

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

NUVEEN SENIOR INCOME FUND
Form N-30B-2
December 30, 2004

QUARTERLY REPORT October 31, 2004
(Unaudited)

Nuveen Investments
Closed-End
Exchange-Traded
Funds

NUVEEN SENIOR INCOME FUND
NSL

High current income
from a portfolio of
senior corporate loans

NSL Quarterly Report
For the three months ended 10/31/04

Portfolio Managers' Perspective

The Fund is managed by Gunther Stein and Lenny Mason of Symphony Asset Management, LLC, an affiliate of Nuveen Investments. Gunther and Lenny have more than 25 years of combined investment management experience, much of it in evaluating and purchasing senior corporate loans and other high-yield debt. Here they review the prevailing economic conditions and performance of the Fund for the three months ended October 31, 2004.

WHAT WERE THE MAJOR ECONOMIC AND MARKET FACTORS DURING THE THREE-MONTH PERIOD ENDED OCTOBER 31, 2004?

Over this period, the U.S. economy continued to show signs of moderate growth. The Gross Domestic Product (GDP) grew at an annual rate of 3.9% in the third quarter of 2004, compared with a 3.3% annual rate in the second quarter of 2004.

Despite rising energy prices and several increases in the short-term fed funds rate, inflation expectations generally remained in check. As one result, the yield of the 10-year U. S. Treasury note fell over the course of the period, reaching 4.09% on October 31, 2004, compared with 4.45% three months earlier. The slow pace of economic growth, ambiguous employment statistics and uncertainty about the Presidential election all combined to keep interest rates relatively low.

In this relatively low interest rate environment, the leveraged loan market provided modest returns. For the three-month period ended October 31, 2004, the CSFB Leveraged Loan Index1 posted a return of 1.04%. Leveraged loan new issue volume remained strong during the quarter, with a large proportion of the new loans being used to fund M&A activities.

WHAT WERE YOUR PRIMARY STRATEGIES AND FOCUSES FOR MANAGING THE FUND DURING THE REPORTING PERIOD?

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

We continued to employ a value-oriented investment management strategy. Our purchase and sale decisions were based on a range of factors, including an assessment of each company's credit fundamentals, cash flow and asset quality. Due to the strong new-issue calendar, we tended to focus on purchasing new, higher-quality loans with what we considered to be solid business fundamentals, sound asset coverage, and above average yield. We also continued to monitor the entire portfolio, eliminating positions which we thought possessed mounting credit problems, limited upside potential or significant downside risk. In particular, we selectively reduced exposure to distressed credits that had already realized meaningful price appreciation.

- 1 The CSFB Leveraged Loan Index, consists of approximately \$150 billion of tradable term loans with at least one year to maturity and rated BBB or lower.

IN THIS ENVIRONMENT, HOW DID THE FUND PERFORM?

For the three months ended October 31, 2004, the Fund produced a cumulative total return on net asset value (NAV) of 2.68%. As noted, the CSFB Leveraged Loan Index posted a cumulative return of 1.04% over the same period.

The Fund's performance relative to the CSFB Index benefited from the Fund's use of leverage. Leveraging can add volatility to a Fund's net asset value and share price. However, during periods when a leveraged Fund's investments perform well and leveraging costs are relatively low, such as the environment during this three-month period, this strategy also can provide opportunities for net asset value appreciation and enhanced income for common shareholders.

WHAT SECURITIES PRODUCED POSITIVE PERFORMANCE OVER THE THREE MONTHS?

Several credits contributed to the Fund's performance over this time period. These included issues from Washington Group, Western Industries and Mirant Corporation.

WERE THERE ANY SECURITIES THAT HURT PERFORMANCE OVER THIS PERIOD?

Issues from GenTek, Sealy Mattress, Meridan Automotive Systems and MetalForming Technologies all hurt the Fund's overall performance during this period.

WHAT ABOUT DIVIDENDS AND SHARE PRICE?

With short-term interest rates remaining near historically low levels during this three-month period, the leveraged structure of the Fund continued to support its dividend-paying capabilities. The extent of this benefit is tied in part to at which the Fund can borrow and the short-term rates the Fund pays its FundPreferred(R) shareholders. During periods of low short-term rates, the Fund generally borrows at relatively lower rates or pays relatively lower dividends to its FundPreferred shareholders, which can leave more earnings to support common share dividends. These lower borrowing rates and FundPreferred rates, coupled with the recent increases in the fed funds rate, allowed the Fund to raise its monthly dividend once during this three-month period.

The Fund seeks to pay stable dividends at rates that reflect its past results and projected future performance. During certain periods, the Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If the Fund has cumulatively earned more than it has paid in dividends, it holds the excess in

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if the Fund has cumulatively paid dividends in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. The Fund will, over time, pay all of its net investment income as dividends to shareholders. As of October 31, 2004, the Fund had a positive UNII balance for both financial statement and tax purposes.

As of October 31, 2004, the Fund was trading at an 8.91% premium to its net asset value, compared with an average premium of 15.78% for the entire three-month reporting period.

Nuveen Senior Income Fund
NSL

Performance

OVERVIEW As of October 31, 2004

PORTFOLIO ALLOCATION

(as a % of total investments)

| | |
|-------------------------------------|-------|
| Variable Rate Senior Loan Interests | 83.8% |
| Corporate and Municipal Bonds | 6.7% |
| Repurchase Agreements | 9.4% |
| Equities | 0.1% |

2003-2004 MONTHLY DIVIDENDS PER SHARE

| | |
|-----|-------|
| Nov | 0.043 |
| Dec | 0.043 |
| Jan | 0.043 |
| Feb | 0.043 |
| Mar | 0.043 |
| Apr | 0.043 |
| May | 0.043 |
| Jun | 0.043 |
| Jul | 0.043 |
| Aug | 0.043 |
| Sep | 0.046 |
| Oct | 0.046 |

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

| | |
|---------|------|
| 11/1/03 | 8.89 |
| | 8.80 |
| | 8.74 |
| | 8.84 |
| | 8.95 |
| | 8.98 |
| | 9.30 |
| | 9.23 |
| | 9.38 |
| | 9.28 |
| | 9.27 |
| | 9.26 |
| | 9.32 |
| | 9.45 |
| | 9.45 |

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

| | |
|----------|-------|
| | 9.42 |
| | 9.45 |
| | 9.40 |
| | 9.36 |
| | 9.55 |
| | 9.83 |
| | 9.80 |
| | 9.95 |
| | 9.71 |
| | 9.70 |
| | 9.93 |
| | 10.05 |
| | 9.90 |
| | 9.80 |
| | 9.62 |
| | 9.59 |
| | 9.69 |
| | 9.70 |
| | 9.71 |
| | 9.72 |
| | 9.74 |
| | 9.80 |
| | 9.82 |
| | 9.91 |
| | 9.97 |
| | 9.90 |
| | 9.83 |
| | 9.94 |
| | 9.94 |
| | 10.04 |
| | 9.94 |
| | 9.90 |
| | 9.91 |
| | 9.90 |
| | 9.65 |
| | 9.32 |
| 10/31/04 | 9.29 |

