonds, Series 2002: | |
| 725 | 5.375%, 9/15/15 | 9/12 at 100. |
| 1,000 | 5.375%, 9/15/16 | 9/12 at 100. |
| 4,280 | Lehigh County, Pennsylvania, General Obligation Bonds, Series 2001, 5.000%, 11/15/15 | 11/11 at 100. |

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Nuveen Pennsylvania Dividend Advantage Municipal Fund 2 (NVY) (continued)

Portfolio of Investments June 30, 2002

| PRINCIPAL AMOUNT (000) | DESCRIPTION | OPTIONAL CALL PROVISIONS* |
|------------------------|--|---------------------------|
| ----- | | |
| | TAX OBLIGATION/GENERAL (continued) | |
| \$ 1,100 | Luzerne County, Pennsylvania, General Obligation Bonds, Series 2002B: 0.000%, 11/15/21 | 11/12 at 57.9 |
| 1,500 | 0.000%, 11/15/22 | 11/12 at 54.5 |
| 1,450 | 0.000%, 11/15/23 | 11/12 at 51.2 |
| 5,000 | Commonwealth of Pennsylvania, General Obligation Bonds, Second Series of 2001, 5.000%, 9/15/15 | 9/11 at 101. |
| 2,000 | Philadelphia School District, Pennsylvania, General Obligation Bonds, Series 2002A, 5.500%, 2/01/31 | 2/12 at 100. |
| 3,170 | Philadelphia School District, Pennsylvania, General Obligation Bonds, Series 2002B, 5.625%, 8/01/18 | 8/12 at 100. |
| 3,000 | Commonwealth of Puerto Rico, Public Improvement General Obligation Bonds, 2002 Series A, 5.500%, 7/01/29 | No Opt. Ca |

| | | |
|-----------|---|---------------|
| ----- | | |
| | TAX OBLIGATION/LIMITED - 37.7% | |
| 5,000 | Delaware Valley Regional Finance Authority, Pennsylvania, Local Government Revenue Bonds, Series 2002, 5.750%, 7/01/17 | No Opt. Ca |
| 2,000 | Grove City Area Hospital Authority, Mercer County, Pennsylvania, Woodland Place Project Revenue Bonds, County Guaranteed, Series 2002, 5.400%, 3/01/31 | 3/12 at 100. |
| 5,000 | Harrisburg Parking Authority, Pennsylvania, Guaranteed Revenue Refunding Bonds, Series 2001J, 5.000%, 9/01/22 | 9/11 at 100. |
| 2,945 | Pennsylvania Turnpike Commission, Registration Fee Revenue Bonds, Series 2001, 5.500%, 7/15/33 | 7/11 at 101. |
| 2,000 | Philadelphia Authority for Industrial Development, Pennsylvania, Lease Revenue Bonds, Series 2001B, 5.125%, 10/01/26 | 10/11 at 101. |
| | Philadelphia Redevelopment Authority, Pennsylvania, Revenue Bonds (City of Philadelphia Neighborhood Transformation Initiative), Series 2002A: | |
| 1,000 | 5.500%, 4/15/18 | 4/12 at 100. |
| 1,750 | 5.500%, 4/15/22 | 4/12 at 100. |
| ----- | | |
| | TRANSPORTATION - 1.1% | |
| 625 | Pennsylvania Turnpike Commission, Pennsylvania, Turnpike Revenue Bonds, 2001 Series R, 5.000%, 12/01/30 | 12/11 at 101. |
| ----- | | |
| | UTILITIES - 4.8% | |
| 2,600 | City of Philadelphia, Pennsylvania, Gas Works Revenue Bonds, Fourteenth Series, 6.375%, 7/01/26 | 7/03 at 102. |
| ----- | | |
| | WATER AND SEWER - 8.4% | |
| 4,500 | Bucks County Industrial Development Authority, Pennsylvania, Water Facility Revenue Bonds (Pennsylvania Suburban Water Company Project), Series 2002, 5.550%, 9/01/32 (Alternative Minimum Tax) | 3/12 at 100. |
| ----- | | |
| \$ 82,360 | Total Investments (cost \$80,783,160) - 151.3% | |
| ===== | | |
| | Other Assets Less Liabilities - 1.0% | |
| ----- | | |
| | Preferred Shares, at Liquidation Value - (52.3)% | |
| ----- | | |
| | Net Assets Applicable to Common Shares - 100% | |
| ===== | | |

* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

** Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

See accompanying notes to financial statements.

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Statement of Assets and Liabilities June 30, 2002

| | NEW JERSEY INVESTMENT QUALITY (NQJ) | NEW JERSEY PREMIUM INCOME (NNJ) |
|---|--|--|
| <hr/> | | |
| ASSETS | | |
| Investments in municipal securities, at market value | \$461,027,530 | \$276,683,728 |
| Temporary investments in short-term securities, at amortized cost, which approximates market value | 500,000 | -- |
| Cash | 46,267 | 566,313 |
| Receivables: | | |
| Interest | 8,242,653 | 4,932,596 |
| Investments sold | 9,191,300 | 80,000 |
| Other assets | 22,561 | 24,831 |
| <hr/> | | |
| Total assets | 479,030,311 | 282,287,468 |
| <hr/> | | |
| LIABILITIES | | |
| Cash overdraft | -- | -- |
| Payable for investments purchased | 10,294,113 | 2,112,631 |
| Accrued expenses: | | |
| Management fees | 243,324 | 146,857 |
| Organization and offering costs | -- | -- |
| Other | 117,040 | 149,291 |
| Preferred share dividends payable | 21,013 | 9,154 |
| <hr/> | | |
| Common share dividends payable | 1,546,928 | 876,943 |
| Total liabilities | 12,222,418 | 3,294,876 |
| <hr/> | | |
| Preferred shares, at liquidation value | 162,000,000 | 91,600,000 |
| <hr/> | | |
| Net assets applicable to Common shares | \$304,807,893 | \$187,392,592 |
| <hr/> | | |
| Common shares outstanding | 20,221,279 | 12,012,930 |
| <hr/> | | |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 15.07 | \$ 15.60 |
| <hr/> | | |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF: | | |
| <hr/> | | |
| Common shares, \$.01 par value per share | \$ 202,213 | \$ 120,129 |
| Paid-in surplus | 284,916,680 | 171,406,368 |
| Undistributed (Over-distribution of) net investment income | 1,768,070 | 1,610,542 |
| Accumulated net realized gain (loss) from investments | 1,392,822 | (1,746,745) |
| Net unrealized appreciation of investments | 16,528,108 | 16,002,298 |
| <hr/> | | |
| Net assets applicable to Common shares | \$304,807,893 | \$187,392,592 |
| <hr/> | | |
| Authorized shares: | | |
| Common | 200,000,000 | 200,000,000 |
| Preferred | 1,000,000 | 1,000,000 |

See accompanying notes to financial statements.

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Statement of Assets and Liabilities June 30, 2002 (continued)

| | PENNSYLVANIA INVESTMENT QUALITY (NQP) | PENNSYLVANIA PREMIUM INCOME 2 (NPY) |
|---|--|--|
| ASSETS | | |
| Investments in municipal securities, at market value | \$367,365,230 | \$347,507,653 |
| Temporary investments in short-term securities, at amortized cost, which approximates market value | 2,300,000 | -- |
| Cash | 916,797 | 237,095 |
| Receivables: | | |
| Interest | 5,165,907 | 5,329,779 |
| Investments sold | -- | 90,000 |
| Other assets | 27,517 | 35,858 |
| Total assets | 375,775,451 | 353,200,385 |
| LIABILITIES | | |
| Cash overdraft | -- | -- |
| Payable for investments purchased | 3,312,865 | -- |
| Accrued expenses: | | |
| Management fees | 194,005 | 183,983 |
| Organization and offering costs | -- | -- |
| Other | 91,436 | 174,502 |
| Preferred share dividends payable | 15,454 | 17,057 |
| Common share dividends payable | 1,235,500 | 1,188,932 |
| Total liabilities | 4,849,260 | 1,564,474 |
| Preferred shares, at liquidation value | 132,000,000 | 118,100,000 |
| Net assets applicable to Common shares | \$238,926,191 | \$233,535,911 |
| Common shares outstanding | 16,256,593 | 15,747,462 |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 14.70 | \$ 14.83 |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF: | | |
| Common shares, \$.01 par value per share | \$ 162,566 | \$ 157,475 |
| Paid-in surplus | 230,045,239 | 215,268,132 |
| Undistributed (Over-distribution of) net investment income | 847,477 | 2,445,025 |
| Accumulated net realized gain (loss) from investments | (3,004,440) | (695,230) |
| Net unrealized appreciation of investments | 10,875,349 | 16,360,509 |

| | | |
|--|---------------|---------------|
| Net assets applicable to Common shares | \$238,926,191 | \$233,535,911 |
| Authorized shares: | | |
| Common | Unlimited | Unlimited |
| Preferred | Unlimited | Unlimited |

See accompanying notes to financial statements.

