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AMERICAN TECHNOLOGY CORP /DE/
Form 10-Q/A
August 18, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
(AMENDMENT NO.1)

(Mark one)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended March 31, 2003

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____ .

Commission File Number: 0-24248

AMERICAN TECHNOLOGY CORPORATION
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

87-03261799

(I.R.S. Empl. Ident. No.)

13114 Evening Creek Drive South, San Diego, California 92128

(Address of principal executive offices) (Zip Code)

(858) 679-2114

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No X

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of May 1, 2003.

Common Stock, \$0.00001 par value 15,192,294

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(Class)

(Number of Shares)

This quarterly report on Form 10-Q/A is being filed to reflect the restatement of the Registrant's financial results for the three and six month periods ended March 31, 2003 (the "Restatement"). The Restatement primarily reflects increased imputed deemed dividends on the Series D Preferred Stock attributable to the

discount on issuance. The increase results from the voluntary conversion of 170,400 shares of Series D Preferred Stock during the quarter ended March 31, 2003, which conversions were previously disclosed in the Notes to the Financial Statements, but for which accelerated accretion of deemed dividends was not recorded in the Financial Statements previously filed. The accretion of deemed dividends is a non-cash item and does not change the reported net loss, stockholders' equity or the balance sheet. As a result of the Restatement, the net loss available to common stockholders increased from \$2,107,991 and \$3,998,434 for the three and six months ended March 31, 2003, respectively, to \$2,664,718 and \$4,551,242, respectively. The loss per share of common stock increased from \$0.14 and \$0.27 for the three months and six months ended March 31, 2003, respectively, to \$0.18 and \$0.31. The balance sheets as of March 31, 2003 was not affected by this restatement. Further information concerning accelerated accretion of the deemed dividend on the Series D Preferred Stock as a result of voluntary conversion is provided in Note 3 and 9 to the Financial Statements included herewith.

Except for the Restatement, this report does not attempt to update the information included herein beyond the original filing date.

AMERICAN TECHNOLOGY CORPORATION
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AMERICAN TECHNOLOGY CORPORATION

BALANCE SHEETS
(Unaudited)

	March 31, 2003	Septemb 200
=====		
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,866,335	\$ 1,8
Trade accounts receivable, less allowance of \$8,091 and \$20,191 for doubtful accounts	36,904	1
Subscription receivable	25,000	
Inventories	431,756	1
Prepaid expenses and other	73,000	

TOTAL CURRENT ASSETS	2,432,995	2,0
EQUIPMENT, net	165,247	3
PATENTS, net of accumulated amortization of \$179,290 and \$141,314	988,785	1,0
PURCHASED TECHNOLOGY, net of accumulated amortization of \$1,157,278 and \$946,864	105,222	3

TOTAL ASSETS	\$ 3,692,249	\$ 3,7
=====		
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	\$ 360,640	\$ 7
Accrued liabilities:		
Payroll and related	188,276	2
Deferred revenue	388,168	2
Other	60,264	
Interest on notes	381,534	2
Capital lease short-term portion	9,110	
12% Convertible Promissory Notes	1,725,000	
Related party 12% Convertible Promissory Notes	300,000	

TOTAL CURRENT LIABILITIES	3,412,992	1,5
LONG-TERM LIABILITIES:		
12% Convertible Promissory Notes net of \$0 and \$345,000 debt discount	-	1,3
Related party 12% Convertible Promissory Notes, net of \$0 and \$60,000 debt discount	-	2
8% Senior Secured Promissory Notes	1,000,000	1,5
Capital lease long-term portion	28,497	

TOTAL LIABILITIES	4,441,489	4,6

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 COMMITMENTS AND CONTINGENCIES

STOCKHOLDERS' DEFICIT

Series C Preferred stock 300,000 shares designated: 0 and 10,000 issued and outstanding respectively. Liquidation preference of \$0 and \$230,510, respectively.	-	
Series D Preferred stock 235,400 shares designated: 65,000 and 235,400 issued and outstanding, respectively. Liquidation preference of \$685,474 and \$2,412,046, respectively.	1	
Series E Preferred stock 350,000 shares designated: 343,250 and 0 issued and outstanding, respectively. Liquidation preference of \$3,449,126 and \$0, respectively.	3	
Common stock, \$0.00001 par value; 50,000,000 shares authorized 15,156,670 and 14,351,476 shares issued and outstanding	151	
Additional paid-in capital	30,976,600	27,2
Accumulated deficit	(31,725,995)	(28,1

TOTAL STOCKHOLDERS' DEFICIT	(749,240)	(8

TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 3,692,249	\$ 3,7
=====		

See accompanying notes to financial statements.

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AMERICAN TECHNOLOGY CORPORATION
 STATEMENTS OF OPERATIONS
 (Unaudited)

	For the three months ended		For the six
	March 31,		Mar
	2003	2002	2003
	=====		
REVENUES:			
Product sales	\$ 145,611	\$ 99,155	\$ 533,578
Contract and license	92,331	100,278	127,663

Total revenues	237,942	199,433	661,241

Cost of revenues	350,784	122,385	672,419

GROSS (LOSS) PROFIT	(112,842)	77,048	(11,178)

OPERATING EXPENSES:			
Selling, general and administrative	908,992	610,463	1,665,309
Research and development	727,298	987,060	1,308,719

Total operating expenses	1,636,290	1,597,523	2,974,028

Loss from operations	(1,749,132)	(1,520,475)	(2,985,206)

OTHER INCOME (EXPENSE):			

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Interest income	1,321	9,910	3,652
Interest expense	(104,828)	(464,918)	(602,730)
Other	(1,667)	-	(1,667)

Total other income (expense)	(105,174)	(455,008)	(600,745)

NET LOSS	\$ (1,854,306)	\$ (1,975,483)	\$ (3,585,951)
=====			
Imputed dividends on convertible Preferred Stock	810,412	2,959	965,291
=====			
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	\$ (2,664,718)	\$ (1,978,442)	\$ (4,551,242)
=====			
NET LOSS PER SHARE OF COMMON STOCK - BASIC AND DILUTED	\$ (0.18)	\$ (0.14)	\$ (0.31)
=====			
AVERAGE WEIGHTED NUMBER OF COMMON SHARES OUTSTANDING	14,897,662	14,273,238	14,629,077
=====			

See accompanying notes to financial statements.