FUND SNAPSHOT

| | |
|---|-----------|
| Share Price | \$9.29 |
| Common Share Net Asset Value | \$8.53 |
| Premium/(Discount) to NAV | 8.91% |
| Latest Dividend | \$.0460 |
| Market Yield | 5.94% |
| Net Assets Applicable to Common Shares (\$000) | \$254,027 |

ANNUALIZED TOTAL RETURN
(Inception 10/26/99)

| | | |
|---------|----------------|--------|
| | ON SHARE PRICE | ON NAV |
| 3-month | | |

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

| | | |
|-----------------|--------|--------|
| (Cumulative) | -4.90% | 2.68% |
| ----- | | |
| 1-Year | 10.98% | 12.78% |
| ----- | | |
| 5-Year | 6.84% | 6.53% |
| ----- | | |
| Since Inception | 6.94% | 6.50% |
| ----- | | |

INDUSTRIES

(as a % of total investments)

| | | |
|---------------------------------|--|-------|
| ----- | | |
| Media | | 16.9% |
| ----- | | |
| Hotels, Restaurants & Leisure | | 13.0% |
| ----- | | |
| Auto Components | | 8.4% |
| ----- | | |
| Containers & Packaging | | 6.6% |
| ----- | | |
| Healthcare Providers & Services | | 4.1% |
| ----- | | |
| Household Durables | | 3.9% |
| ----- | | |
| Personal Products | | 3.5% |
| ----- | | |
| Insurance | | 3.5% |
| ----- | | |
| Oil & Gas | | 3.1% |
| ----- | | |
| Commercial Services & Supplies | | 3.0% |
| ----- | | |
| Chemicals | | 2.5% |
| ----- | | |
| Food Products | | 2.5% |
| ----- | | |
| Machinery | | 2.5% |
| ----- | | |
| Healthcare Equipment & Supplies | | 2.4% |
| ----- | | |
| Aerospace & Defense | | 2.1% |
| ----- | | |
| Electric Utilities | | 1.8% |
| ----- | | |
| Road & Rail | | 1.8% |
| ----- | | |
| Other | | 18.4% |
| ----- | | |

TOP FIVE ISSUERS

(excluding repurchase agreements)
(as a % of total investments)

| | | |
|-------------------------------------|--|------|
| ----- | | |
| Metro-Goldwyn-Mayer (MGM) | | 2.9% |
| ----- | | |
| Smurfit-Stone Container Corporation | | 2.8% |
| ----- | | |
| Conseco, Inc. | | 2.7% |
| ----- | | |
| Norwood Promotional Products, Inc. | | 2.5% |
| ----- | | |

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

 Federal-Mogul Corporation 2.4%

Nuveen Senior Income Fund (NSL)
 Portfolio of
 INVESTMENTS October 31, 2004
 (Unaudited)

| Principal Amount (000) | Description (1) | Ratings* | |
|---------------------------|---|----------|-----|
| | | Moody's | S&P |
| | VARIABLE RATE SENIOR LOAN INTERESTS(2) - 137.5% (82.9% of total assets) | | |
| | Aerospace & Defense - 3.5% (2.1% of total assets) | | |
| \$ 1,510 | DeCrane Aircraft Holdings, Inc., Term Loan D | B3 | B- |
| 3,968 | United Defense Industries Inc., Term Loan B | Ba2 | BB+ |
| 224 | Vought Aircraft Industries, Inc., Term Loan B | Ba3 | B+ |
| 156 | Vought Aircraft Industries, Inc., Term Loan C | Ba3 | B+ |
| 2,933 | Vought Aircraft Industries, Inc., Term Loan X | Ba3 | B+ |
| | Airlines - 2.4% (1.4% of total assets) | | |
| 6,000 | United Air Lines, Inc., DIP Term Loan (Tranche B) | NR | NR |
| | Auto Components - 13.8% (8.3% of total assets) | | |
| 4,224 | Federal-Mogul Corporation, Term Loan A (b) | NR | NR |
| 5,551 | Federal-Mogul Corporation, Term Loan B (b) | NR | NR |
| 1,995 | Mark IV Industries, Inc., Term Loan B | B1 | BB- |
| 4,488 | Meridian Automotive Systems, Inc., Tranche B Term Loan | B2 | B+ |
| 8,286 | Metaldyne Company LLC, Term Loan D | B2 | BB- |
| 3,046 | MetalForming Technologies, Inc., Term Loan A | NR | NR |
| 1,122 | MetalForming Technologies, Inc., Term Loan B (PIK) | NR | NR |
| 2,448 | Plastech Engineered Products, Inc., Term Loan B | Ba3 | BB- |
| 3,422 | Tenneco Automotive Inc., Term Loan B | B1 | B+ |
| 1,552 | Tenneco Automotive Inc., Term Loan B-1 | B1 | B+ |
| 857 | United Components, Inc., Term Loan C | B1 | BB- |
| | Beverages - 2.5% (1.5% of total assets) | | |
| 6,372 | Dr. Pepper/Seven UP Bottling Group, Inc., Term Loan B | B1 | NR |
| | Building Products- 0.8% (0.5% of total assets) | | |
| 2,000 | Nortek, Inc., Term Loan B | B1 | B+ |
| | Chemicals - 4.2% (2.5% of total assets) | | |
| 1,657 | Buckeye Technologies, Inc., Term Loan B | B1 | BB- |
| 2,000 | Huntsman International LLC, Term Loan | NR | B |
| 2,000 | Rockwood Specialties Group, Inc., Term Loan B | B1 | B+ |
| 3,387 | Shemin Holdings Corporation, Term Loan B | NR | NR |
| 1,500 | Wellman, Inc., First Lien Term Loan | B1 | B+ |