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Statement of Operations Year Ended June 30, 2002

| | NEW JERSEY INVESTMENT QUALITY (NQJ) | NEW JERSEY PREMIUM INCOME (NNJ) |
|--|--|--|
| INVESTMENT INCOME | \$26,001,671 | \$14,943,169 |
| EXPENSES | | |
| Management fees | 2,950,814 | 1,776,556 |
| Preferred shares - auction fees | 405,000 | 229,000 |
| Preferred shares - dividend disbursing agent fees | 30,000 | 30,000 |
| Shareholders' servicing agent fees and expenses | 67,310 | 34,275 |
| Custodian's fees and expenses | 113,661 | 70,622 |
| Directors'/Trustees' fees and expenses | 3,989 | 2,318 |
| Professional fees | 19,575 | 15,673 |
| Shareholders' reports - printing and mailing expenses | 54,184 | 25,966 |
| Stock exchange listing fees | 24,330 | 24,277 |
| Investor relations expense | 68,243 | 40,608 |
| Other expenses | 33,046 | 18,377 |
| Total expenses before custodian fee credit and expense reimbursement | 3,770,152 | 2,267,672 |
| Custodian fee credit | (34,856) | (17,221) |
| Expense reimbursement | -- | -- |
| Net expenses | 3,735,296 | 2,250,451 |
| Net investment income | 22,266,375 | 12,692,718 |
| REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS | | |
| Net realized gain (loss) from investments | 2,008,530 | 1,446,786 |
| Change in net unrealized appreciation (depreciation) of investments | (2,377,570) | 1,407,496 |
| Net gain (loss) from investments | (369,040) | 2,854,282 |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS | | |
| From and in excess of net investment income | (2,560,820) | (1,417,848) |
| From accumulated net realized gains from investments | -- | -- |

| | | |
|---|--------------|--------------|
| Decrease in net assets applicable to Common shares from distributions to Preferred shareholders | (2,560,820) | (1,417,848) |
| Net increase in net assets applicable to Common shares from operations | \$19,336,515 | \$14,129,152 |

* For the period March 26, 2002 (commencement of operations) through June 30, 2002.

See accompanying notes to financial statements.

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Statement of Operations Year Ended June 30, 2002 (continued)

| | PENNSYLVANIA INVESTMENT QUALITY (NQP) | PENNSYLVANIA PREMIUM INCOME 2 (NPY) |
|---|--|--|
| INVESTMENT INCOME | \$20,727,615 | \$19,736,458 |
| EXPENSES | | |
| Management fees | 2,355,150 | 2,232,565 |
| Preferred shares - auction fees | 330,000 | 295,250 |
| Preferred shares - dividend disbursing agent fees | 30,000 | 30,000 |
| Shareholders' servicing agent fees and expenses | 77,023 | 63,722 |
| Custodian's fees and expenses | 156,988 | 89,280 |
| Directors'/Trustees' fees and expenses | 2,968 | 3,435 |
| Professional fees | 17,596 | 16,650 |
| Shareholders' reports - printing and mailing expenses | 46,210 | 37,230 |
| Stock exchange listing fees | 24,319 | 24,277 |
| Investor relations expense | 57,671 | 52,031 |
| Other expenses | 22,334 | 21,099 |
| Total expenses before custodian fee credit and expense reimbursement | 3,120,259 | 2,865,539 |
| Custodian fee credit | (40,909) | (23,365) |
| Expense reimbursement | -- | -- |
| Net expenses | 3,079,350 | 2,842,174 |
| Net investment income | 17,648,265 | 16,894,284 |
| REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS | | |
| Net realized gain (loss) from investments | 2,590,369 | 1,191,174 |
| Change in net unrealized appreciation (depreciation) of investments | (1,250,135) | 3,570,190 |
| Net gain (loss) from investments | 1,340,234 | 4,761,364 |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS | | |
| From and in excess of net investment income | (2,216,547) | (1,898,830) |
| From accumulated net realized gains from investments | -- | -- |
| Decrease in net assets applicable to Common shares from distributions | | |

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| | | |
|---|--------------|--------------|
| to Preferred shareholders | (2,216,547) | (1,898,830) |
| ----- | | |
| Net increase in net assets applicable to Common shares from operations | \$16,771,952 | \$19,756,818 |
| ===== | | |

** For the period March 25, 2002 (commencement of operations) through June 30, 2002.

See accompanying notes to financial statements.

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Statement of Changes in Net Assets

| | NEW JERSEY INVESTMENT QUALITY (NQJ) | | NEW JERSEY PREMIUM INCOME (NNJ) | |
|--|-------------------------------------|-----------------------|---------------------------------|-----------------------|
| | YEAR ENDED 6/30/02 | YEAR ENDED 6/30/01 | YEAR ENDED 6/30/02 | YEAR ENDED 6/30/01 |
| ----- | | | | |
| OPERATIONS | | | | |
| Net investment income | \$ 22,266,375 | \$ 23,745,271 | \$ 12,692,718 | \$ 12,839,271 |
| Net realized gain (loss) | | | | |
| from investments | 2,008,530 | 610,427 | 1,446,786 | (269,375) |
| Change in net unrealized appreciation (depreciation) of investments | (2,377,570) | 10,985,354 | 1,407,496 | 12,204,818 |
| Distributions to Preferred Shareholders: | | | | |
| From and in excess of net investment income | (2,560,820) | (5,489,183) | (1,417,848) | (3,029,183) |
| From accumulated net realized gains from investments | -- | -- | -- | -- |
| ----- | | | | |
| Net increase in net assets applicable to Common shares from operations | 19,336,515 | 29,851,869 | 14,129,152 | 21,745,518 |
| ----- | | | | |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | | | |
| From and in excess of net investment income | (18,508,380) | (18,380,712) | (10,187,469) | (9,790,518) |
| From accumulated net realized gains from investments | -- | -- | -- | -- |
| ----- | | | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (18,508,380) | (18,380,712) | (10,187,469) | (9,790,518) |
| ----- | | | | |
| CAPITAL SHARE TRANSACTIONS | | | | |
| Common shares: | | | | |

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| | | | | |
|--|---------------|---------------|---------------|-------------|
| Net proceeds from sale of shares | -- | -- | -- | |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | 2,194,939 | 1,503,374 | -- | |
| Preferred shares offering costs | -- | -- | -- | |
| ----- | | | | |
| Net increase in net assets applicable to Common shares from capital share transactions | 2,194,939 | 1,503,374 | -- | |
| ----- | | | | |
| Net increase (decrease) in net assets applicable to Common shares | 3,023,074 | 12,974,531 | 3,941,683 | 11,955,0 |
| Net assets applicable to Common shares at the beginning of period | 301,784,819 | 288,810,288 | 183,450,909 | 171,495,8 |
| ----- | | | | |
| Net assets applicable to Common shares at the end of period | \$304,807,893 | \$301,784,819 | \$187,392,592 | \$183,450,9 |
| ===== | | | | |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 1,768,070 | \$ 518,230 | \$ 1,610,542 | \$ 266,4 |
| ===== | | | | |

See accompanying notes to financial statements.

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Statement of Changes in Net Assets (continued)

| | NEW JERSEY | | PENNSYLVANIA INVESTMENT QUALITY (NQP) | |
|--|---|--|---------------------------------------|-------------|
| | DIVIDEND ADVANTAGE 2 (NUJ) | | YEAR ENDED | YEAR ENDED |
| | FOR THE PERIOD 3/26/02 (COMMENCEMENT OF OPERATIONS) THROUGH 6/30/02 | | 6/30/02 | 6/30/02 |
| ----- | | | | |
| OPERATIONS | | | | |
| Net investment income | \$ 698,933 | | \$ 17,648,265 | \$ 19,820,6 |
| Net realized gain (loss) from investments | (213) | | 2,590,369 | (4,837,6 |
| Change in net unrealized appreciation (depreciation) of investments | 1,230,987 | | (1,250,135) | 7,489,5 |
| Distributions to Preferred Shareholders: | | | | |
| From and in excess of net investment income | (52,247) | | (2,216,547) | (4,889,0 |
| From accumulated net realized gains from investments | -- | | -- | |
| ----- | | | | |
| Net increase in net assets applicable to Common shares from operations | 1,877,460 | | 16,771,952 | 17,583,5 |
| ----- | | | | |

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| | | | |
|--|--------------|---------------|-------------|
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | | |
| From and in excess of net investment income | (689,572) | (14,777,891) | (14,691,9 |
| From accumulated net realized gains from investments | -- | -- | |
| ----- | | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (689,572) | (14,777,891) | (14,691,9 |
| ----- | | | |
| CAPITAL SHARE TRANSACTIONS | | | |
| Common shares: | | | |
| Net proceeds from sale of shares | 64,327,500 | -- | |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | 122 | 1,744,182 | 771,0 |
| Preferred shares offering costs | (462,374) | -- | |
| ----- | | | |
| Net increase in net assets applicable to Common shares from capital share transactions | 63,865,248 | 1,744,182 | 771,0 |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares | 65,053,136 | 3,738,243 | 3,662,6 |
| Net assets applicable to Common shares at the beginning of period | 100,275 | 235,187,948 | 231,525,3 |
| ----- | | | |
| Net assets applicable to Common shares at the end of period | \$65,153,411 | \$238,926,191 | \$235,187,9 |
| ===== | | | |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ (42,886) | \$ 847,477 | \$ 132,3 |
| ===== | | | |

See accompanying notes to financial statements.