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AMERICAN TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS
(Unaudited)

For the six months ended
March 31,
2003 2002

=====		
INCREASE (DECREASE) IN CASH		
OPERATING ACTIVITIES:		
Net loss	\$ (3,585,951)	\$ (3,684,626)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	339,290	362,826
Allowance for doubtful accounts	(12,100)	-
Warranty reserves	41,542	-
Common stock issued for services and compensation	410,816	7,199
Write-down on patents	40,321	-
Options and warrants granted for services	-	137,590
Amortization of debt discount	405,000	810,000
Changes in assets and liabilities:		
Trade accounts receivable	86,682	(48,551)
Inventories	(294,875)	27,005
Prepaid expenses and other	(52,870)	34,503
Accounts payable	(255,891)	254,479
Accrued liabilities	197,690	112,081

Net cash used in operating activities	(2,680,346)	(1,987,494)

INVESTING ACTIVITIES:		
Purchase of equipment	(9,700)	(27,086)
Patent costs paid	(32,749)	(55,476)

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Net cash used in investing activities	(42,449)	(82,562)

FINANCING ACTIVITIES:		
Payments on capital lease	(4,368)	-
Proceeds from issuance of convertible promissory notes	500,000	-
Proceeds from the issuance of preferred stock	2,407,500	-
Cash paid for offering costs	(141,222)	-
Proceeds from issuance of convertible promissory notes	-	1,225,000
Proceeds from exercise of stock options	19,500	-

Net cash provided by financing activities	2,781,410	1,225,000

Net increase (decrease) in cash	58,615	(845,056)
Cash, beginning of year	1,807,720	1,354,072

Cash, end of year	\$ 1,866,335	\$ 509,016
=====		
SUPPLEMENTAL DISCLOSURES OF CASH INFORMATION:		
Cash paid during the period for:		
Interest	\$ 72,305	\$ -
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Issuance of stock warrants in connection with convertible debt	\$ -	\$ 624,750
Increase in additional paid in capital for the beneficial conversion feature of convertible debt	\$ -	\$ 600,250
Common stock issued on conversion of Series B preferred stock	\$ -	\$ 2,102,412
Sale of equipment for accounts payable	\$ 117,000	\$ -
Secured Notes converted into Series E Preferred Stock	\$ 1,000,000	\$ -
Issuance of Series E Preferred Stock for Subscription receivable	\$ 25,000	\$ -

See accompanying notes to financial statements.

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AMERICAN TECHNOLOGY CORPORATION
NOTES TO INTERIM FINANCIAL STATEMENTS
(Unaudited)

1. OPERATIONS

American Technology Corporation is engaged in design, development and commercialization of sound, acoustic and other technologies. Our primary focus is on marketing four of our proprietary sound reproduction technologies and supplying components based on these technologies to customers.

2. STATEMENT PRESENTATION

The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information. In the opinion of management, the interim financial statements reflect all adjustments of a normal recurring nature necessary for a fair presentation of the results for interim periods. Operating results for the three and six month periods are not necessarily indicative of the results that may be expected for the year. The interim financial statements and notes thereto should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended September 30, 2002 included in the Company's annual report on Form 10K.

The Company's financial statements are presented on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The ability of the Company to continue as a going concern is contingent upon it obtaining sufficient financing to sustain its operations and its ability to ultimately generate profits and positive cash flow

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from operations. The Company has funded its operations primarily through the issuance of securities and debt financings. Other than cash of \$1,866,335 at March 31, 2003 the Company has no other material unused sources of liquidity at this time. Based on our current cash position and projections for future revenues and currently planned expenditures, we will need to raise additional capital of approximately \$2 million to continue operations at planned levels during the next twelve months. While we believe that investment capital in sufficient amounts will be available to us, there can be no guarantee that we will be able to raise funds on terms acceptable to us, or at all. The Company has significant debt that comes due in December 2003 and December 2004.

Based on its current plan and assumptions, the Company anticipates that it will be able to meet its cash requirements for the next twelve months. Management believes increased product sales may provide additional operating funds and believes that any additional investment capital will be available if required. Management has significant flexibility to adjust the level of research and development and selling and administrative expenses based on the availability of resources.

Management expects to incur additional operating losses as a result of expenditures for research and development and marketing costs for sound and other products and technologies. The timing and amounts of these expenditures and the extent of the Company's operating losses will depend on many factors, some of which are beyond management's control. Management anticipates that the commercialization of the Company's technologies may require increased operating costs, however management cannot currently estimate the amounts of these costs.

There can be no assurance that any funds required during the next twelve months or thereafter can be generated from operations or that such required funds would be available from the aforementioned or other potential sources. The lack of sufficient funds from operations or additional capital could force the Company to curtail, scale back operations, or cease operations and would therefore have a material adverse effect on the Company's business.

As such, there is substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments necessary to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

3. NET LOSS PER SHARE

The Company applies Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share." SFAS No. 128 provides for the calculation of "Basic" and "Diluted" earnings per share ("EPS"). Basic EPS includes no dilution and is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution of securities that could share in the earnings of an entity. The Company's net losses for the periods presented cause the inclusion of potential common stock instruments outstanding to be antidilutive and, therefore, in accordance with SFAS No. 128, the Company is not required to present a diluted EPS. Convertible preferred stock, convertible promissory notes, stock options and warrants convertible or exercisable into approximately 6,445,474 and 3,786,805 shares of common stock were outstanding at March 31,

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computation of diluted EPS because of the net losses but could potentially dilute EPS in future periods.