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

| | | | |
|-------|--|-----|------|
| ----- | | | |
| | Commercial Services & Supplies - 4.9% (2.9% of total assets) | | |
| 6,384 | Allied Waste North America, Inc., Term Loan B | B1 | BB |
| 3,990 | National Equipment Services, Inc., Term Loan | B3 | B |
| 1,940 | Williams Scotsman, Inc., Term Loan | B1 | B+ |
| ----- | | | |
| | Construction & Engineering - 1.2% (0.8% of total assets) | | |
| 1,955 | Anthony Crane Rental, L.P., Revolver (b) | NR | NR |
| 1,982 | Anthony Crane Rental, L.P., Term Loan (b) | NR | NR |
| ----- | | | |
| | Containers & Packaging - 10.8% (6.5% of total assets) | | |
| 2,500 | Boise Cascade Holdings, L.L.C., Term Loan B (d) | Ba3 | BB |
| 2,500 | Boise Cascade Holdings, L.L.C., Term Loan C (d) | Ba3 | BB |
| 6,453 | Graham Packaging Company, L.P., Term Loan B | B2 | B |
| 2,000 | Graham Packaging Company, L.P., Term Loan C | B2 | CCC+ |
| 5,000 | Smurfit-Stone Container Corporation, New Issue Term Loan B (d) | Ba3 | BB- |
| 5,285 | Smurfit-Stone Container Corporation, Term Loan B | Ba3 | NR |
| 251 | Smurfit-Stone Container Corporation, Term Loan C | Ba3 | NR |
| 2,985 | United States Can Company, Term Loan B | B2 | B |
| ----- | | | |
| | Diversified Telecommunication Services - 2.2% (1.4% of total assets) | | |
| 5,695 | RCN Corporation, Term Loan B | B3 | NR |
| 5,000 | WCI Capital Corp., Term Loan B (a) (b) | NR | NR |
| ----- | | | |
| | Electric Utilities - 3.0% (1.8% of total assets) | | |
| 2,000 | Allegheny Energy Supply Company, LLC, Term Loan (d) | B1 | B+ |
| 5,500 | Mirant Corporation, Revolver (b) | NR | NR |
| 2,000 | Reliant Energy, Inc., Term Loan B (d) | NR | NR |
| ----- | | | |
| | Electronic Equipment & Instruments - 0.8% (0.5% of total assets) | | |
| 1,713 | Sensus Metering Systems Inc., Term Loan B-1 | B2 | B+ |
| 257 | Sensus Metering Systems Inc., Term Loan B-2 | B2 | B+ |
| ----- | | | |
| | Food Products - 4.1% (2.4% of total assets) | | |
| 1,863 | Birds Eye Foods, Inc., Term Loan B | B1 | B+ |
| 1,875 | Constellation Brands, Inc., Term Loan B | Ba1 | BB |
| 3,415 | Del Monte Corporation, Term Loan B | Ba3 | BB- |
| 2,000 | Dole Holding Company, LLC, Term Loan | B3 | B |
| 993 | Michael Foods, Inc., Term Loan B | B1 | B+ |
| ----- | | | |
| | Healthcare Equipment & Supplies - 4.0% (2.4% of total assets) | | |
| 1,636 | Advanced Medical Optics, Inc., Term Loan B | B1 | BB- |
| 3,063 | Kinetic Concepts, Inc., Term Loan B-1 | B1 | BB- |
| 3,381 | Mariner Health Care, Inc., Term Loan | Ba3 | BB- |
| 1,980 | Quintiles Transnational Corp., Term Loan B | B1 | BB- |
| ----- | | | |

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

| | | | |
|---|--|-----|-----|
| Healthcare Providers & Services - 6.7% (4.1% of total assets) | | | |
| 5,000 | Alpharma Operating Corporation, Term Loan A | B1 | B+ |
| 5,430 | Community Health Systems, Inc., Term Loan | Ba3 | BB- |
| 1,995 | IASIS Healthcare LLC, Term Loan B | B1 | B+ |
| 2,616 | Triad Hospitals, Inc., Term Loan B | Ba2 | BB |
| 2,000 | Vanguard Health Holding Company I, LLC, Term Loan B | B2 | B |
| ----- | | | |
| Hotels, Restaurants & Leisure - 16.4% (9.9% of total assets) | | | |
| 6,948 | 24 Hour Fitness Worldwide, Inc., Term Loan B | B1 | B |
| 4,536 | Alliance Gaming Corporation, Term Loan B | Ba3 | BB- |
| 2,061 | Ameristar Casinos, Inc., Term Loan B-1 | Ba3 | BB- |
| 2,000 | Argosy Gaming Company, Term Loan B | Ba1 | BB |
| 1,612 | Isle of Capri Casinos, Inc., Term Loan | Ba2 | BB- |
| 5,955 | Jack in the Box Inc., Term Loan | Ba2 | BB |
| 7,990 | OpBiz, LLC, Term Loan A | NR | NR |
| 19 | OpBiz, LLC, Term Loan B (PIK) | NR | NR |
| 3,205 | Penn National Gaming, Inc., Term Loan D | Ba3 | BB- |
| 1,043 | Wyndham International, Inc., Term Loan I | NR | NR |
| 6,168 | Wyndham International, Inc., Term Loan II | NR | NR |
| ----- | | | |
| Household Durables - 4.7% (2.8% of total assets) | | | |
| 5,310 | Jostens IH Corp., Term Loan B | B1 | B+ |
| 2,000 | Knoll, Inc., Term Loan | Ba3 | BB- |
| 4,375 | Sealy Mattress Company, Term Loan C | B2 | B+ |
| ----- | | | |
| Household Products - 0.6% (0.3% of total assets) | | | |
| 1,548 | Western Industries Holding Inc., Term Loan B | NR | NR |
| ----- | | | |
| Insurance - 5.7% (3.5% of total assets), | | | |
| 9,975 | Conseco, Inc., Term Loan | B2 | BB- |
| 4,600 | GAB Robbins North America, Inc., Term Loan B | NR | NR |
| ----- | | | |
| Machinery - 3.2% (2.0% of total assets) | | | |
| 2,000 | Dresser-Rand Group Inc., Term Loan (d) | B1 | B+ |
| 1,904 | EaglePicher Incorporated, Term Loan B | B2 | B+ |
| 2,233 | Rexnord Corporation, Replacement Term Loan | B1 | B+ |
| 2,003 | Terex Corporation, Incremental Term Loan C | B1 | BB- |
| ----- | | | |
| Marine - 0.9% (0.6% of total assets) | | | |
| 2,382 | American Commercial Lines LLC, Term Loan C | NR | NR |
| ----- | | | |
| Media - 26.9% (16.3% of total assets) | | | |
| 6,274 | American Media Operations, Inc., Term Loan C | Ba3 | B+ |
| 2,000 | Cablevision Systems Corp, Floating Rate Note, 4.500% plus six-month LIBOR | B3 | B+ |
| 1,506 | CanWest Media Inc., Term Loan E | Ba3 | B+ |
| 4,000 | Century Cable Holdings, LLC, Discretionary Term Loan (b) | NR | NR |
| 1,640 | Century Cable Holdings, LLC, Revolver (b) | NR | NR |
| 2,000 | Century Cable Holdings, LLC, Revolver (b) | NR | NR |
| 4,988 | Charter Communications Operating, LLC, Term Loan B | B2 | B |
| 2,635 | Dex Media East, LLC, Term Loan B | Ba2 | BB- |
| 5,081 | Dex Media West, LLC, Term Loan B | Ba2 | BB- |