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| | PENNSYLVANIA DIVIDEND ADVANTAGE (NXM) | |
|---|---|-------------------------------|
| | FOR THE PERIOD 3/29/ (COMMENCEME YEAR ENDED 6/30/02 | OF OPERATION THROUGH 6/30/ |
| ----- | | |
| OPERATIONS | | |
| Net investment income | \$ 3,696,942 | \$ 450,2 |
| Net realized gain (loss) from investments | 226,686 | |
| Change in net unrealized appreciation (depreciation) of investments | 1,011,994 | 1,115,1 |
| Distributions to Preferred Shareholders: | | |
| From and in excess of net investment income | (436,152) | (88,7 |

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| | | |
|--|--------------|------------|
| From accumulated net realized gains from investments | (9,362) | |
| Net increase in net assets applicable to Common shares from operations | 4,490,108 | 1,476,6 |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | |
| From and in excess of net investment income | (2,880,695) | (477,9 |
| From accumulated net realized gains from investments | (41,536) | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (2,922,231) | (477,9 |
| CAPITAL SHARE TRANSACTIONS | | |
| Common shares: | | |
| Net proceeds from sale of shares | -- | 47,014,8 |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | 15,496 | |
| Preferred shares offering costs | -- | (390,7 |
| Net increase in net assets applicable to Common shares from capital share transactions | 15,496 | 46,624,0 |
| Net increase (decrease) in net assets applicable to Common shares | 1,583,373 | 47,622,8 |
| Net assets applicable to Common shares at the beginning of period | 47,723,108 | 100,2 |
| Net assets applicable to Common shares at the end of period | \$49,306,481 | \$47,723,1 |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 272,643 | \$ (116,3 |

See accompanying notes to financial statements.

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Notes to Financial Statements

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The state Funds (the "Funds") covered in this report and their corresponding stock exchange symbols are Nuveen New Jersey Investment Quality Municipal Fund, Inc. (NQJ), Nuveen New Jersey Premium Income Municipal Fund, Inc. (NNJ), Nuveen New Jersey Dividend Advantage Municipal Fund (NXJ), Nuveen New Jersey Dividend Advantage Municipal Fund 2 (NUJ), Nuveen Pennsylvania Investment Quality

Municipal Fund (NQP), Nuveen Pennsylvania Premium Income Municipal Fund 2 (NPY), Nuveen Pennsylvania Dividend Advantage Municipal Fund (NXM) and Nuveen Pennsylvania Dividend Advantage Municipal Fund 2 (NVY). New Jersey Investment Quality (NQJ), New Jersey Premium Income (NNJ), Pennsylvania Investment Quality (NQJ) and Pennsylvania Premium Income (NPY) are traded on the New York Stock Exchange while New Jersey Dividend Advantage (NXJ), New Jersey Dividend Advantage 2 (NUJ), Pennsylvania Dividend Advantage (NXM) and Pennsylvania Dividend Advantage 2 (NVY) are traded on the American Stock Exchange. Prior to the commencement of operations of New Jersey Dividend Advantage (NXJ), New Jersey Dividend Advantage 2 (NUJ), Pennsylvania Dividend Advantage (NXM) and Pennsylvania Dividend Advantage 2 (NVY), each Fund had no operations other than those related to organizational matters, the initial capital contribution of \$100,275 by Nuveen Advisory Corp. (the "Adviser"), a wholly owned subsidiary of The John Nuveen Company, and the recording of the organization expenses (\$15,000, \$11,500, \$15,000 and \$11,500, respectively) and their reimbursement by Nuveen Investments, also a wholly owned subsidiary of The John Nuveen Company.

Each Fund seeks to provide current income exempt from both regular federal and designated state income taxes by investing primarily in a diversified portfolio of municipal obligations issued by state and local government authorities within a single state. The Funds are registered under the Investment Company Act of 1940 as closed-end management investment companies.

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

Securities Valuation

The prices of municipal bonds in each Fund's investment portfolio are provided by a pricing service approved by the Fund's Board of Directors/Trustees. When price quotes are not readily available (which is usually the case for municipal securities), the pricing service establishes fair market value based on yields or prices of municipal bonds of comparable quality, type of issue, coupon, maturity and rating, indications of value from securities dealers and general market conditions. If it is determined that market prices for a security are unavailable or inappropriate, the Board of Directors/Trustees of the Funds may establish a fair value for the security. Temporary investments in securities that have variable rate and demand features qualifying them as short-term securities are valued at amortized cost, which approximates market value.

Securities Transactions

Securities transactions are recorded on a trade date basis. Realized gains and losses from such transactions are determined on the specific identification method. Securities purchased or sold on a when-issued or delayed delivery basis may have extended settlement periods. The securities so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets in a separate account with a current value at least equal to the amount of the when-issued and delayed delivery purchase commitments. At June 30, 2002, New Jersey Investment Quality (NQJ), New Jersey Dividend Advantage 2 (NUJ), Pennsylvania Investment Quality (NQP) and Pennsylvania Dividend Advantage (NXM) had outstanding when-issued and/or delayed delivery purchase commitments of \$5,012,535, \$3,872,436, \$3,312,865 and \$5,479,319, respectively. There were no such outstanding purchase commitments in any of the other Funds.

Investment Income

Interest income, which includes the amortization of premiums and accretion of discounts for financial reporting purposes, is recorded on an accrual basis.

Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its net investment income to its shareholders. Therefore, no federal income tax provision is required. Furthermore, each Fund intends to satisfy conditions which will enable interest from municipal securities, which is exempt from regular federal and applicable state and local income taxes, to retain such tax-exempt status when distributed to the shareholders of the Funds. All monthly tax-exempt income dividends paid during the period ended June 30, 2002, have been designated Exempt Interest Dividends.

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Dividends and Distributions to Shareholders

Tax-exempt net investment income is declared monthly as a dividend. Generally, payment is made or reinvestment is credited to shareholder accounts on the first business day after month-end. Net realized capital gains and/or market discount from investment transactions, if any, are distributed to shareholders not less frequently than annually. Furthermore, capital gains are distributed only to the extent they exceed available capital loss carryforwards.

Distributions to shareholders of tax-exempt net investment income, net realized capital gains and/or market discount, if any, are recorded on the ex-dividend date. The amount and timing of such 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, distributions in excess of net realized gains and/or distributions in excess of net ordinary taxable income from investment transactions, where applicable.

Preferred Shares

The Funds have issued and outstanding \$25,000 stated value Preferred shares. Each Fund's Preferred shares are issued in one or more Series. The dividend rate on each Series may change every seven days, as set by the auction agent. The number of shares outstanding, by Series and in total, are as follows:

| | NEW JERSEY INVESTMENT QUALITY (NQJ) | NEW JERSEY PREMIUM INCOME (NNJ) | NEW JERSEY DIVIDEND ADVANTAGE (NXJ) | NEW JERSEY DIVIDEND ADVANTAGE 2 (NUJ) |
|-------------------|--|--|--|--|
| ----- | | | | |
| Number of Shares: | | | | |
| Series M | 3,200 | -- | -- | -- |
| Series T | -- | 624 | 1,920 | -- |
| Series W | -- | 1,440 | -- | 1,380 |
| Series TH | 2,000 | 1,600 | -- | -- |
| Series F | 1,280 | -- | -- | -- |
| ----- | | | | |
| Total | 6,480 | 3,664 | 1,920 | 1,380 |
| ===== | | | | |

| | PENNSYLVANIA INVESTMENT QUALITY (NQP) | PENNSYLVANIA PREMIUM INCOME 2 (NPY) | PENNSYLVANIA DIVIDEND ADVANTAGE 2 (NXM) | PENNSYLVANIA DIVIDEND ADVANTAGE 2 (NVY) |
|-------------------|--|--|--|--|
| ----- | | | | |
| Number of Shares: | | | | |
| Series M | -- | 844 | -- | 1,140 |
| Series T | 880 | -- | 1,000 | -- |
| Series W | 2,400 | -- | -- | -- |
| Series TH | 2,000 | 2,080 | -- | -- |
| Series F | -- | 1,800 | -- | -- |
| ----- | | | | |
| Total | 5,280 | 4,724 | 1,000 | 1,140 |
| ===== | | | | |

Effective May 17, 2002, New Jersey Dividend Advantage 2 (NUJ) and Pennsylvania Dividend Advantage 2 (NVY) issued 1,380 Series W and 1,140 Series M, respectively, \$25,000 stated value Preferred shares.

Derivative Financial Instruments

The Funds may invest in certain derivative financial instruments including futures, forward, swap and option contracts, and other financial instruments with similar characteristics. Although the Funds are authorized to invest in such financial instruments, and may do so in the future, they did not make any such investments during the period ended June 30, 2002.

Custodian Fee Credit

Each Fund has an arrangement with the custodian bank whereby certain custodian fees and expenses are reduced by credits earned on each Fund's cash on deposit with the bank. Such deposit arrangements are an alternative to overnight investments.

Offering Costs

Nuveen Investments has agreed to pay all offering costs (other than the sales load) that exceed \$.03 per Common share for New Jersey Dividend Advantage (NXJ), New Jersey Dividend Advantage 2 (NUJ), Pennsylvania Dividend Advantage (NXM) and Pennsylvania Dividend Advantage 2 (NVY). New Jersey Dividend Advantage's (NXJ), New Jersey Dividend Advantage 2's (NUJ), Pennsylvania Dividend Advantage's (NXM) and Pennsylvania Dividend Advantage 2's (NVY) share of offering costs (\$196,200, \$135,000, \$98,667 and \$111,450, respectively) were recorded as a reduction of the proceeds from the sale of Common shares.

Costs incurred by New Jersey Dividend Advantage (NXJ), New Jersey Dividend Advantage 2 (NUJ), Pennsylvania Dividend Advantage (NXM) and Pennsylvania Dividend Advantage 2 (NVY) in connection with their offering of Preferred shares (\$636,500, \$462,374, \$390,750 and \$398,222, respectively) were recorded as a reduction to paid-in surplus.

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 applicable to Common shares from operations during the reporting period. Actual results may differ from those estimates.