The Series C Preferred Stock provides for an accretion in the conversion value of 6% or \$1.20 per share per annum. The Series D Preferred Stock provides for an accretion in the conversion value of 6% or \$0.60 per share per annum. The Series E Preferred Stock provides for an accretion in the conversion value of 6% or \$0.60 per share per annum. The accrued accretion increases the net loss available to common stockholders. Net loss available to common stockholders is computed as follows:

	Three months ended March 31 2003	2002	Six months 2003
Net Loss	\$ (1,854,306)	\$ (1,975,483)	\$ (3,585,951)
Series D Preferred Stock imputed deemed dividends based on discount at issuance	(616,477)	-	(678,447)
Imputed deemed dividends on warrants issued with Series D Preferred Stock	(60,475)	-	(114,760)
Series E Preferred Stock imputed deemed dividends based on discount at issuance	(61,145)	-	(61,145)
Imputed deemed dividends on warrants issued with Series E Preferred Stock	(17,256)	-	(17,256)
Accretion on Series C, D, and E Preferred Stock at stated rate	(55,059)	(2,959)	(93,683)
Net loss available to common stockholders	\$ (2,664,718)	\$ (1,978,442)	\$ (4,551,242)

4. RECENT ACCOUNTING PRONOUNCEMENTS

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 requires the fair value of a liability for an asset retirement obligation to be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. SFAS No. 143 is effective for the Company for the fiscal year ending September 30, 2003. The Company adopted this statement effective October 1, 2002. The adoption of this statement did not have a material impact on its financial statements.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lives Assets". SFAS 144 requires that those long-lived assets be measured at the lower of carrying amount or fair value, less cost to sell, whether reported in continuing operations or in discontinued operations. Therefore, discontinued operations will no longer be measured at net realizable value or include amounts for operating losses that have not yet occurred. SFAS 144 is effective for financial statements issued for fiscal years beginning after December 15, 2001 and, generally, is to be applied prospectively. The adoption of this statement did not have a material impact on its financial statements.

In April 2002, the FASB issued SFAS No. 145, Rescission of FASB No. 4, 44 and 64, Amendment of FASB No.13, and Technical Corrections. SFAS rescinds FASB No. 4 Reporting Gains and Losses from Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements. This statement also rescinds SFAS No.44 Accounting for Intangible Assets of Motor Carriers and amends SFAS No.13, Accounting for Leases, to eliminate an inconsistency between the required accounting for

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sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This Statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. This statement is effective for fiscal years beginning after May 15, 2002. The adoption of this statement did not have a material impact on its financial statements.

In June 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. SFAS No. 146 addresses accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring). SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at fair value when the liability is incurred. SFAS No. 146 is effective for exit or disposal activities that are initiated after March 31, 2003, with early application encouraged. The Company does not expect the

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AMERICAN TECHNOLOGY CORPORATION
NOTES TO INTERIM FINANCIAL STATEMENTS
(Unaudited)

adoption of this statement to have a material effect on its financial statements.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure -- an Amendment of FASB Statement No. 123." This statement amends SFAS No. 123, "Accounting for Stock-Based Compensation", to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The Company adopted the disclosure requirements effective October 1, 2002, in its financial statements.

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and initial measurement provisions of FIN 45 are applicable on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN 45 are applicable for financial statements of interim periods ending after December 15, 2002. The Company the disclosure requirements of FIN 45 in the 1st quarter of 2002 and has include the new disclosure requirements in the Notes to the Financial Statements (see Note 6).

5. INVENTORIES

Inventories are valued at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method. Inventories consist of the following:

March 31, 2003 September 30, 2002

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Finished goods	\$	214,885	\$	78,361
Raw materials		236,871		78,520
Reserve for obsolete inventory		(20,000)		(20,000)

	\$	431,756	\$	136,881
=====				

6. PRODUCT WARRANTY COST

At the time revenue is recognized, the Company provides for estimated cost of product warranties as provided under contractual arrangements. Warranty obligations are affected by product failure rates and service delivery costs incurred in correcting a product failure. Should such failure rates or costs differ from these estimates, accrued warranty costs would be adjusted in the period that such events or costs become known.

Changes in the warranty reserves during the six months ended March 31, 2003 were as follows:

Balance at October 1, 2002	\$ 6,313
Accruals for warranty during the six months ended March 31, 2003	41,542

Balance at March 31, 2003	\$47,855
=====	

7. PURCHASED TECHNOLOGY

In April 2000, the Company acquired all rights to certain loudspeaker technology owned by David Graebener ("Graebener"), Stephen M. Williams ("Williams") and Hucon Limited, a Washington corporation ("Hucon"). The purchase price consisted of \$300,000 cash plus 200,000 shares of common stock. The 200,000 shares of common stock were issued in June 2000 and were valued at \$962,500. The Company agreed to pay up to an additional 159,843 shares of common stock to Williams and Graebener contingent upon the achievement of certain performance milestones relating to gross revenues received by the Company from the purchased technology. Contingent shares are recorded as compensation expense when earned. During fiscal 2002, a total of 50,000 contingent shares were issued. In fiscal 2003, the Company issued the balance of 109,843 contingent shares and recorded \$410,816 in compensation expense. The Company agreed to employ Mr. Williams and Mr. Graebener for a term of three years subject to certain terms and conditions. The Company did not renew the employment agreements, which terminated on February 15, 2003.