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

| | | | |
|---|---|----------|------|
| 2,000 | Emmis Operating Company, Term Loan | Ba2 | B+ |
| 2,000 | Freedom Communications, Inc., Term Loan B | Ba3 | BB |
| 1,995 | Gray Television, Inc., Term Loan C | Ba2 | B+ |
| 2,444 | Lamar Media Corp., Tranche D | Ba2 | BB- |
| 2,000 | Metrol-Goldwyn-Mayer Studios, Inc., Term Loan B | NR | NR |
| 2,500 | PRIMEDIA Inc., Floating Rate Note, 5.375% plus three-month LIBOR, 144A | B3 | B |
| 2,377 | PRIMEDIA Inc., Term Loan B | NR | B |
| 2,000 | PRIMEDIA Inc., Term Loan C | NR | B |
| 4,988 | R.H. Donnelley Inc., Term Loan | Ba3 | NR |
| 3,000 | Rainbow Media Holdings LLC, Term Loan | Ba2 | BB+ |
| 7,718 | Regal Cinemas Corporation, Term Loan | Ba3 | BB- |
| 1,748 | Sun Media Corporation, Term Loan B | Ba2 | BB |
| 2,985 | WVG Acquisition Corp., Term Loan | B1 | B+ |
| ----- | | | |
| Metals & Mining - 2.1% (1.2% of total assets) | | | |
| 5,169 | Amsted Industries Incorporated, Term Loan B | B1 | BB- |
| ----- | | | |
| Oil & Gas - 2.4% (1.4% of total assets) | | | |
| 2,000 | Headwaters Incorporated, Term Loan B | B3 | B- |
| 1,995 | Pride Offshore, Inc., Term Loan | Ba1 | BB+ |
| 1,941 | Tesoro Petroleum Corporation, Term Loan B | Ba2 | BBB- |
| ----- | | | |
| Personal Products - 5.7% (3.4% of total assets) | | | |
| 7,239 | Norwood Promotional Products, Inc., Term Loan A | NR | NR |
| 5,263 | Norwood Promotional Products, Inc., Term Loan B | NR | NR |
| 1,990 | Prestige Brands, Inc., Term Loan B | B1 | B |
| 2,925 | Sola International Inc., Term Loan B | Ba3 | BB- |
| ----- | | | |
| Road & Rail - 3.0% (1.8% of total assets) | | | |
| 7,520 | Laidlaw Inc., Term Loan B-1 | Ba3 | BB+ |
| ----- | | | |
| Specialty Retail - 0.0% (0.0% of total assets) | | | |
| 1,363 | Micro Warehouse, Inc., Term Loan B (b) | NR | NR |
| ----- | | | |
| Wireless Telecommunication Services - 1.0% (0.6% of total assets) | | | |
| 2,481 | Nextel Finance Company, Term Loan E | Ba1 | BB+ |
| ----- | | | |
| Total Variable Rate Senior Loan Interests (cost \$354,513,082) | | | |
| ----- | | | |
| Principal Amount (000) | Description (1) | Ratings* | |
| | | Moody's | S&P |
| ----- | | | |
| CORPORATE and MUNICIPAL BONDS - 11.0% (6.7% of total assets) | | | |
| Hotels, Restaurants & Leisure - 4.8% (2.9% of total assets) | | | |
| \$ 1,900 | Mandalay Resort Group, 6.450% | Ba2 | BB+ |
| 7,148 | MGM Grand, 6.950% | Ba1 | BB+ |
| 1,500 | MGM Grand, 7.250% | Ba1 | BB+ |
| 1,443 | Park Place Entertainment, 7.875% | Ba2 | BB- |
| ----- | | | |
| Household Durables - 1.7% (1.0% of total assets) | | | |
| 1,000 | D.R. Horton, Inc., 10.500% | Ba1 | BB+ |

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

| | | | |
|-------|---|-----|------|
| 3,000 | Standard Pacific Corporation, 6.500% | Ba2 | BB |
| ----- | | | |
| 2,000 | Machinery - 0.9% (0.5% of total assets) Navistar International, Series B, 9.375% | Ba3 | BB- |
| ----- | | | |
| 1,930 | Media - 0.8% (0.5% of total assets) AMC Entertainment, 9.875% | B3 | CCC+ |
| ----- | | | |
| 6,417 | Oil & Gas - 2.7% (1.7% of total assets) Tesoro Petroleum Corporation, 8.000% | Ba2 | BBB- |
| ----- | | | |
| 656 | Paper & Forest Products - 0.1% (0.1% of total assets) California Pollution Control Finance Authority, CanFibre of Riverside Project (a) (b) (c) | NR | NR |
| 1,215 | California Pollution Control Finance Authority, CanFibre of Riverside Project (a) (b) (c) | NR | NR |

Total Corporate and Municipal Bonds (cost \$27,557,295)

| Shares (000) | Description (1) |
|--------------|---|
| ----- | |
| | EQUITIES - 0.1% (0.0% of total assets) |
| 7 | Diversified Telecommunication Services - 0.1% (0.0% of total assets) Arch Wireless Holding Inc.(a) |
| ----- | |
| | Total Equities (cost \$34,119) |

| Principal Amount (000) | Description (1) |
|------------------------|--|
| ----- | |
| \$ 15,099 | REPURCHASE AGREEMENTS - 15.4% (9.3% of total assets) State Street Bank, 1.740%, dated 10/29/04, due 11/01/04, repurchase price \$15,100,797, collateralized by \$13,645,000 U.S. Treasury Notes, 0.000%, due 08/15/10, value \$15,401,794 |
| 24,000 | State Street Bank, 1.740%, dated 10/29/04, due 11/01/04, repurchase price \$24,003,480, collateralized by \$24,480,000 U.S. Treasury Notes, 1.625%, due 03/31/05, value \$24,480,000 |
| ----- | |
| | Total Repurchase Agreements (cost \$39,098,608) |
| ----- | |
| | Total Investments (cost \$421,203,104) -- 164.0% (98.9% of total assets) |
| ----- | |
| | Other Assets Less Liabilities -- (5.4%) |
| ----- | |
| | Borrowings Payable -- (40.5%)+ |
| ----- | |
| | Preferred Shares, at Liquidation Value -- (18.1%) |
| ----- | |
| | Net Assets Applicable to Common Shares -- 100% |
| ===== | |

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Senior Loans in which the Fund invests generally pay interest at rates which are periodically adjusted by reference to a base short-term, floating lending rate plus a premium. These base lending rates are generally (i) the lending rate referenced by the London Inter-Bank Offered Rate ("LIBOR"), or (ii) the prime rate offered by one or more major United States banks.

Senior loans may be considered restricted in that the Fund ordinarily is contractually obligated to receive approval from the Agent Bank and/or Borrower prior to the disposition of a Senior Loan.