Change in Accounting Policy

As required, effective July 1, 2001, the following Funds have adopted the provisions of the new AICPA Audit and Accounting Guide for Investment Companies and began accreting taxable market discount on debt securities. Prior to July 1, 2001, the Funds did not accrete taxable market discount on debt securities until they were sold. The cumulative effect of this accounting change had no impact on the total net assets applicable to Common shares or the Common share net asset values of the Funds, but resulted in an increase in the cost of securities and a corresponding decrease in net unrealized appreciation based on securities held by the following Funds on July 1, 2001, as follows:

| NEW JERSEY INVESTMENT QUALITY (NQJ) | NEW JERSEY PREMIUM INCOME (NNJ) | NEW JERSEY DIVIDEND ADVANTAGE (NXJ) | PENNSYLVANIA INVESTMENT QUALITY (NQP) | PENNSYLVANIA PREMIUM INCOME 2 (NPY) | PENNSYLVANIA DIVIDEND ADVANTAGE (NXM) |
|--|--|--|--|--|--|
| \$52,665 | \$256,719 | \$-- | \$61,327 | \$263,040 | \$8,929 |

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

The effect of this change for the fiscal year ended June 30, 2002, was to increase investment income with a corresponding decrease in net unrealized appreciation as follows:

| NEW JERSEY INVESTMENT QUALITY (NQJ) | NEW JERSEY PREMIUM INCOME (NNJ) | NEW JERSEY DIVIDEND ADVANTAGE (NXJ) | PENNSYLVANIA INVESTMENT QUALITY (NQP) | PENNSYLVANIA PREMIUM INCOME 2 (NPY) | PENNSYLVANIA DIVIDEND ADVANTAGE (NXM) |
|--|--|--|--|--|--|
| \$7,508 | \$35,192 | \$2,628 | \$42,575 | \$144,424 | \$45,427 |

Classification and Measurement of Redeemable Securities

The Funds have adopted the classification requirement of EITF D-98, Classification and Measurement of Redeemable Securities. EITFD-98 requires that Preferred shares, at liquidation value, be presented separately in the Statement of Assets and Liabilities. Accordingly, certain reclassifications have been made to the financial statements and financial highlights for all prior periods presented. The adoption of EITF D-98 had no impact on the Funds' Common share net asset values.

2. FUND SHARES

Transactions in Common and Preferred shares were as follows:

| | NEW JERSEY INVESTMENT QUALITY (NQJ) | | NEW JERSEY PREMIUM INCOME (NNJ) | | NEW JERSEY DIVIDEND ADVANTAGE | |
|--|--|-----------------------|------------------------------------|-----------------------|----------------------------------|--|
| | YEAR ENDED 6/30/02 | YEAR ENDED 6/30/01 | YEAR ENDED 6/30/02 | YEAR ENDED 6/30/01 | YEAR ENDED 6/30/02 | FOR THE PERIOD (COMMENCEMENT OF OPERATIONS) THROUGH 6/30/02 |
| Common shares: | | | | | | |
| Shares sold | -- | -- | -- | -- | -- | 6,000 |
| Shares issued to shareholders due to reinvestment of distributions | 141,510 | 99,285 | -- | -- | -- | |
| | 141,510 | 99,285 | -- | -- | -- | 6,000 |
| Preferred shares sold | | | | | | |
| | -- | -- | -- | -- | -- | |

| | NEW JERSEY DIVIDEND ADVANTAGE 2 (NUJ) | PENNSYLVANIA INVESTMENT QUALITY (NQP) | | PENNSYLVANIA PREMIUM INCOME 2 | |
|--|---|--|-----------------------|----------------------------------|-----------------------|
| | FOR THE PERIOD 3/26/02 (COMMENCEMENT OF OPERATIONS) THROUGH 6/30/02 | YEAR ENDED 6/30/02 | YEAR ENDED 6/30/01 | YEAR ENDED 6/30/02 | YEAR ENDED 6/30/01 |
| Common shares: | | | | | |
| Shares sold | 4,500,000 | -- | -- | -- | -- |
| Shares issued to shareholders due to reinvestment of distributions | 8 | 115,618 | 51,443 | -- | -- |
| | 4,500,008 | 115,618 | 51,443 | -- | -- |
| Preferred shares sold | | | | | |
| | 1,380 | -- | -- | -- | -- |

| | PENNSYLVANIA DIVIDEND ADVANTAGE (NXM) | PENNSYLVANIA DIVIDEND ADVANTAGE |
|--|---|--|
| | FOR THE PERIOD 3/29/01 (COMMENCEMENT OF OPERATIONS) YEAR ENDED THROUGH | FOR THE PERIOD 3/29/01 (COMMENCEMENT OF OPERATIONS) YEAR ENDED THROUGH |
| | | |

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| | 6/30/02 | 6/30/01 | THROUGH 6/30 |
|--|---------|-----------|--------------|
| ----- | | | |
| Common shares: | | | |
| Shares sold | -- | 3,288,900 | 3, |
| Shares issued to shareholders due to reinvestment of distributions | 1,057 | -- | |
| | 1,057 | 3,288,900 | 3, |
| ----- | | | |
| Preferred shares sold | -- | 1,000 | |
| ----- | | | |

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Notes to
Financial Statements (continued)

3. DISTRIBUTIONS TO COMMON SHAREHOLDERS

The Funds declared Common share dividend distributions from their tax-exempt net investment income which were paid August 1, 2002, to shareholders of record on July 15, 2002, as follows:

| | NEW JERSEY INVESTMENT QUALITY (NQJ) | NEW JERSEY PREMIUM INCOME (NNJ) | NEW JERSEY DIVIDEND ADVANTAGE (NXJ) | NEW JERSEY DIVIDEND ADVANTAGE 2 (NUJ) |
|--------------------|--|--|--|--|
| Dividend per share | \$.0765 | \$.0730 | \$.0710 | \$.0765 |
| ===== | | | | |

| | PENNSYLVANIA INVESTMENT QUALITY (NQP) | PENNSYLVANIA PREMIUM INCOME 2 (NPY) | PENNSYLVANIA DIVIDEND ADVANTAGE (NXM) | PENNSYLVANIA DIVIDEND ADVANTAGE 2 (NVY) |
|--------------------|--|--|--|--|
| Dividend per share | \$.0760 | \$.0755 | \$.0735 | \$.0765 |
| ===== | | | | |

4. SECURITIES TRANSACTIONS

Purchases and sales (including maturities) of investments in long-term municipal securities and short-term securities during the fiscal year ended June 30, 2002, were as follows:

| | NEW JERSEY INVESTMENT QUALITY (NQJ) | NEW JERSEY PREMIUM INCOME (NNJ) | NEW JERSEY DIVIDEND ADVANTAGE (NXJ) | NE ADV |
|--------------------------------|--|--|--|-----------|
| ----- | | | | |
| Purchases: | | | | |
| Long-term municipal securities | \$117,421,398 | \$41,001,445 | \$10,395,913 | \$98 |
| Short-term securities | 23,500,000 | 2,000,000 | -- | 20 |
| Sales and maturities: | | | | |
| Long-term municipal securities | 98,703,550 | 38,641,382 | 11,177,890 | |
| Short-term securities | 23,000,000 | 2,000,000 | 6,000,000 | 15 |
| ===== | | | | |

| | PENNSYLVANIA INVESTMENT QUALITY (NQP) | PENNSYLVANIA PREMIUM INCOME 2 (NPY) | PENNSYLVANIA DIVIDEND ADVANTAGE (NXM) | PENN ADV |
|--------------------------------|--|--|--|-------------|
| ----- | | | | |
| Purchases: | | | | |
| Long-term municipal securities | \$142,446,721 | \$26,173,178 | \$40,436,748 | \$84 |
| Short-term securities | 20,100,000 | 7,800,000 | -- | 11 |
| Sales and maturities: | | | | |
| Long-term municipal securities | 121,439,442 | 24,403,629 | 35,856,962 | 3 |
| Short-term securities | 17,800,000 | 7,800,000 | -- | 11 |
| ===== | | | | |

* For the period March 26, 2002 (commencement of operations) through June 30, 2002.

** For the period March 25, 2002 (commencement of operations) through June 30, 2002.

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5. INCOME TAX INFORMATION

The following information is presented on an income tax basis as of June 30, 2002. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in recognizing income on taxable market discount securities and timing differences in recognizing certain gains and losses on security transactions.

| NEW JERSEY INVESTMENT | NEW JERSEY PREMIUM | NEW JERSEY DIVIDEND | NE |
|--------------------------|-----------------------|------------------------|----|
|--------------------------|-----------------------|------------------------|----|

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| | QUALITY (NQJ) | INCOME (NNJ) | ADVANTAGE (NXJ) | ADV |
|---------------------|------------------|-----------------|--------------------|-------|
| Cost of Investments | \$444,942,627 | \$260,545,511 | \$138,649,664 | \$103 |

| | PENNSYLVANIA INVESTMENT QUALITY (NQP) | PENNSYLVANIA PREMIUM INCOME 2 (NPY) | PENNSYLVANIA DIVIDEND ADVANTAGE (NXM) | PENN |
|---------------------|--|--|--|------|
| Cost of Investments | \$358,685,979 | \$330,811,342 | \$75,254,341 | \$80 |

| | NEW JERSEY INVESTMENT QUALITY (NQJ) | NEW JERSEY PREMIUM INCOME (NNJ) | NEW JERSEY DIVIDEND ADVANTAGE (NXJ) | NE |
|--|--|--|--|----|
|--|--|--|--|----|

| | | | | |
|--|--------------|--------------|-------------|-----|
| Gross unrealized: | | | | |
| appreciation | \$17,075,877 | \$16,278,838 | \$2,051,610 | \$1 |
| depreciation | (490,974) | (140,621) | (763,880) | |
| Net unrealized appreciation on investments | \$16,584,903 | \$16,138,217 | \$1,287,730 | \$1 |

| | PENNSYLVANIA INVESTMENT QUALITY (NQP) | PENNSYLVANIA PREMIUM INCOME 2 (NPY) | PENNSYLVANIA DIVIDEND ADVANTAGE (NXM) | PENN |
|--|--|--|--|------|
|--|--|--|--|------|

| | | | | |
|--|--------------|--------------|-------------|-----|
| Gross unrealized: | | | | |
| appreciation | \$12,083,988 | \$18,474,630 | \$2,224,038 | \$1 |
| depreciation | (1,104,737) | (1,778,319) | (59,056) | |
| Net unrealized appreciation on investments | \$10,979,251 | \$16,696,311 | \$2,164,982 | \$1 |