AMERICAN TECHNOLOGY CORPORATION
 NOTES TO INTERIM FINANCIAL STATEMENTS
 (Unaudited)

8. SENIOR SECURED AND CONVERTIBLE SUBORDINATED PROMISSORY NOTES

8% Senior Secured Promissory Notes

On September 30, 2002, the Company issued to accredited investors 8% Senior Secured Promissory Notes ("Senior Notes") for cash proceeds of \$1,500,000. The Senior Notes bear interest at a rate of eight percent (8%) per annum on the principal outstanding until the earlier to occur of (i) December 31, 2003 or (ii) when declared due and payable by the Holder upon the occurrence of an Event of Default (the "Maturity Date"). Interest is payable on a quarterly basis with the first payment due January 2, 2003. The Senior Notes are secured by accounts receivable, certain equipment and inventory. The Senior Notes are convertible

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at the option of the Company. In January 2003, the Company received an additional \$500,000 in cash proceeds from the issuance of a Senior Note to one accredited investor. The terms of this note are the same as the 8% Senior Secured Notes discussed above. In connection with the Series E Financing, the Company amended its Senior Notes (i) to allow the holders of the Notes to convert all or a portion of the principal balance of the Senior Notes into Series E Preferred Stock and (ii) to extend the due date of the unconverted balance of the Senior Notes from December 31, 2003 to December 31, 2004. The Senior Notes were converted into Series E Preferred Stock at a conversion price equal to the outstanding principal balance of the Senior Notes. All accrued but unpaid interest on the converted principal balances plus an amount equal to two months interest on the converted principal balances was paid in cash on the day of conversion. At March 31, 2003 an aggregate of \$1,000,000 was converted into Series E Preferred Stock. The Senior Notes are also subject to mandatory redemption upon the closing of a sale of equity securities in an amount exceeding \$3,000,000. The amendment to the Senior Notes clarified that Senior Note balances converted to Series E Stock would not be included for purposes of determining whether mandatory redemption of the remaining Senior Note balance is required.

12% Convertible Subordinated Promissory Notes

In September and October 2001, the Company sold for cash in a private offering an aggregate of \$2,025,000 of unsecured 12% Convertible Subordinated Promissory Notes ("Notes") to accredited investors and related parties. The Notes were originally due December 31, 2002, but the maturity date was extended to December 31, 2003 by amendment dated November 19, 2002. The principal and interest amount of each Note may, at the election of the Note holder, be converted one or more times into fully paid and nonassessable shares of common stock, at a price of \$2.00 per share. The Notes may be called by the Company for conversion if the market price exceeds \$5.00 per share for five days and certain conditions are met. Each purchaser was granted a warrant to purchase one common share of the Company at \$2.00 per share until September 30, 2006 (the "Warrant") for each \$2.00 of Notes (aggregate Warrants exercisable into 1,012,500 shares). At March 31, 2003, the Notes could have been converted into 1,193,738 shares of common stock.

The Notes and Warrants have antidilution rights reducing the conversion and exercise price for certain issuances of equity securities by the Company at an effective price below the applicable conversion or exercise price. In connection with the Notes and Warrants, the Company recorded a \$2,025,000 discount to the notes to reflect the value of the beneficial conversion feature of the Notes and the value of the Warrants. The Warrants were valued using the Black-Scholes model with a dividend yield of zero percent; expected volatility of 89 to 90 percent; risk free interest rate of 4 percent; and an expected life of five years. The value was reflected as a discount to the debt. This debt discount was being amortized as non-cash interest expense over the original term of the Notes. For the six month period ending March 31, 2003, \$405,000 was amortized as non-cash interest expense.

9. STOCKHOLDERS' DEFICIT

At March 31, 2003, the 10,000 shares of Series C Preferred Stock outstanding were automatically converted into 41,130 shares of Common stock.

In May 2002, the Company sold 235,400 shares of Series D Convertible Preferred Stock ("Series D Stock"), at \$10.00 per share for gross cash proceeds of \$2,354,000. A total of 250,000 shares of Series D Stock have been authorized. The dollar amount of Series D Stock, increased by \$0.60 per share accretion per annum and other adjustments, is convertible one or more times into fully paid shares of common stock at a conversion price which is the lower of (i) \$4.50 per share or (ii) 90% of the volume weighted average market price for the five days prior to conversion, but in no event less than \$2.00 per share, subject to

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adjustment, provided however, that no such conversion could be made prior to January 1, 2003 at a conversion price of less than \$4.50 per share. The shares of Series D Stock may be called by the Company for conversion if the market price of the common stock exceeds \$9.50 per share for ten days and certain conditions are met. The Series D Stock is subject to automatic conversion on March 31, 2006. The purchasers of the Series D Stock were granted warrants to purchase an aggregate of 517,880 common shares of the Company at \$4.50 per share until March 31, 2007 ("D Warrants"). The Series D Stock and the D Warrants have

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AMERICAN TECHNOLOGY CORPORATION NOTES TO INTERIM FINANCIAL STATEMENTS (Unaudited)

antidilution rights reducing the floor conversion and warrant exercise price for certain issuances of equity securities by the Company at an effective price below the applicable floor conversion or warrant exercise price. In connection with the Series D Stock financing, the Company incurred closing costs of \$78,752.

During the six months ending March 31, 2003, 170,400 shares of Series D Stock were converted into 647,720 shares of common stock. As of March 31, 2003 the 65,000 remaining outstanding shares of Series D Stock (based on 360-day year) would have been convertible into 208,986 shares of common stock.

In connection with the Series D Stock and D Warrants, the Company recorded \$994,310 and \$871,000 as the value of the discount at issuance of the Series D Stock and the value of the D warrants, respectively. The D warrants were valued using the Black-Scholes model with a dividend yield of zero percent; expected volatility of 78 percent; risk free interest rate of 4.94 percent; and an expected life of five years. The Series E Financing resulted in a repricing of the 517,880 outstanding D warrants from \$4.50 per share to \$3.01 per share in accordance with repricing provisions of such warrants. In connection with the repricing the Company recorded \$158,519 in additional warrant value. For the six months ended March 31, 2003, \$678,447 and \$114,760 were amortized as a deemed dividend related to the value of the discount at issuance and the value of the D warrants.