- * Ratings below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade.
 - ** Senior Loans in the Fund's portfolio generally are subject to mandatory and/or optional prepayment. Because of these mandatory prepayment conditions and because there may be significant economic incentives for a Borrower to prepay, prepayments of Senior Loans in the Fund's portfolio may occur. As a result, the actual remaining maturity of Senior Loans held in the Fund's portfolio may be substantially less than the stated maturities shown. The Fund estimates that the actual average maturity of the Senior Loans held in its portfolio will be approximately 18-24 months.
- (a) At or subsequent to October 31, 2004, this issue was non-income producing.
 - (b) At or subsequent to October 31, 2004, this issue was under the protection of the federal bankruptcy court.
 - (c) On January 1, 2002, CFR Holdings, Inc. (an entity formed by Nuveen for the benefit of the Nuveen Funds owning various interests in CanFibre of Riverside) took possession of the CanFibre of Riverside assets on behalf of the various Nuveen Funds. CFR Holdings, Inc. determined that a sale of the facility was in the best interest of shareholders and proceeded accordingly.
 - (d) Purchased on a when-issued or delayed delivery basis.
- NR Not rated.
- 144A 144A securities are those which are exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may only be resold in transactions exempt from registration which are normally those transactions with qualified institutional buyers.
- (PIK) In lieu of cash payment, interest accrued on "Payment in Kind" investment increases principal outstanding.
- + Borrowings payable as a percentage of total assets is (24.4%).

See accompanying notes to financial statements.

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

Statement of
ASSETS and LIABILITIES October 31, 2004 (Unaudited)

| | |
|---|----------------|
| ----- | |
| ASSETS | |
| Investments, at value (cost \$382,104,496) | \$ 377,607,303 |
| Repurchase agreements (at cost, which approximates market value) | 39,098,608 |
| Receivables: | |
| Interest | 1,911,321 |
| Investments sold | 2,641,939 |
| Other assets | 90,365 |
| ----- | |
| Total assets | 421,349,536 |
| ----- | |
| LIABILITIES | |
| Borrowings payable | 103,000,000 |
| Payable for investments purchased | 17,815,000 |
| Accrued expenses: | |
| Management fees | 134,508 |
| Other | 332,800 |
| Preferred share dividends payable | 40,038 |
| ----- | |
| Total liabilities | 121,322,346 |
| ----- | |
| Preferred shares, at liquidation value | 46,000,000 |
| ----- | |
| Net assets applicable to Common shares | \$ 254,027,190 |
| ===== | |
| Common shares outstanding | 29,786,870 |
| ===== | |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 8.53 |
| ===== | |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF: | |
| ----- | |
| Common shares, \$.01 par value per share | \$ 297,869 |
| Paid-in surplus | 282,932,331 |
| Undistributed net investment income | 5,170,094 |
| Accumulated net realized gain (loss) from investments | (29,875,911) |
| Net unrealized appreciation (depreciation) of investments | (4,497,193) |
| ----- | |
| Net assets applicable to Common shares | \$ 254,027,190 |
| ===== | |
| Authorized shares: | |
| Common | Unlimited |
| Preferred | Unlimited |
| ===== | |

See accompanying notes to financial statements.

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

Statement of
OPERATIONS Three Months Ended October 31, 2004 (Unaudited)

| | |
|--|-------------|
| ----- | |
| INVESTMENT INCOME | |
| Interest | \$7,101,399 |
| Fees | 403,951 |
| ----- | |
| Total investment income | 7,505,350 |
| ----- | |
| EXPENSES | |
| Management fees | 854,528 |
| Preferred shares - auction fees | 28,986 |
| Preferred shares - dividend disbursing agent fees | 1,512 |
| Shareholders' servicing agent fees and expenses | 2,130 |
| Interest expense | 436,428 |
| Commitment fees | 93,913 |
| Custodian's fees and expenses | 37,103 |
| Trustees' fees and expenses | 2,521 |
| Professional fees | 26,718 |
| Shareholders' reports - printing and mailing expenses | 16,680 |
| Stock exchange listing fees | 3,069 |
| Investor relations expense | 10,971 |
| Other expenses | 6,901 |
| ----- | |
| Total expenses before custodian fee credit and expense waivers | 1,521,460 |
| Custodian fee credit | (126) |
| Expense waivers from the Adviser | (455,493) |
| ----- | |
| Net expenses | 1,065,841 |
| ----- | |
| Net investment income | 6,439,509 |
| ----- | |
| REALIZED AND UNREALIZED GAIN FROM INVESTMENTS | |
| Net realized gain from investments | 138,146 |
| Change in net unrealized appreciation (depreciation) of investments | 344,280 |
| ----- | |
| Net gain from Investments | 482,426 |
| ----- | |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS | |
| From net investment income | (196,160) |
| ----- | |
| Net increase in net assets applicable to Common shares from operations | \$6,725,775 |
| ===== | |

See accompanying notes to financial statements.

Statement of
CHANGES in NET ASSETS (Unaudited)

THREE MONTHS ENDED

YEAR ENDED

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

| | 10/31/04 | 7/31/04 |
|--|---------------|---------------|
| ----- | | |
| OPERATIONS | | |
| Net investment income | \$ 6,439,509 | \$ 19,081,581 |
| Net realized gain (loss) from investments | 138,146 | (2,007,822) |
| Change in net unrealized appreciation (depreciation) of investments | 344,280 | 16,691,236 |
| Distributions to Preferred Shareholders from net investment income | (196,160) | (538,267) |
| ----- | | |
| Net increase in net assets applicable to Common shares from operations | 6,725,775 | 33,226,728 |
| ----- | | |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | |
| From net investment income | (4,021,017) | (15,362,547) |
| ----- | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (4,021,017) | (15,362,547) |
| ----- | | |
| CAPITAL SHARE TRANSACTIONS | | |
| Net proceeds from Common shares issued to shareholders due to reinvestment of distributions | 44,017 | 194,711 |
| ----- | | |
| Net increase in net assets applicable to Common shares from capital transactions | 44,017 | 194,711 |
| ----- | | |
| Net increase in net assets applicable to Common shares | 2,748,775 | 18,058,892 |
| Net assets applicable to Common shares at the beginning of period | 251,278,415 | 233,219,523 |
| ----- | | |
| Net assets applicable to Common shares at the end of period | \$254,027,190 | \$251,278,415 |
| ===== | | |
| Undistributed net investment income at the end of period | \$ 5,170,094 | \$ 2,947,762 |
| ===== | | |

See accompanying notes to financial statements.

Statement of
CASH FLOWS (Unaudited)

THREE MON

NET INCREASE IN NET ASSETS APPLICABLE TO COMMON SHARES FROM OPERATIONS \$

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

Adjustments to Reconcile the Net Increase in Net Assets Applicable to Common Shares from Operations to Net Cash provided by Operating Activities:

| | |
|---|------|
| Purchase of investment securities | (12) |
| Purchases of short-term investment securities, net | (2) |
| Proceeds from disposition of investment securities | 15 |
| Accretion/Amortization of bond discounts and premiums, net | |
| Decrease in interest receivable | |
| Increase in receivable from investments sold | (|
| Increase in other assets | |
| Increase in payable for investments purchased | |
| Decrease in management fees payable | |
| Increase in Preferred share dividends payable | |
| Increase in other liabilities | |
| Net realized gain from investments | |
| Change in net unrealized appreciation (depreciation) of investments | (|
| Net realized gain from paydowns | (|
| ----- | |
| Net cash provided by operating activities | |
| ----- | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Cash distributions paid to Common shareholders | (|
| ----- | |
| Net cash used in financing activities | (|
| ----- | |
| NET INCREASE (DECREASE) IN CASH | |
| Cash at the beginning of period | |
| ----- | |
| CASH at the END of PERIOD | |
| ===== | |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest on bank borrowings during the three months ended October 31, 2004, was \$391,422

Noncash financing activities not included herein consist of reinvestments of distributions of \$44,017.