The tax components of undistributed net investment income and realized gains at June 30, 2002, were as follows:

| | NEW JERSEY INVESTMENT QUALITY (NQJ) | NEW JERSEY PREMIUM INCOME (NNJ) | NEW JERSEY DIVIDEND ADVANTAGE (NXJ) | NE |
|---------------------------------|--|--|--|----|
| Undistributed tax-exempt income | \$3,132,838 | \$2,109,297 | \$653,719 | |
| Undistributed ordinary income * | -- | 132,968 | -- | |

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| | | | |
|---------------------------------------|-----------|----|----|
| Undistributed long-term capital gains | 1,396,202 | -- | -- |
|---------------------------------------|-----------|----|----|

| | PENNSYLVANIA INVESTMENT QUALITY (NQP) | PENNSYLVANIA PREMIUM INCOME 2 (NPY) | PENNSYLVANIA DIVIDEND ADVANTAGE (NXM) | PENN ADV |
|---------------------------------------|--|--|--|-------------|
| Undistributed tax-exempt income | \$1,874,255 | \$3,139,695 | \$465,412 | |
| Undistributed ordinary income * | -- | 61,572 | 107,024 | |
| Undistributed long-term capital gains | -- | -- | 74,964 | |

* Ordinary income consists of taxable market discount income and short-term capital gains, if any.

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Notes to Financial Statements (continued)

The tax character of distributions paid during the period ended June 30, 2002, were as follows:

| | NEW JERSEY INVESTMENT QUALITY (NQJ) | NEW JERSEY PREMIUM INCOME (NNJ) | NEW JERSEY DIVIDEND ADVANTAGE (NXJ) | NE |
|--|--|--|--|----|
| Distributions from tax-exempt income | \$21,088,032 | \$11,570,615 | \$6,441,891 | \$ |
| Distributions from ordinary income * | -- | -- | -- | -- |
| Distributions from long-term capital gains | -- | -- | -- | -- |

| | PENNSYLVANIA INVESTMENT QUALITY (NQP) | PENNSYLVANIA PREMIUM INCOME 2 (NPY) | PENNSYLVANIA DIVIDEND ADVANTAGE (NXM) | PENN ADV |
|--|--|--|--|-------------|
| Distributions from tax-exempt income | \$16,999,987 | \$15,403,533 | \$3,318,131 | \$32 |
| Distributions from ordinary income * | -- | -- | 50,898 | |
| Distributions from long-term capital gains | -- | -- | -- | |

* Ordinary income consists of taxable market discount income and short-term capital gains, if any.

At June 30, 2002, the following Funds had unused capital loss carryforwards available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire as follows:

| | NEW JERSEY PREMIUM INCOME (NNJ) | NEW JERSEY DIVIDEND ADVANTAGE (NXJ) | PENNSYLVANIA INVESTMENT QUALITY (NQP) |
|------------------|--|--|--|
| ----- | | | |
| Expiration year: | | | |
| 2003 | \$ 129,409 | \$ -- | \$ -- |
| 2004 | 650,143 | -- | -- |
| 2005 | 174,583 | -- | -- |
| 2006 | -- | -- | -- |
| 2007 | 244,178 | -- | -- |
| 2008 | 27,220 | -- | 394,765 |
| 2009 | 521,212 | 6,266 | 362,560 |
| 2010 | -- | 285,894 | 2,247,115 |
| ----- | | | |
| Total | \$1,746,745 | \$292,160 | \$3,004,440 |
| ===== | | | |

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6. MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Under New Jersey Investment Quality's (NQJ), New Jersey Premium Income's (NNJ), Pennsylvania Investment Quality's (NQP) and Pennsylvania Premium Income 2's (NPY) investment management agreements with the Adviser, each Fund pays an annual management fee, payable monthly, at the rates set forth below, which are based upon the average daily net assets (including net assets attributable to Preferred shares) of each Fund as follows:

| AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO PREFERRED SHARES) | MANAGEMENT FEE |
|--|----------------|
| ----- | |
| For the first \$125 million | |
| For the next \$125 million | |
| For the next \$250 million | |
| For the next \$500 million | |
| For the next \$1 billion | |
| For the next \$3 billion | |

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For net assets over \$5 billion

Under New Jersey Dividend Advantage's (NXJ), New Jersey Dividend Advantage 2's (NUJ), Pennsylvania Dividend Advantage's (NXM) and Pennsylvania Dividend Advantage 2's (NVY) investment management agreements with the Adviser, each Fund pays an annual management fee, payable monthly, at the rates set forth below, which are based upon the average daily net assets (including net assets attributable to Preferred shares) of each Fund as follows:

AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO PREFERRED SHARES)

MANAGE

For the first \$125 million
 For the next \$125 million
 For the next \$250 million
 For the next \$500 million
 For the next \$1 billion
 For net assets over \$2 billion

For the first ten years of New Jersey Dividend Advantage's (NXJ) and Pennsylvania Dividend Advantage's (NXM) operations, the Adviser has agreed to reimburse the Funds, as a percentage of average daily net assets (including net assets attributable to Preferred shares), for fees and expenses in the amounts, and for the time periods set forth below:

| YEAR ENDING MARCH 31, | | YEAR ENDING MARCH 31, |
|--------------------------|------|--------------------------|
| 2001* | .30% | 2007 |
| 2002 | .30 | 2008 |
| 2003 | .30 | 2009 |
| 2004 | .30 | 2010 |
| 2005 | .30 | 2011 |
| 2006 | .30 | |

* From the commencement of operations.

The Adviser has not agreed to reimburse New Jersey Dividend Advantage (NXJ) and Pennsylvania Dividend Advantage (NXM) for any portion of its fees and expenses beyond March 31, 2011.

For the first ten years of New Jersey Dividend Advantage 2's (NUJ) and Pennsylvania Dividend Advantage 2's (NVY) operations, the Adviser has agreed to reimburse the Funds, as a percentage of average daily net assets (including net assets attributable to Preferred shares), for fees and expenses in the amounts, and for the time periods set forth below:

| YEAR ENDING MARCH 31, | | YEAR ENDING MARCH 31, |
|--------------------------|--|--------------------------|
|--------------------------|--|--------------------------|

| | | |
|-------|------|------|
| 2002* | .30% | 2008 |
| 2003 | .30 | 2009 |
| 2004 | .30 | 2010 |
| 2005 | .30 | 2011 |
| 2006 | .30 | 2012 |
| 2007 | .30 | |

* From the commencement of operations.

The Adviser has not agreed to reimburse New Jersey Dividend Advantage 2 (NUJ) and Pennsylvania Dividend Advantage 2 (NVY) for any portion of its fees and expenses beyond March 31, 2012.

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

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Financial Highlights

Selected data for a Common share outstanding throughout each period:

| | Investment Operations | | | | | Less Distributions | | |
|-------------------------------------|--|----------------------|--|---|--|--------------------|---|-------|
| | Beginning Common Share Net Asset Value | Investment Income | Realized/ Unrealized Investment Gain (Loss) | Distributions from and in Excess of Net Investment Income to Preferred Share- holders+ | Capital Gains to Preferred Share- holders+ | Total | From and in Excess of Net Investment Income to Common Share- holders | |
| Investment Gains | | | | | | | Capital Gains | |
| NEW JERSEY INVESTMENT QUALITY (NQJ) | | | | | | | | |
| Year Ended 6/30: | | | | | | | | |
| 2002 (c) | \$15.03 | \$1.10 | \$(.01) | \$(.13) | \$-- | \$.96 | \$(.92) | \$-- |
| 2001 | 14.45 | 1.19 | .58 | (.27) | -- | 1.50 | (.92) | -- |
| 2000 | 15.14 | 1.20 | (.63) | (.29) | (.01) | .27 | (.92) | (.01) |
| 1999 | 15.65 | 1.14 | (.46) | (.20) | (.01) | .47 | (.93) | (.01) |
| 1998 | 15.41 | 1.16 | .29 | (.22) | (.01) | 1.22 | (.95) | (.01) |

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NEW JERSEY PREMIUM INCOME (NNJ)

Year Ended 6/30:

| | | | | | | | |
|----------|-------|------|-------|-------|----|------|-------|
| 2002 (c) | 15.27 | 1.06 | .24 | (.12) | -- | 1.18 | (.85) |
| 2001 | 14.28 | 1.07 | .99 | (.25) | -- | 1.81 | (.82) |
| 2000 | 14.92 | 1.08 | (.62) | (.25) | -- | .21 | (.85) |
| 1999 | 15.34 | 1.08 | (.41) | (.22) | -- | .45 | (.87) |
| 1998 | 14.71 | 1.10 | .65 | (.26) | -- | 1.49 | (.86) |

NEW JERSEY DIVIDEND ADVANTAGE (NXJ)

Year Ended 6/30:

| | | | | | | | |
|----------|-------|------|-------|-------|----|-----|-------|
| 2002 (c) | 14.39 | 1.04 | (.07) | (.13) | -- | .84 | (.85) |
| 2001 (a) | 14.33 | .14 | .22 | (.03) | -- | .33 | (.14) |