Subsequent to March 31, 2003, 10,000 shares of Series D Stock were converted into 35,624 shares of common stock.

In March 2003, the Company sold \$3,432,500 of Series E Preferred Stock, par value \$.00001, at \$10.00 per share (the "Series E Stock") to a limited number of investors (the "Series E Financing"). In connection with the Series E Financing, the Company amended its 8% Senior Secured Promissory Notes (the "Notes") (i) to allow the holders of the Senior Notes to convert all or a portion of the principal balance of the Notes into Series E Stock and (ii) to extend the due date of the unconverted balance of the Senior Notes from December 31, 2003 to December 31, 2004. The Company raised an aggregate of \$2,432,500 in new cash, a subscription receivable and converted Senior Notes with an aggregate value of \$1,000,000. A total of \$1,000,000 in principal amount of the Senior Notes remains outstanding.

The dollar amount of Series E Stock, increased by \$0.60 per share accretion per annum and other adjustments, is convertible one or more times into fully paid shares of common stock at a conversion price which is the lower of (i) \$3.25 per share or (ii) 90% of the volume weighted average market price for the five days prior to conversion, but in no event less than \$2.00 per share, subject to adjustment, provided however, that no such conversion can be made prior to September 30, 2003 at a conversion price of less than \$3.25 per share. The

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shares of Series E Stock may be called by the Company for conversion if the market price of the common stock exceeds \$9.50 per share for ten days and certain conditions are met. The Series E Stock is subject to automatic conversion on December 31, 2006. Each purchaser of Series E Preferred Stock was also granted a warrant to purchase 1.5 shares of common stock for each share of Series E Preferred Stock purchased, exercisable until December 31, 2007 at a price of \$3.25 per share. In connection with the Series E financing, we issued warrants exercisable for an aggregate of 514,875 shares ("E Warrants"). In connection with the Series E Stock financing, the Company incurred closing costs of \$141,222.

As of March 31, 2003 the outstanding Series E Stock (based on 360-day year) would have been convertible into 1,061,270 shares of common stock.

In connection with the Series E Stock and E Warrants, the Company recorded \$2,677,000 and \$755,500 as the value of the discount at issuance of the Series E Stock and the value of the warrants, respectively. The warrants were valued using the Black-Scholes model with a dividend yield of zero percent; expected volatility of 76.5 percent; risk free interest rate of 4.0 percent; and an expected life of five years. For the six months ended March 31, 2003, \$61,145 and \$17,256 were amortized as a deemed dividend related to the value of the discount at issuance and the value of the E warrants.

In March 2003, the Company issued a \$25,000 subscription receivable related to the sale of Series E Stock. The receivable was collected in April 2003.

The cash proceeds of the preferred stock were allocated prorata between the relative fair values of the preferred stock and warrants at issuance using the Black Scholes valuation model for valuing the warrants. After allocating the proceeds between the preferred stock and warrant, an effective conversion price was calculated for the convertible preferred stock to determine the beneficial conversion discount for each share. The value of the beneficial conversion

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AMERICAN TECHNOLOGY CORPORATION
NOTES TO INTERIM FINANCIAL STATEMENTS
(Unaudited)

discount is recorded as a deemed dividend. The resultant combined discount to the preferred stock is accreted as an deemed dividend over the conversion period of the preferred stock. The following is a summary of the components of the discount recorded upon issuance of the preferred stock and warrants:

ISSUANCE DATE	PREFERRED STOCK SERIES	PURCHASE PRICE	NUMBER OF PREFERRED SHARES	NUMBER OF WARRANTS	COMPONENTS OF DEEMED DIVIDEND		
					BENEFICIAL CONVERSION	WARRANTS	TOTAL
May 2002	Series D	\$2,354,000	235,400	517,880	\$ 994,310	\$ 871,000	\$1,865,310
March 2003	Series E	\$3,432,500	343,250	514,875	\$ 2,677,000	\$ 755,500	\$3,432,500

The following table summarizes information about the Series D Preferred Stock and deemed dividend activity during the six months ended March 31, 2003:

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	SERIES D		
	DEEMED DIVIDEND	PREFERRED SHARES OUTSTANDING	WAR OUTST
Deemed dividend for warrants and beneficial conversion May 2002	\$1,865,310	235,400	5
Accretion of deemed dividend	(195,936)	-	
Balance as of September 30, 2002	1,669,374	235,400	5
Deemed dividend accreted on preferred stock converted	(643,647)	(170,400)	
Additional deemed dividend for Series D warrant repricing	158,519	-	
Accretion of deemed dividend	(149,560)	-	
Balance as of March 31, 2003	\$1,034,686	65,000	5

The following table summarizes information about the Series E Preferred Stock and deemed dividend activity during the six months ended March 31, 2003:

	SERIES E	
	DEEMED DIVIDEND	PREFERRED SHARES OUTSTANDING
Deemed dividend for warrants and beneficial conversion March, 2003	\$3,432,500	343,250
Accretion of deemed dividend	(78,401)	-
Deemed dividend for warrants and beneficial conversion March 31, 2003	\$3,354,099	343,250

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AMERICAN TECHNOLOGY CORPORATION
NOTES TO INTERIM FINANCIAL STATEMENTS
(Unaudited)

The following table summarizes changes in equity components from transactions during the six months ended March 31, 2003:

	Preferred Stock		Common Stock	
	Shares	Amount	Shares	Amount
Balance as of October 1, 2002	245,400	\$	2	14,351,476
Stock issued upon exercise of stock options	-	-	6,500	-