See accompanying notes to financial statements.

Notes to
FINANCIAL STATEMENTS (Unaudited)

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The Fund covered in this report and its corresponding Common share New York Stock Exchange symbol is Nuveen Senior Income Fund (NSL). The Fund is registered under the Investment Company Act of 1940, as amended, as a closed-end management investment company.

The Fund seeks to provide a high level of current income by investing primarily in senior loans whose interest rates float or adjust periodically based on a benchmark interest rate index.

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

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

Investment Valuation

The prices of senior loans, bonds and other securities in the Fund's investment portfolio are generally provided by one or more independent pricing services approved by the Fund's Board of Trustees. The pricing services typically value exchange-listed securities at the last sales price on that day; and value senior loans, bonds and other securities traded in the over-the-counter market at the mean of the highest bona fide bid and lowest bona fide ask prices when current quotations are readily available. The pricing services may value senior loans, bonds and other securities for which current quotations are not readily available at fair value using a wide range of market data and other information and analysis, including the obligor's credit characteristics considered relevant by such pricing service to determine valuations. The Board of Trustees of the Fund has approved procedures which permit the Adviser to determine the fair value of investments for which the applicable pricing service or services is not providing a price, using market data and other factors such as the obligor's credit characteristics, and to override the price provided by the independent pricing service in certain limited circumstances. Short-term investments which mature within 60 days are valued at amortized cost, which approximates market value.

The senior loans in which the Fund invests are not listed on an organized exchange and the secondary market for such investments may be less liquid relative to markets for other fixed income securities. Consequently, the value of senior loans, determined as described above, may differ significantly from the value that would have been determined had there been an active market for that loan.

Investment Transactions

Investment transactions are recorded on a trade date basis. Trade date for senior loans purchased in the "primary market" is considered the date on which the loan allocations are determined. Trade date for senior loans purchased in the "secondary market" is the date on which the transaction is entered into. Realized gains and losses from investment transactions are determined on the specific identification method. Investments purchased on a when-issued or delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Fund maintains liquid assets with a current value at least equal to the amount of the when-issued and delayed delivery purchase commitments. At October 31, 2004, the Fund had outstanding when-issued and delayed delivery purchase commitments of \$16,005,000.

Investment Income

Interest income, which includes the amortization of premiums and accretion of discounts for financial reporting purposes, is recorded on an accrual basis. Interest income also includes paydown gains and losses on senior loans. Fee income consists

Notes to

FINANCIAL STATEMENTS (Unaudited) (continued)

primarily of amendment fees. Amendment fees are earned as compensation for

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

evaluating and accepting changes to the original loan agreement and are recognized when received.

Income Taxes

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

Dividends and Distributions to Common Shareholders

The Fund intends to declare monthly income distributions to Common shareholders. Net realized capital gains 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 Common shareholders are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles.

Preferred Shares

The Fund has issued and outstanding 1,840 shares of Series Th Preferred shares, \$25,000 stated value per share, as a means of effecting financial leverage. The dividend rate paid on the Preferred shares is determined every 28 days, pursuant to a dutch auction process overseen by the auction agent, and is payable at or near the end of each rate period. The Fund has also affected financial leverage by borrowing, as described in footnote 8 below.

Repurchase Agreements

In connection with transactions in repurchase agreements, it is the Fund's policy that its custodian take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the repurchase transaction, including accrued interest, at all times. If the seller defaults, and the fair value of the collateral declines, realization of the collateral may be delayed or limited.

Custodian Fee Credit

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

Indemnifications

Under the Fund's organizational documents, its Officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Fund. In addition, in the normal course of business, the Fund enters into contracts that provide general indemnifications to other parties. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

occurred. However, the Fund has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

2. FUND SHARES

Transactions in Common shares were as follows:

| | THREE MONTHS ENDED 10/31/04 | YEAR ENDED 7/31/04 |
|--|--------------------------------|-----------------------|
| ----- | | |
| Common shares issued to shareholders due to reinvestment of distributions | 4,668 | 22,048 |
| ===== | | |

3. INVESTMENT TRANSACTIONS

Purchases and sales of investments (excluding short-term investments) during the three months ended October 31, 2004, aggregated \$129,852,493 and \$150,368,741, respectively.

Notes to

FINANCIAL STATEMENTS (Unaudited) (continued)

4. INCOME TAX INFORMATION

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to the treatment of paydown gains and losses on investments and timing differences in recognizing certain gains and losses on investment transactions.

At October 31, 2004, the cost of investments was \$421,219,854.

The net unrealized depreciation of investments at October 31, 2004, aggregated \$4,513,943 of which \$6,652,941 related to appreciated investments and \$11,166,884 related to depreciated investments.

The tax components of undistributed net ordinary income and net realized gains at July 31, 2004, the Fund's last fiscal year end, were as follows:

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

 Undistributed net ordinary income * \$4,246,542
 Undistributed net long-term capital gains --
 =====

* Net ordinary income consists of net taxable income derived from dividends, interest and net short-term capital gains, if any. Undistributed net ordinary income (on a tax basis) has not been reduced for the dividend declared on July 1, 2004, paid on August 2, 2004.

The tax character of distributions paid during the fiscal year ended July 31, 2004, the Fund's last fiscal year end, was designated for purposes of the dividends paid deduction as follows:

2004

Distributions from net ordinary income ** \$15,890,967
 Distributions from net long-term capital gains --
 =====

** Net ordinary income consists of net taxable income derived from dividends, interest and net short-term capital gains, if any.

At July 31, 2004, the Fund's last fiscal year end, the Fund had an unused capital loss carryforwards of \$28,018,967 available to be applied against future capital gains, if any. If not applied, \$17,314,712 of the carryforward will expire in the year 2010 and \$10,704,255 will expire in 2011.

The Fund elected to defer \$ \$1,978,340 of net realized losses from investments incurred from November 1, 2003 through July 31, 2004 ("post-October losses") in accordance with Federal income tax regulations. Post-October losses were treated as having arisen on the first day of the current fiscal year.