NEW JERSEY DIVIDEND ADVANTAGE 2 (NUJ)

Year Ended 6/30:

| | | | | | | | |
|----------|-------|-----|-----|-------|----|-----|-------|
| 2002 (b) | 14.33 | .16 | .27 | (.01) | -- | .42 | (.15) |
|----------|-------|-----|-----|-------|----|-----|-------|

Ratios/Supplemental Data

| | Total Returns | | | Before Credit/Reimbursement | | After Credit/Reimbursement | |
|--|---------------------|-------------------------|----------------------------|---|--|---|--|
| | Ending Market Value | Based on Market Value** | Based on Net Asset Value** | Ending Net Assets Applicable to Common Shares (000) | Ratio of Expenses to Average Net Assets to Common Shares++ | Ratio of Investment Income to Average Net Assets to Common Shares++ | Ratio of Expenses to Average Net Assets to Common Shares++ |

NEW JERSEY INVESTMENT QUALITY (NQJ)

Year Ended 6/30:

| | | | | | | | |
|----------|-----------|--------|-------|-----------|-------|-------|-------|
| 2002 (c) | \$15.2200 | 4.19% | 6.56% | \$304,808 | 1.25% | 7.35% | 1.23% |
| 2001 | 15.5000 | 17.13 | 10.62 | 301,785 | 1.24 | 7.97 | 1.23 |
| 2000 | 14.0625 | (4.94) | 1.94 | 288,810 | 1.22 | 8.27 | 1.21 |
| 1999 | 15.8125 | (2.33) | 2.82 | 301,329 | 1.13 | 7.27 | 1.13 |
| 1998 | 17.1250 | 11.38 | 8.12 | 308,878 | 1.13 | 7.40 | 1.13 |

NEW JERSEY PREMIUM INCOME (NNJ)

Year Ended 6/30:

| | | | | | | | |
|----------|---------|--------|-------|---------|------|------|------|
| 2002 (c) | 15.5000 | 7.88 | 7.91 | 187,393 | 1.22 | 6.85 | 1.22 |
| 2001 | 15.1900 | 20.13 | 12.90 | 183,451 | 1.25 | 7.14 | 1.24 |
| 2000 | 13.3750 | (9.95) | 1.64 | 171,496 | 1.24 | 7.61 | 1.23 |
| 1999 | 15.8125 | 7.17 | 2.87 | 178,704 | 1.24 | 7.00 | 1.24 |
| 1998 | 15.5625 | 11.12 | 10.35 | 182,676 | 1.25 | 7.24 | 1.25 |

NEW JERSEY DIVIDEND ADVANTAGE (NXJ)

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| | | | | | | | |
|------------------|---------|-------|------|--------|-------|-------|------|
| Year Ended 6/30: | | | | | | | |
| 2002 (c) | 14.1200 | (.17) | 6.05 | 94,130 | 1.24 | 6.76 | .75 |
| 2001 (a) | 14.9900 | .87 | 1.42 | 94,187 | 1.05* | 3.65* | .66* |

NEW JERSEY DIVIDEND ADVANTAGE 2 (NUJ)

| | | | | | | | |
|------------------|---------|------|------|--------|-------|-------|------|
| Year Ended 6/30: | | | | | | | |
| 2002 (b) | 15.0400 | 1.29 | 1.98 | 65,153 | 1.07* | 3.86* | .67* |

Municipal Auction Rate Cumulative Preferred Stock at End of Period

Aggregate Liquidation Amount and Market Value Outstanding (000) Per Share Per Share Asset Coverage Per Share

NEW JERSEY INVESTMENT QUALITY (NQJ)

| | | | |
|------------------|-----------|----------|----------|
| Year Ended 6/30: | | | |
| 2002 (c) | \$162,000 | \$25,000 | \$72,038 |
| 2001 | 162,000 | 25,000 | 71,572 |
| 2000 | 162,000 | 25,000 | 69,569 |
| 1999 | 162,000 | 25,000 | 71,501 |
| 1998 | 130,000 | 25,000 | 84,400 |

NEW JERSEY PREMIUM INCOME (NNJ)

| | | | |
|------------------|--------|--------|--------|
| Year Ended 6/30: | | | |
| 2002 (c) | 91,600 | 25,000 | 76,144 |
| 2001 | 91,600 | 25,000 | 75,068 |
| 2000 | 91,600 | 25,000 | 71,806 |
| 1999 | 91,600 | 25,000 | 73,773 |
| 1998 | 91,600 | 25,000 | 74,857 |

NEW JERSEY DIVIDEND ADVANTAGE (NXJ)

| | | | |
|------------------|--------|--------|--------|
| Year Ended 6/30: | | | |
| 2002 (c) | 48,000 | 25,000 | 74,026 |
| 2001 (a) | 48,000 | 25,000 | 74,055 |

NEW JERSEY DIVIDEND ADVANTAGE 2 (NUJ)

| | | | |
|------------------|--------|--------|--------|
| Year Ended 6/30: | | | |
| 2002 (b) | 34,500 | 25,000 | 72,213 |

* Annualized.

** Total Investment Return on Market Value is the combination of reinvested dividend income, reinvested capital gains distributions, if any, and changes in stock price per share. Total Return on Common Share Net Asset Value is the combination of reinvested dividend income, reinvested capital

gains distributions, if any, and changes in Common share net asset value per share. Total returns are not annualized.

- *** After custodian fee credit and expense reimbursement, where applicable.
- + The amounts shown are based on Common share equivalents.
- ++ Ratios do not reflect the effect of dividend payments to Preferred shareholders; income ratios reflect income earned on assets attributable to Preferred shares.
- (a) For the period March 28, 2001 (commencement of operations) through June 30, 2001.
- (b) For the period March 26, 2002 (commencement of operations) through June 30, 2002.
- (c) As required, effective July 1, 2001, the Funds have adopted the provisions of the new AICPA Audit and Accounting Guide for Investment Companies and began accreting taxable market discount on debt securities. The effect of this change for the fiscal year ended June 30, 2002, was to increase net investment income per share with a corresponding decrease in net realized/unrealized investment gain (loss) per share and increase each ratio of net investment income to average net assets applicable to Common shares as follows:

| | NEW JERSEY INVESTMENT QUALITY (NQJ) | NEW JERSEY PREMIUM INCOME (NNJ) | NEW JERSEY DIVIDEND ADVANTAGE (NXJ) |
|------------------------------|---|---------------------------------------|---|
| 2002 per share impact (\$) | -- | -- | -- |
| 2002 income ratio impact (%) | -- | .02 | -- |

The Financial Highlights for the prior periods have not been restated to reflect this change in presentation.

See accompanying notes to financial statements.

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Financial Highlights (continued)

Selected data for a Common share outstanding throughout each period:

| | Investment Operations | | | Less Distributions | |
|--|---|---|--|---|--|
| | Beginning Common Share Net Asset | Realized/ Net Unrealized Investment | Investment Income to Preferred Share- | Distributions from and in Excess of Net Capital Gains to Preferred Share- | From and in Excess of Net Investment Income to Common Share- |
| | | | | | Capit Gains Comm Shar |

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| | Value | Income | Gain (Loss) | holders+ | holders+ | Total | holders | holders |
|---|---------|--------|-------------|----------|----------|--------|----------|---------|
| ----- | | | | | | | | |
| PENNSYLVANIA INVESTMENT QUALITY (NQP) | | | | | | | | |
| ----- | | | | | | | | |
| Year Ended 6/30: | | | | | | | | |
| 2002 (c) | \$14.57 | \$1.09 | \$.09 | \$(.14) | \$-- | \$1.04 | \$ (.91) | \$-- |
| 2001 | 14.39 | 1.23 | .16 | (.30) | -- | 1.09 | (.91) | -- |
| 2000 | 15.33 | 1.25 | (.83) | (.29) | (.02) | .11 | (.98) | (.02) |
| 1999 | 15.94 | 1.22 | (.59) | (.21) | -- | .42 | (1.01) | -- |
| 1998 | 15.91 | 1.23 | .10 | (.23) | (.01) | 1.09 | (1.01) | (.01) |
| ----- | | | | | | | | |
| PENNSYLVANIA PREMIUM INCOME 2 (NPY) | | | | | | | | |
| ----- | | | | | | | | |
| Year Ended 6/30: | | | | | | | | |
| 2002 (c) | 14.44 | 1.07 | .30 | (.12) | -- | 1.25 | (.86) | -- |
| 2001 | 13.48 | 1.07 | .95 | (.27) | -- | 1.75 | (.79) | -- |
| 2000 | 14.30 | 1.06 | (.78) | (.27) | -- | .01 | (.81) | (.01) |
| 1999 | 14.86 | 1.04 | (.61) | (.23) | -- | .20 | (.76) | -- |
| 1998 | 14.20 | 1.02 | .67 | (.26) | -- | 1.43 | (.77) | -- |
| ----- | | | | | | | | |
| PENNSYLVANIA DIVIDEND ADVANTAGE (NXM) | | | | | | | | |
| ----- | | | | | | | | |
| Year Ended 6/30: | | | | | | | | |
| 2002 (c) | 14.48 | 1.12 | .37 | (.13) | -- | 1.36 | (.87) | (.01) |
| 2001 (a) | 14.33 | .14 | .35 | (.03) | -- | .46 | (.15) | -- |
| ----- | | | | | | | | |
| PENNSYLVANIA DIVIDEND ADVANTAGE 2 (NVY) | | | | | | | | |
| ----- | | | | | | | | |
| Year Ended 6/30: | | | | | | | | |
| 2002 (b) | 14.33 | .15 | .46 | (.01) | -- | .60 | (.15) | -- |
| ===== | | | | | | | | |