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Stock issued for services	-	-	109,844	1
Stock issued on conversion of Series D Preferred Stock	(170,400)	(1)	647,720	6
Stock issued on conversion of Series C Preferred Stock	(10,000)	-	41,130	-
Issuance of Series E Preferred Stock, net of offering costs of \$141,222	343,250	\$ 3	-	-
Net loss	-	-	-	-

Balance as of March 31, 2003	408,250	\$ 4	15,156,670	\$ 151
=====				

The following table summarizes information about stock option activity during the six months ended March 31, 2003:

	Number of Options	Weighted Average exercise price
Outstanding October 1, 2002	1,459,175	\$ 3.97
Canceled/expired	(84,450)	\$ 4.25
Exercised	(6,500)	\$ 3.00
Granted	293,000	\$ 3.37
Outstanding March 31, 2003	1,661,225	\$ 3.86

Exercisable at March 31, 2003	1,289,559	\$ 3.86
=====		

Options outstanding are exercisable at prices ranging from \$2.50 to \$9.03 and expire over the period from 2003 to 2008 with an average life of 3 years.

The following table summarizes information about warrant activity during the six months ended March 31, 2003:

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding October 1, 2002	2,105,380	\$ 4.85

Canceled/expired	(300,000)	11.00
Exercised	-	-
Granted	514,875	3.25

Outstanding March 31, 2003	2,320,255	\$ 3.36
=====		

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NOTES TO INTERIM FINANCIAL STATEMENTS
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At March 31, 2003, the Company had the following warrants outstanding arising from offerings and other transactions, each exercisable into one Common Share:

Number	Exercise Price	Expiration Date
50,000	\$ 16.00	May 12, 2003
50,000	\$ 10.00	January 5, 2004
75,000	\$ 11.00	March 31, 2005
1,012,500	\$ 2.00	September 30, 2006
517,880	\$ 3.01	March 31, 2007
100,000	\$ 4.25	September 30, 2007
514,875	\$ 3.25	December 31, 2007
2,320,255	\$ 3.36	

At March 31, 2003, the Company has two stock-based employee compensation plans. The Company accounts for those plans under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees, and related Interpretations". No stock-based employee compensation cost is reflected in net loss available to common shareholders, as all options granted under those plans had an exercise price equal to or greater than the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net loss available to common shareholders and basic and diluted loss per common share if the Company had applied the fair value recognition provisions of SFAS No. 123:

	For the three months ended March 31,		For the six months ended
	2003	2002	2003
Net loss available to common shareholders			
Net loss as reported	\$ (2,664,718)	\$ (1,978,442)	\$ (4,551,240)
Deduct:			
Total stock-based employee compensation determined under fair value based method for all awards, net of related tax effects	136,076	148,718	258,150
Pro forma net loss	\$ (2,800,794)	\$ (2,127,160)	\$ (4,809,390)
Net loss per common share			
As reported	\$ (0.18)	\$ (0.14)	\$ (0.30)
Pro forma	\$ (0.19)	\$ (0.15)	\$ (0.30)

10. INCOME TAXES

At September 30, 2002, a valuation allowance has been provided to offset the net deferred tax asset as management has determined that it is more likely than not that the deferred tax asset will not be realized. The Company has for federal income tax purposes net operating loss carryforwards of approximately \$23,259,000 which expire through 2022 of which certain amounts are subject to limitations under the Internal Revenue Code of 1986, as amended.

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

THE FOLLOWING DISCUSSION INCLUDES FORWARD-LOOKING STATEMENTS WITH RESPECT TO OUR FUTURE FINANCIAL PERFORMANCE. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE CURRENTLY ANTICIPATED AND FROM HISTORICAL RESULTS DEPENDING UPON A VARIETY OF FACTORS, INCLUDING THOSE DESCRIBED BELOW UNDER THE SUB-HEADING, "BUSINESS RISKS." ALSO SEE OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED SEPTEMBER 30, 2002.

OVERVIEW

We are focused on commercializing our proprietary HyperSonic Sound ("HSS"), NeoPlanar, PureBass and HIDA sound technologies. Our HyperSonic Sound technology employs a laser-like beam to project sound to any listening environment. Our NeoPlanar technology is a thin film magnetic speaker that uses unique films and materials, which we believe results in superior sound quality and volume for any given size with low distortion. PureBass is an extended range woofer designed to complement our HSS, NeoPlanar technologies and other high performance satellite systems. Our HIDA technology employs proprietary techniques and components to produce variable intensity directional acoustical sound intended for use as a hailing device or supercharged megaphone or as a non-lethal weapon. Our strategy is to commercialize these technologies through licensing and product sales to customers, distributors and OEMs. We believe our HSS, NeoPlanar and PureBass technologies meet customer and OEM requirements. These technologies have been licensed to OEMs and are being transferred to production. We expect product sales and royalties to commence in fiscal 2003 from these technologies. We are also producing HSS and NeoPlanar systems for sale to customers, distributors and OEMs. We are in the early stage of sales and licensing of our sound technologies with many customers purchasing systems for evaluation and demonstration.

We incurred net losses of \$8,220,132, \$5,046,219 and \$3,068,046 in the fiscal years ended September 30, 2002, 2001 and 2000 and a net loss of \$3,585,951 for the six months ended March 31, 2003. We have substantial research and development and general administrative expenses, and our revenues from our audio technologies and portable consumer products have not yet been sufficient to offset these costs. We expect to incur additional operating losses during the balance of fiscal 2003, and we anticipate that we will need to raise additional capital of approximately \$2 million to continue operations at planned levels during the next twelve months. See "Liquidity and Capital Resources" below. As a result of our need for capital and our net losses to date, our independent auditors noted in their audit report on our financial statements for the fiscal year ended September 30, 2002 substantial doubt about our ability to continue as a going concern. We will need to generate additional revenue to achieve profitability and generate positive cash flow from operations in future periods.