5. MANAGEMENT FEES AND OTHER TRANSACTIONS WITH AFFILIATES

As approved by the Board of Trustees, effective August 1, 2004, a complex-wide management fee structure was adopted for all funds sponsored by Nuveen Institutional Advisory Corp. (the "Adviser"), a wholly owned subsidiary of Nuveen Investments, Inc. ("Nuveen") and its affiliates. This fee structure separates each fund's management fee into two components - a complex-level component, based on the aggregate amount of all funds assets managed by the Adviser and its affiliates, and a specific fund-level component, based only on the amount of assets within each individual fund. This pricing structure enables Nuveen fund shareholders to benefit from growth in the assets within each individual fund as well as from growth in the amount of complex-wide assets managed by the Adviser and its affiliates. Under no circumstances will this pricing structure result in a fund paying management fees at a rate higher than would otherwise have been applicable had the complex-wide management fee structure not been implemented. As a consequence of this new management fee structure, the funds' effective management fees were reduced by approximately .006% as of November 30, 2004.

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

Effective August 1, 2004, the annual fund-level fee, payable monthly, for the Fund is based upon the average daily net assets (including net assets attributable to leverage) as follows:

| AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO LEVERAGE) | FUND-LEVEL FEE RATE |
|--|---------------------|
| For the first \$1 billion | .6500% |
| For the next \$1 billion | .6375 |
| For the next \$3 billion | .6250 |
| For the next \$5 billion | .6000 |
| For net assets over \$10 billion | .5750 |
| ===== | |

Effective August 1, 2004, the annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S., is based on the aggregate amount of total fund assets managed as follows:

| COMPLEX-LEVEL ASSETS(1) | COMPLEX-LEVEL FEE RATE |
|--|------------------------|
| For the first \$55 billion | .2000% |
| For the next \$1 billion | .1800 |
| For the next \$1 billion | .1600 |
| For the next \$3 billion | .1425 |
| For the next \$3 billion | .1325 |
| For the next \$3 billion | .1250 |
| For the next \$5 billion | .1200 |
| For the next \$5 billion | .1175 |
| For the next \$15 billion | .1150 |
| For Managed Assets over \$91 billion (2) | .1400 |
| ===== | |

(1) The complex-level fee component of the management fee for the funds is calculated based upon the aggregate Managed Assets ("Managed Assets" means the average daily net assets of each fund including assets attributable to all types of leverage used by the Nuveen funds) of Nuveen-sponsored funds in the U.S.

(2) With respect to the complex-wide Managed Assets over \$91 billion, the fee rate or rates that will apply to such assets will be determined at a later date. In the unlikely event that complex-wide Managed Assets reach \$91 billion prior to a determination of the complex-level fee rate or rates to be applied to Managed Assets in excess of \$91 billion, the complex-level fee rate for such complex-wide Managed Assets shall be .1400% until such time as a different rate or rates is determined.

The Fund paid a .8500% annual management fee through July 31, 2004, payable monthly, which were based upon the average daily Managed Assets of the Fund.

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Adviser has entered into a Sub-Advisory Agreement with Symphony Asset Management, LLC ("Symphony"), an indirect wholly owned subsidiary of Nuveen, under which Symphony manages the investment portfolio of the Fund. Symphony is compensated for its services to the Fund from the management fee paid to the Adviser.

The Fund pays no compensation directly to those of its Trustees who are affiliated with the Adviser or to its officers, all of whom receive remuneration for their services to the Fund from the Adviser or its affiliates. The Board of

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

Trustees has adopted a deferred compensation plan for independent Trustees that enables Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from certain Nuveen advised Funds. Under the plan, deferred amounts are treated as though equal dollar amounts had been invested in shares of select Nuveen advised Funds.

Notes to
FINANCIAL STATEMENTS (Unaudited) (continued)

For the first ten years of the Fund's operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily Managed Assets, for fees and expenses in the amounts and for the time periods set forth below:

| YEAR ENDING OCTOBER 31, | | YEAR ENDING OCTOBER 31, | |
|----------------------------|------|----------------------------|------|
| 1999* | .45% | 2005 | .35% |
| 2000 | .45 | 2006 | .25 |
| 2001 | .45 | 2007 | .15 |
| 2002 | .45 | 2008 | .10 |
| 2003 | .45 | 2009 | .05 |
| 2004 | .45 | | |

* From the commencement of operations.

The Adviser has not agreed to reimburse the Fund for any portion of its fees and expenses beyond October 31, 2009.

6. COMMITMENTS

Pursuant to the terms of certain of the variable rate senior loan agreements, the Fund may have unfunded senior loan commitments. The Fund will maintain with its custodian, cash, liquid securities and/or liquid senior loans having an aggregate value at least equal to the amount of unfunded senior loan commitments. At October 31, 2004, the Fund had unfunded loan commitments of \$737,142.

7. SENIOR LOAN PARTICIPATION COMMITMENTS

With respect to the senior loans held in the Fund's portfolio, the Fund may: 1) invest in assignments; 2) act as a participant in primary lending syndicates; or 3) invest in participations. If the Fund purchases a participation of a senior loan interest, the Fund would typically enter into a contractual agreement with the lender or other third party selling the participation, rather than directly with the Borrower. As such, the Fund not only assumes the credit risk of the Borrower, but also that of the Selling Participant or other persons interpositioned between the Fund and the Borrower.

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

The Fund had the following participation commitments outstanding at October 31, 2004:

| COUNTERPARTY | COMMITMENT AMOUNT | MARKET VALUE |
|---------------------------|-------------------|--------------|
| Bear, Stearns & Co., Inc. | \$2,000,000 | \$1,963,750 |
| Morgan Stanley | 1,640,000 | 1,610,275 |
| ===== | | |

8. BORROWINGS

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

The Fund has entered into a commercial paper program with Bank One's conduit financing agency, Falcon Asset Securitization Corp. ("Falcon"), whose sole purpose is the issuance of high grade commercial paper. Falcon uses the proceeds to make advances to the Fund and to many other borrowers who comprise Falcon's total borrowing base. For the three months ended October 31, 2004, the average daily balance of borrowings under the commercial paper program agreement was \$103 million with an average interest rate of 1.66%.

Notes to
FINANCIAL STATEMENTS (Unaudited) (continued)

The Fund has also entered into a \$110 million liquidity facility. If the facility is utilized, interest on the borrowings would be charged a variable interest rate. An unused commitment fee of .095% on 102% of the unused portion of the \$110 million facility is charged. There were no borrowings under the revolving credit agreement during the three months ended October 31, 2004.

9. SUBSEQUENT EVENTS

The Fund declared a \$.0460 Common share dividend distribution from its net investment income which was paid on December 1, 2004, to shareholders of record on November 15, 2004.