| | | | | | | | | Ratios/Supplemental Data | | |
|---|-------------------------|-------------------------|-----------------------------------|---|--|---|--|---|--|---|
| | | | | | | | | Before Credit/Reimbursement | | After C Reimburs |
| Total Returns | | | | | | | | Ratio of Net Expenses to Average Net Assets to Common Shares++ | | Ratio of Investment Income to Average Net Assets to Common Shares++ |
| Based on Common Share Net Asset Value** | | | | | | | | Ratio of Net Expenses to Average Net Assets to Common Shares++ | | Ratio of Investment Income to Average Net Assets to Common Shares++ |
| Ending Market Value | Based on Market Value** | Share Net Asset Value** | on Common Share Net Asset Value** | Ending Net Assets Applicable to Common Shares (000) | Ratio of Net Expenses to Average Net Assets to Common Shares++ | Ratio of Investment Income to Average Net Assets to Common Shares++ | Ratio of Net Expenses to Average Net Assets to Common Shares++ | Ratio of Investment Income to Average Net Assets to Common Shares++ | Ratio of Net Expenses to Average Net Assets to Common Shares++ | |
| Value | Value** | Value** | Value** | Shares (000) | Shares++ | Shares++ | Shares++ | Shares++ | Shares++ | |
| ----- | | | | | | | | | | |
| PENNSYLVANIA INVESTMENT QUALITY (NQP) | | | | | | | | | | |
| ----- | | | | | | | | | | |
| Year Ended 6/30: | | | | | | | | | | |
| 2002 (c) | \$15.1800 | 6.57% | 7.34% | \$238,926 | 1.31% | 7.42% | 1.30% | 1.30% | 1.30% | |
| 2001 | 15.1300 | 11.99 | 7.75 | 235,188 | 1.29 | 8.40 | 1.27 | 1.27 | 1.27 | |
| 2000 | 14.3750 | (7.39) | .94 | 231,525 | 1.26 | 8.57 | 1.25 | 1.25 | 1.25 | |
| 1999 | 16.6875 | 2.56 | 2.50 | 245,468 | 1.16 | 7.61 | 1.16 | 1.16 | 1.16 | |
| 1998 | 17.2500 | 8.77 | 7.02 | 253,139 | 1.15 | 7.65 | 1.15 | 1.15 | 1.15 | |

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PENNSYLVANIA PREMIUM INCOME 2 (NPY)

Year Ended 6/30:

| | | | | | | | |
|----------|---------|--------|-------|---------|------|------|------|
| 2002 (c) | 14.7900 | 13.25 | 8.88 | 233,536 | 1.24 | 7.28 | 1.23 |
| 2001 | 13.8700 | 19.04 | 13.25 | 227,377 | 1.25 | 7.55 | 1.24 |
| 2000 | 12.3750 | (3.87) | .21 | 212,325 | 1.26 | 7.88 | 1.25 |
| 1999 | 13.7500 | 7.98 | 1.27 | 225,235 | 1.24 | 6.93 | 1.24 |
| 1998 | 13.4375 | 6.27 | 10.29 | 234,023 | 1.24 | 6.99 | 1.24 |

PENNSYLVANIA DIVIDEND ADVANTAGE (NXM)

Year Ended 6/30:

| | | | | | | | |
|----------|---------|--------|------|--------|-------|-------|------|
| 2002 (c) | 14.8900 | 9.10 | 9.67 | 49,306 | 1.29 | 7.12 | .82 |
| 2001 (a) | 14.4900 | (2.45) | 2.06 | 47,723 | 1.26* | 3.51* | .87* |

PENNSYLVANIA DIVIDEND ADVANTAGE 2 (NVY)

Year Ended 6/30:

| | | | | | | | |
|----------|---------|-------|------|--------|-------|-------|------|
| 2002 (b) | 14.7400 | (.73) | 3.24 | 54,481 | 1.09* | 3.77* | .70* |
|----------|---------|-------|------|--------|-------|-------|------|

Municipal Auction Rate Cumulative
Preferred Stock at End of Period

Aggregate Liquidation
Amount and Market Asset
Outstanding Value Coverage
(000) Per Share Per Share

PENNSYLVANIA INVESTMENT QUALITY (NQP)

Year Ended 6/30:

| | | | |
|----------|-----------|----------|----------|
| 2002 (c) | \$132,000 | \$25,000 | \$70,251 |
| 2001 | 132,000 | 25,000 | 69,543 |
| 2000 | 132,000 | 25,000 | 68,849 |
| 1999 | 132,000 | 25,000 | 71,490 |
| 1998 | 110,000 | 25,000 | 82,532 |

PENNSYLVANIA PREMIUM INCOME 2 (NPY)

Year Ended 6/30:

| | | | |
|----------|---------|--------|--------|
| 2002 (c) | 118,100 | 25,000 | 74,436 |
| 2001 | 118,100 | 25,000 | 73,132 |
| 2000 | 118,100 | 25,000 | 69,946 |
| 1999 | 118,100 | 25,000 | 72,679 |
| 1998 | 118,100 | 25,000 | 74,539 |

PENNSYLVANIA DIVIDEND ADVANTAGE (NXM)

Year Ended 6/30:

| | | | |
|----------|--------|--------|--------|
| 2002 (c) | 25,000 | 25,000 | 74,306 |
| 2001 (a) | 25,000 | 25,000 | 72,723 |

PENNSYLVANIA DIVIDEND ADVANTAGE 2 (NVY)

Year Ended 6/30:

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2002 (b) 28,500 25,000 72,790
 =====

* Annualized.

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

*** After custodian fee credit and expense reimbursement, where applicable. + The amounts shown are based on Common share equivalents.

++ Ratios do not reflect the effect of dividend payments to Preferred shareholders; income ratios reflect income earned on assets attributable to Preferred shares.

(a) For the period March 29, 2001 (commencement of operations) through June 30, 2001.

(b) For the period March 25, 2002 (commencement of operations) through June 30, 2002.

(c) As required, effective July 1, 2001, the Funds have adopted the provisions of the new AICPA Audit and Accounting Guide for Investment Companies and began accreting taxable market discount on debt securities. The effect of this change for the fiscal year ended June 30, 2002, was to increase net investment income per share with a corresponding decrease in net realized/unrealized investment gain (loss) per share and increase each ratio of net investment income to average net assets applicable to Common shares as follows:

| | PENNSYLVANIA INVESTMENT QUALITY (NQP) | PENNSYLVANIA PREMIUM INCOME 2 (NPY) | PENNSYLVANIA DIVIDEND ADVANTAGE (NXM) |
|------------------------------|---|---|---|
| 2002 per share impact (\$) | -- | .01 | .01 |
| 2002 income ratio impact (%) | .02 | .06 | .09 |

The Financial Highlights for the prior periods have not been restated to reflect this change in presentation.

See accompanying notes to financial statements.

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Directors/Trustees and Officers

The management of the Funds, including general supervision of the duties performed for the Funds under the Management Agreement, is the responsibility of the Board of Directors/Trustees of the Funds. The number of directors/trustees of the Funds is currently set at seven, one of whom is an "interested person" (as the term is defined in the Investment Company Act of 1940) and six of whom are not interested persons. None of the directors/trustees who are not

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interested persons of the Funds have ever been a director or employee of, or consultant to, Nuveen or its affiliates. The names and business addresses of the directors/trustees and officers of the Funds, their principal occupations and other affiliations during the past five years, the number of portfolios each oversees and other directorships they hold are set forth below.

| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUND | YEAR FIRST ELECTED OR APPOINTED AND TERM OF OFFICE | PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS |
|-----------------------------|--------------------------------|--|---|
|-----------------------------|--------------------------------|--|---|

DIRECTOR/TRUSTEE WHO IS AN INTERESTED PERSON OF THE FUNDS:

| | | | |
|--|---|--------------------------------|---|
| Timothy R. Schwertfeger 3/28/1949 333 West Wacker Drive Chicago, IL 60606 | (1) Chairman of the Board, President and Director/Trustee | 1994 Term Indefinite (2) | Chairman and Director (since July 1994) of The John Nuveen Company, Nuveen Investments, Nuveen Advisory Corporation, Nuveen Institutional Advisory Corporation; Chairman and Director of The John Nuveen Company and Nuveen Investments; Director (since 1992) and Chairman (since 1996) of Nuveen Institutional Advisory Corporation and Nuveen Institutional Advisory Corporation; Chairman and Director (since January 1997) of Nuveen Asset Management Corporation; Director (since 1996) of Institutional Corporation; Chairman and Director of Rittenhouse Financial Services Corporation; Executive Officer (since September 1994) of Nuveen Senior Loan Asset Management Corporation. |
|--|---|--------------------------------|---|

DIRECTORS/TRUSTEES WHO ARE NOT INTERESTED PERSONS OF THE FUNDS:

| | | | |
|--|------------------|--------------------------------|--|
| ROBERT P. BREMNER 8/22/1940 333 W. Wacker Drive Chicago, IL 60606 | Director/Trustee | 1997 Term Indefinite (2) | Private Investor and Management Consultant |
|--|------------------|--------------------------------|--|

| | | | |
|--|------------------|--------------------------------|---|
| LAWRENCE H. BROWN 7/29/1934 333 W. Wacker Drive Chicago, IL 60606 | Director/Trustee | 1993 Term Indefinite (2) | Retired (August 1989) as Senior Vice President of The Northern Trust Company. |
|--|------------------|--------------------------------|---|

| | | | |
|---|------------------|--------------------------------|---|
| ANNE E. IMPELLIZZERI 1/26/1933 333 W. Wacker Drive Chicago, IL 60606 | Director/Trustee | 1994 Term Indefinite (2) | Retired (2002); formerly, Executive Vice President (since 1998) of Manitoqua (Center for Environmental Design with Nature); President and Chief Executive Officer of Blanton-Peale Institutes of Religion (since December 1990); prior to 1990, Metropolitan Life Insurance Co. |
|---|------------------|--------------------------------|---|