We license our technologies for production by others. When we license an audio technology, we typically receive a flat fee up-front, with the balance of payments based upon a percentage of net revenues of the products in which our technology is incorporated. Revenues from up-front license fees are recognized ratably over the specified term of the particular license. Contract fees are recorded as services are performed.

In other instances we supply complete systems or components used in other products to customers, distributors or OEMs. In these cases we include our intellectual property fees in the selling prices of the systems or components. We currently produce HSS systems and NeoPlanar panels which are installed as a component of a sound system.

Our various technologies are high risk in nature. Unanticipated technical

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obstacles can arise at any time and disrupt sales or licensing activities and result in lengthy and costly delays. There can be no assurance commercially viable sound products offered by us or by our customers, distributors or OEMs will meet with market acceptance or that such products will perform on a cost-effective basis.

Our future is largely dependent upon the success of our sound technologies. We invest significant funds in research and development and on patent applications related to our proprietary technologies. There can be no assurance our technologies will achieve market acceptance sufficient to sustain operations or achieve future profits. See "Business Risk" below.

Effective in October 2002, we discontinued our portable consumer product line in order to focus financial, personnel and facility resources on our sound technologies, which we expect to provide substantially all of our fiscal 2003 revenues. For the six months ended March 31, 2003 and for fiscal 2002 we recorded revenues of \$78,680 and \$301,116, respectively for portable consumer products. These revenues represented products sourced by us, private labeled under our name and resold to sporting good stores and other retailers. Historically, portable consumer product revenues accounted for the majority of our revenues.

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Demand for our sound technologies and products is subject to significant month to month variability resulting from seasonal demand fluctuations and the limited number of customers and market penetration achieved by us to date. Further, we expect future sales may be concentrated with a limited number of customers. We are also reliant on outside suppliers for components of our products and outside manufacturers for assembly and there can be no assurance of future supply. The markets for our products and future products and technologies are subject to rapidly changing customer tastes and a high level of competition. Demographic trends in society, marketing and advertising expenditures, and product positioning in retail outlets, technological developments, seasonal variations and general economic conditions influence demand for our products. Because these factors can change rapidly, customer demand can also shift quickly. We may not be able to respond to changes in customer demand because of the time required to change or introduce products, production limitations and/or limited financial resources.

CRITICAL ACCOUNTING POLICIES

We have identified the policies below as critical to our business operations and the understandings of our results of operations. The impact and any associated risks related to these policies on our business operations is discussed throughout Management's Discussion and Analysis of Financial Condition and Results of Operations when such policies affect our reported and expected financial results.

In the ordinary course of business, we have made a number of estimates and assumptions relating to the reporting of results of operations and financial condition in the preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ significantly from those estimates under different assumptions and conditions. We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the portrayal of our financial condition and results of operations and require our most difficult, subjective, and complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

We do not have off-balance sheet arrangements, financings, or other

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relationships with unconsolidated entities or other persons, also known as "special purpose entities" (SPEs).

REVENUE RECOGNITION

We derive our revenue primarily from two sources: (i) product revenue and (ii) contract and license fee revenue. Product revenues are recognized in the periods that products are shipped to customers, FOB shipping point, if a signed contract exists, the fee is fixed and determinable, collection of resulting receivables is probable and there are no resulting obligations. Revenues from ongoing per unit license fees are earned based on units shipped incorporating our patented proprietary technologies and are recognized in the period when the manufacturers' units shipped information is available to us and collectibility is reasonably assured. Revenues from up-front license and other fees and annual license fees are recognized ratably over the specified term of the particular license or agreement.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are salaries and related expenses associated with the development of our proprietary sound technologies and include compensation paid to engineering personnel and fees to outside contractors and consultants.

DEFERRED TAX ASSET

We have provided a full valuation reserve related to our substantial deferred tax assets. In the future, if sufficient evidence of our ability to generate sufficient future taxable income in certain tax jurisdictions becomes apparent, we may be required to reduce our valuation allowances, resulting in income tax benefits in our consolidated statement of operations. We evaluate the realizability of the deferred tax assets and assess the need for valuation allowance quarterly. The utilization of the net operating loss carryforwards could be substantially limited due to restrictions imposed under federal and state laws upon a change in ownership.

RESULTS OF OPERATIONS

Total revenues for the six month period ended March 31, 2003 and 2002 were \$661,241 and \$456,054, respectively. Total revenues for the three month period ended March 31, 2003 and 2002 were \$237,942 and \$199,433, respectively. Product revenues for the six months ended March 31, 2003 were \$533,578 a 65% increase from the comparable six month total of \$324,110 for the prior year. For the six months ended March 31, 2003 product sales included \$78,680 of consumer portable product sales and \$454,898 from the sale of NeoPlanar, HIDA and HSS products. For the six months ended March 31, 2002 product sales included \$165,463 of consumer portable product sales and \$158,647 from the sale of NeoPlanar, HIDA and HSS products. Product revenues for the second quarter ended March 31, 2003 and 2002 were \$145,611 and \$99,155, respectively. We experienced manufacturing quality control problems with some of our initial commercial HSS units, which negatively impacted product sales during the second quarter of fiscal 2003. We have worked closely with our contract manufacture to resolve these issues, but

because our HSS emitters are a new and unique product, we may continue to experience manufacturing problems that could adversely impact product sales in future periods. Consumer product revenues were historically volatile due to changing customers and product offerings and reliance on a limited number of customers. Since we have discontinued our portable consumer products line, fiscal 2003 revenues for these products will be substantially below those for fiscal 2002, and will be limited to sales of inventory on hand. Sales of sound products are also expected to be volatile as a result of manufacturing startup requirements and the need to recruit new customers for products not previously available in the marketplace.