Financial HIGHLIGHTS (Unaudited)

Selected data for a Common share outstanding throughout each period:

| | Investment Operations | | |
|-----------|-----------------------|---|----------------------------------|
| | | Distributions from Net Investment | Distributions from Capital |
| Beginning | Net | | |

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

| | Common Share Net Asset Value | Net Investment Income | Realized/ Unrealized Investment Gain (Loss) | Income to Preferred Share- holders+ | Gains to Preferred Share- holders+ | T |
|------------------|---------------------------------------|-----------------------------|--|--|---|----|
| ----- | | | | | | |
| Three Months | | | | | | |
| Ended 10/31/04 | \$8.44 | \$.22 | \$.02 | \$(.01) | \$ -- | \$ |
| Year Ended 7/31: | | | | | | |
| 2004 | 7.84 | .64 | .50 | (.02) | -- | |
| 2003 | 7.38 | .60 | .41 | (.02) | -- | |
| 2002 | 8.13 | .68 | (.71) | (.04) | -- | |
| 2001 | 9.47 | 1.09 | (1.29) | (.09) | -- | |
| 2000 (a) | 9.55 | .75 | (.12) | (.02) | -- | |
| ===== | | | | | | |

Less Distributions

| | Net Investment Income to Common Share- holders | Capital Gains to Common Share- holders | Total | Offering Costs and Preferred Share Underwriting Discounts | Ending Common Share Net Asset Value | Ending Market Value |
|------------------|---|--|----------|--|---|---------------------------|
| ----- | | | | | | |
| Three Months | | | | | | |
| Ended 10/31/04 | \$ (.14) | \$ -- | \$ (.14) | \$ -- | \$ 8.53 | \$9.2900 |
| Year Ended 7/31: | | | | | | |
| 2004 | (.52) | -- | (.52) | -- | 8.44 | 9.9100 |
| 2003 | (.53) | -- | (.53) | -- | 7.84 | 8.4300 |
| 2002 | (.68) | -- | (.68) | -- | 7.38 | 7.2000 |
| 2001 | (1.03) | (.02) | (1.05) | -- | 8.13 | 9.9600 |
| 2000 (a) | (.66) | -- | (.66) | (.03) | 9.47 | 9.6250 |
| ===== | | | | | | |

Ratios/Supplemental Data

| | Before Credit/Waiver | | | After Credit/W | |
|------------------|--|---|---|---|----|
| | Ending Net Assets Applicable to Common Shares (000) | Ratio of Expenses to Average Net Assets Applicable to Common Shares++ | Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++ | Ratio of Expenses to Average Net Assets Applicable to Common Shares++ | Ra |
| ----- | | | | | |
| Three Months | | | | | |
| Ended 10/31/04 | \$254,027 | 2.39%* | 9.40%* | 1.67%* | |
| Year Ended 7/31: | | | | | |
| 2004 | 251,278 | 2.23 | 7.10 | 1.50 | |
| 2003 | 233,220 | 2.66 | 7.57 | 1.90 | |
| 2002 | 219,459 | 3.12 | 8.20 | 2.37 | |
| 2001 | 241,641 | 4.32 | 11.74 | 3.62 | |
| 2000 (a) | 280,479 | 3.81* | 9.82* | 3.21* | |
| ===== | | | | | |

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

| | Preferred Stock at End of Period | | | Borrowings at End |
|--------------------------------|--|--|--------------------------------|--|
| | Aggregate Amount Outstanding (000) | Liquidation and Market Value Per Share | Asset Coverage Per Share | Aggregate Amount Outstanding (000) |
| Three Months Ended 10/31/04 | \$46,000 | \$25,000 | \$163,058 | \$103,000 |
| Year Ended 7/31: | | | | |
| 2004 | 46,000 | 25,000 | 161,564 | 103,000 |
| 2003 (b) | 46,000 | 25,000 | 151,750 | 103,000 |
| 2002 (b) | 46,000 | 25,000 | 144,271 | 103,000 |
| 2001 (b) | 46,000 | 25,000 | 156,327 | 103,000 |
| 2000 (a) | 46,000 | 25,000 | 177,434 | 105,000 |

* Annualized.

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

*** After custodian fee credit and expense waivers from the Adviser, where applicable.

+ The amounts shown are based on Common share equivalents.

++ o Ratios do not reflect the effect of dividend payments to Preferred shareholders.
o Income ratios reflect income earned on assets attributable to Preferred shares.
o Each ratio includes the effect of the interest expense paid on bank borrowings as follows:

Ratio of Interest
Expense to Average
Net Assets Applicable to
Common Shares

| | |
|-----------------------------------|-------|
| Three Months Ended 10/31/04 | .69%* |
| Year Ended 7/31: | |
| 2004 | .48 |
| 2003 | .74 |
| 2002 | 1.09 |
| 2001 | 2.19 |
| 2000 (a) | 2.04* |

(a) For the period October 26, 1999 (commencement of operations) through July 31, 2000.

(b) Unaudited.

See accompanying notes to financial statements.

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

Reinvest Automatically
EASILY AND CONVENIENTLY

SIDEBAR TEXT: NUVEEN MAKES REINVESTING EASY. A PHONE CALL IS ALL IT TAKES TO SET UP YOUR REINVESTMENT ACCOUNT.

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 compounding.

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

EASY AND CONVENIENT

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

HOW SHARES ARE PURCHASED

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the greater of the net asset value or 95% of 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 the 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.

FLEXIBLE

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.

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

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.

CALL TODAY TO START REINVESTING DIVIDENDS AND/OR DISTRIBUTIONS

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.

Other Useful INFORMATION

QUARTERLY PORTFOLIO OF INVESTMENTS AND PROXY VOTING INFORMATION

Each Fund's (i) quarterly portfolio of investments and (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the most recent 12-month period ended June 30, 2004, are available without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's web site at www.nuveen.com.

You may also obtain this and other Fund information directly from the Securities and Exchange Commission ("SEC"). The SEC may charge a copying fee for this information. Visit the SEC on-line at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, D.C. Call the SEC at 1-202-942-8090 for room hours and operation. You may also request Fund information by sending an e-mail request to publicinfo@sec.gov or by writing to the SEC's Public Reference Section at 450 Fifth Street NW, Washington, D.C. 20549.

AVERAGE ANNUAL TOTAL RETURN: This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return that would have been necessary each year to equal the investment's actual cumulative performance (including change in NAV or market price and reinvested dividends and capital gains distributions, if any) over the time period being considered.

NET ASSET VALUE (NAV): A Fund's common share NAV per share is calculated by subtracting the liabilities of the Fund from its total assets and then dividing the remainder by the number of shares outstanding. Fund NAVs are calculated at the end of each business day.

BOARD OF TRUSTEES

Robert P. Bremner
Lawrence H. Brown
Jack B. Evans
William C. Hunter
William J. Schneider
Timothy R. Schwertfeger
Judith M. Stockdale

FUND MANAGER

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

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-30B-2

CUSTODIAN
State Street Bank & Trust
Boston, MA

TRANSFER AGENT AND
SHAREHOLDER SERVICES
State Street Bank & Trust
Nuveen Funds
P.O. Box 43071
Providence, RI 02940-3071
(800) 257-8787

LEGAL COUNSEL
Chapman and Cutler LLP
Chicago, IL

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Ernst & Young LLP
Chicago, IL

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 three months ended October 31, 2004. Any future repurchases will be reported to shareholders in the next annual or semiannual report.