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| | | | |
|---|------------------|--------------------------------|---|
| PETER R. SAWERS 4/3/1933 333 W. Wacker Drive Chicago, IL 60606 | Director/Trustee | 1991 Term Indefinite (2) | Adjunct Professor of Business at University of Dubuque, Iowa; Director Service Corps of Chicago (not-f Hadley School for the Blind (no formerly (1991-2000) Adjunct Pr Graduate School of Management, prior thereto, Executive Direct Australia, a management consult Financial Analyst; Certified Ma |
|---|------------------|--------------------------------|---|

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| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUND | YEAR FIRST ELECTED OR APPOINTED AND TERM OF OFFICE | PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS |
|--------------------------------|-----------------------------------|--|---|
|--------------------------------|-----------------------------------|--|---|

DIRECTORS/TRUSTEES WHO ARE NOT INTERESTED PERSONS OF THE FUNDS (CONTINUED):

| | | | |
|---|------------------|--------------------------------|--|
| WILLIAM J. SCHNEIDER 9/24/1944 333 W. Wacker Drive Chicago, IL 60606 | Director/Trustee | 1997 Term Indefinite (2) | Senior Partner and Chief Operat Miller-Valentine Group, Vice Pr Miller-Valentine Realty, a deve contract company; Chair, Miami Vice Chair, Miami Valley Econom Coalition; formerly, Member, Co Board, National City Bank, Dayt Business Advisory Council, Clev Reserve Bank. |
|---|------------------|--------------------------------|--|

| | | | |
|---|------------------|--------------------------------|--|
| JUDITH M. STOCKDALE 12/29/1947 333 W. Wacker Drive Chicago, IL 60606 | Director/Trustee | 1997 Term Indefinite (2) | Executive Director, Gaylord and Donnelley Foundation (since 199 thereto, Executive Director, Gr Protection Fund (from 1990 to 1 |
|---|------------------|--------------------------------|--|

| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUND | YEAR FIRST ELECTED OR APPOINTED AND TERM OF OFFICE | PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS |
|--------------------------------|-----------------------------------|--|---|
|--------------------------------|-----------------------------------|--|---|

OFFICERS OF THE FUNDS:

| | | | |
|---|----------------|------|---|
| MICHAEL T. ATKINSON 2/3/1966 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2002 | Vice President (since January 2 Assistant Vice President (since Associate of Nuveen Investments |
|---|----------------|------|---|

| | | | |
|-------------------------------|----------------|------|--|
| PAUL L. BRENNAN 11/10/1966 | Vice President | 2002 | Vice President (since January 2 Assistant Vice President, of Nu |
|-------------------------------|----------------|------|--|

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333 W. Wacker Drive
Chicago, IL 60606

Advisory Corp.

| | | | |
|---|---------------------------------|------|--|
| PETER H. D'ARRIGO 11/28/1967 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Treasurer | 1999 | Vice President of Nuveen Invest January 1999), prior thereto, A President (from January 1997); Associate of Nuveen Investments and Treasurer (since September Senior Loan Asset Management In Financial Analyst. |
|---|---------------------------------|------|--|

| | | | |
|--|----------------|------|---------------------------------|
| MICHAEL S. DAVERN 6/26/1957 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 1997 | Vice President of Nuveen Adviso |
|--|----------------|------|---------------------------------|

| | | | |
|--|----------------|------|---|
| SUSAN M. DESANTO 9/8/1954 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2001 | Vice President of Nuveen Adviso August 2001); previously, Vice Van Kampen Investment Advisory (since 1998); prior thereto, As President of Van Kampen Investm Advisory Corp. |
|--|----------------|------|---|

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Directors/Trustees and Officers (continued)

| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUND | YEAR FIRST ELECTED OR APPOINTED AND TERM OF OFFICE | PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS |
|--------------------------------|-----------------------------------|--|---|
|--------------------------------|-----------------------------------|--|---|

OFFICERS OF THE FUNDS (CONTINUED):

| | | | |
|---|----------------|------|---|
| JESSICA R. DROEGER 9/24/1964 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2002 | Vice President (since January 2 General Counsel (since May 1998 Assistant Vice President of Nuv Assistant Vice President and As (since 1998) of Nuveen Advisory Institutional Advisory Corp.; p Associate at the law firm D'And |
|---|----------------|------|---|

| | | | |
|---|----------------|------|--|
| LORNA C. FERGUSON 10/24/1945 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 1998 | Vice President of Nuveen Invest President (since January 1998) Advisory Corp. and Nuveen Insti Advisory Corp. |
|---|----------------|------|--|

| | | | |
|--|----------------|------|---|
| WILLIAM M. FITZGERALD 3/2/1964 333 W. Wacker Drive | Vice President | 1995 | Managing Director of Nuveen Adv Nuveen Institutional Advisory C 2001); prior thereto, Vice Pres |
|--|----------------|------|---|

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Chicago, IL 60606

Advisory Corp.; Chartered Finan

 STEPHEN D. FOY Vice President 1998 Vice President of Nuveen Invest
 5/31/1954 and Controller (since May 1998) The John Nuvee
 333 W. Wacker Drive President (since September 1999
 Chicago, IL 60606 Senior Loan Asset Management In
 Accountant.

 J. THOMAS FUTRELL Vice President 1992 Vice President of Nuveen Adviso
 7/5/1955 Chartered Financial Analyst.
 333 W. Wacker Drive
 Chicago, IL 60606

 RICHARD A. HUBER Vice President 1997 Vice President of Nuveen Instit
 3/26/1963 Corp. (since March 1998) and Nu
 333 W. Wacker Drive Advisory Corp.
 Chicago, IL 60606

 STEVEN J. KRUPA Vice President 1990 Vice President of Nuveen Adviso
 8/21/1957
 333 W. Wacker Drive
 Chicago, IL 60606

 DAVID J. LAMB Vice President 2000 Vice President (since March 200
 3/22/1963 Investments, previously Assista
 333 W. Wacker Drive President (since January 1999);
 Chicago, IL 60606 Associate of Nuveen Investments
 Public Accountant.

 TINA M. LAZAR Vice President 2002 Vice President (since 1999), pr
 8/27/1961 Assistant Vice President (since
 333 W. Wacker Drive Nuveen Investments.
 Chicago, IL 60606

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| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUND | YEAR FIRST ELECTED OR APPOINTED AND TERM OF OFFICE | PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS |
|--------------------------------|-----------------------------------|--|---|
|--------------------------------|-----------------------------------|--|---|

 OFFICERS OF THE FUNDS (CONTINUED):

| | | | |
|--|--|------|---|
| LARRY W. MARTIN 7/27/1951 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Assistant Secretary | 1992 | Vice President, Assistant Secre Assistant General Counsel of Nu Investments; Vice President and Secretary of Nuveen Advisory Co Institutional Advisory Corp.; V Assistant Secretary of The John Company and Nuveen Asset Manage |
|--|--|------|---|

Nuveen Closed-End Exchange-Traded Funds Dividend Reinvestment Plan

Your Nuveen Closed-End 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 tax-free compounding. Just like dividends or distributions in cash, there may be times when income or capital gains taxes may be payable on dividends or distributions that are reinvested.

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 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.

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Fund Information

Board of Directors/Trustees

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

Fund Manager

Nuveen Advisory Corp.
333 West Wacker Drive
Chicago, IL 60606

Custodian, Transfer Agent

and Shareholder Services
JPMorgan Chase Bank
P.O. Box 660086
Dallas, TX 75266-0086
(800) 257-8787

Legal Counsel

Morgan, Lewis &
Bockius LLP
Washington, D.C.

Independent Auditors

Ernst & Young LLP
Chicago, IL

On October 14, 2002, Boston Financial Data Services, Inc. will assume transfer agent responsibilities for the Nuveen family of closed-end exchange-traded funds. This change requires no action on your part and will not affect the way your investments are managed.

The Nuveen Investor Services phone number will remain the same, (800) 257-8787, but transactions and requests mailed for receipt after October 14th should be mailed to the following addresses. TRANSACTIONS AND REQUESTS MAILED TO OUR OLD ADDRESS MAY TAKE LONGER TO PROCESS.

REGULAR ADDRESS

Nuveen Investments
P.O. Box 43071
Providence, RI 02940-3071

OVERNIGHT ADDRESS

Nuveen Investments
c/o EquiServe
150 Royall Street
Canton, MA 02021

Watch your mail for complete information about this change in mid-September.

Each Fund intends to repurchase shares of its own common or preferred stock in the future at such times and in such amounts as is deemed advisable. No shares were repurchased during the period ended June 30, 2002. Any future repurchases will be reported to shareholders in the next annual or semiannual report.

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Serving Investors for Generations

[photo of John Nuveen, Sr.]

John Nuveen, Sr.

For over a century, generations of Americans have relied on Nuveen Investments to help them grow and keep the money they've earned. Financial advisors, investors and their families have associated Nuveen Investments with quality, expertise and dependability since 1898. That is why financial advisors have entrusted the assets of more than 1.3 million investors to Nuveen.

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.

[logo: NUVEEN Investments]

Nuveen Investments o 333 West Wacker Drive
Chicago, IL 60606 o www.nuveen.com

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