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Contract and license revenues for the quarters ended March 31, 2003 and 2002 were \$127,663 and \$131,944, respectively. We recognize upfront fees and advance revenues over the term of respective license agreements. At March 31, 2003 and September 30, 2002 we had \$388,168 and \$276,667, respectively, collected and recorded as unrecognized revenue for existing contracts and licenses.

At March 31, 2003, we received purchase orders for approximately \$240,000 for military product expected to ship during our fiscal third quarter ending June 30, 2003. Anticipated shipments are subject to change due to a variety of factors, many outside our control. Our customers may modify or cancel orders and delay or change schedules. Shipments may also be delayed due to production delays, component shortages and other production related issues.

Cost of revenues for the six months ended March 31, 2003 was \$672,419 resulting in a gross loss of \$11,178 or 1.7%. This compares to a gross profit of \$217,209 or 48% for the comparable period of the prior year. It is difficult to compare historical gross profit percentages due to changes in contract and license revenues as a percentage of total revenues and changes in the product mix in each year. Cost of revenues for the three months ended March 31, 2003 and 2002 were \$350,784 and \$122,385 resulting in a gross loss of 47% and a gross profit of 39%, respectively. The lower gross profit percentage in the six and three months ended March 31, 2003 resulted from lower margins on consumer product sales, and establishing a warranty reserve and startup production costs for HSS and NeoPlanar products. Gross profit percentage is highly dependent on sales prices, volumes, purchasing costs and overhead allocations. Overall gross margins will also be impacted by future contract and licensing revenues and the types of products sold to customers. Margins may vary significantly from period to period.

Selling, general and administrative expenses for the six months ended March 31, 2003 and 2002 were \$1,665,309 and \$1,103,120, respectively. The \$562,189 increase resulted from an increase in legal costs and fees of \$166,055, an increase in professional services of \$61,461, an increase in personnel and related costs of \$333,972 and an increase of \$8,284 for print advertising. The increase in personnel costs included four new hires. Selling, general and administrative expense for the three month period ending March 31, 2003 increased by \$298,529 or 49% from the comparable prior year period. We may expend additional resources on marketing our sound technologies in future quarters, which may increase selling, general and administrative expenses in future periods.

Research and development expenses for the six months ended March 31, 2003 were \$1,308,719 compared to \$1,880,997 for the comparable six months of the prior year. The \$572,278 decrease resulted from a reduction of \$386,470 for supplies and materials used in the development of our sound technologies and a decrease of \$314,468 for consulting services offset by an increase in personnel and related costs of \$182,798. The increase in personnel and related costs can be attributed to the addition of an engineer administrative assistant, two lab technicians and a quality control director. Research and development costs for the three months ended March 31, 2003 decreased by \$259,762 or 26% from the comparable prior year period. Research and development costs vary quarter by quarter due to the timing of projects, the availability of funds for research and development and the timing and extent of use of outside consulting, design and development firms. We expect that fiscal 2003 research and development costs may be at lower levels than the prior year based on current staffing and budgeting as we focus resources on sales of products from developed technologies.

We recorded in selling, general and administrative expenses \$3,600 for the six months ended March 31, 2002 for services paid through the issuance of 1,425 shares of common stock.

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We experienced a loss from operations of \$2,985,206 during the six months ended March 31, 2003, compared to a loss from operations of \$2,766,908 for the comparable six months ended March 31, 2002. The \$218,298 increase is primarily due to the decrease in our gross profit on product sales reflecting production start up costs.

Interest expense of \$602,730 for the six months ended March 31, 2003 included \$405,000 of noncash amortization of debt discount, \$121,529 of accrued interest on convertible subordinated promissory notes and \$72,305 of paid interest on senior secured promissory notes.

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The net loss available to common stockholders for the six months ended March 31, 2003 of \$4,551,242 included \$93,683 of accretion on the Series C, D and E Preferred Stock and also included \$678,447 and \$61,145 on Series D and Series E Preferred Stock imputed deemed dividends based on discount at issuance, respectively, and \$114,760 and \$17,256 on imputed deemed dividends on warrants issued in connection with the Series D and Series E Preferred Stock, respectively. The net loss available to common stockholders for the three months ended March 31, 2003 of \$2,664,718 included \$55,059 of accretion on the Series C, D and E Preferred Stock and also included \$616,477 and \$61,145 on Series D and Series E Preferred Stock imputed deemed dividends based on discount at issuance, respectively, and \$60,475 and \$17,256 on imputed deemed dividends on warrants issued in connection with the Series D and Series E Preferred Stock, respectively.

The net loss available to common stockholders for the six months ended March 31, 2002 of \$3,707,541 included \$22,915 of accretion on the Series C Preferred Stock. The net loss available to common stockholders for the three months ended March 31, 2002 of \$1,978,442 included \$2,959 of accretion on the Series C Preferred Stock.

We have federal net loss carryforwards of approximately \$23,259,000 for federal tax purposes expiring through 2022. The amount and timing of the utilization of our net loss carryforwards may be limited under Section 382 of the Internal Revenue Code. A valuation allowance has been recorded to offset the related net deferred tax asset as management was unable to determine that it is more likely than not that the deferred tax asset will be realized.

Future operations are subject to significant variability as a result of licensing activities, product sales and margins, timing of new product offerings, the success and timing of new technology exploitation, decisions regarding future research and development and variability in other expenditures.

LIQUIDITY AND CAPITAL RESOURCES

We have experienced significant negative cash flow from operating activities developing and introducing our sound technologies. Due to our need for additional capital and our net losses, our independent auditors have noted in their report on our financial statements a substantial doubt about our ability to continue as a going concern. Our negative cash flow from operating activities was \$2,680,346 for the six months ended March 31, 2003. As of March 31, 2003, the net loss of \$3,585,951 included certain expenses not requiring the use of cash totaling \$1,124,869. In addition, cash was used in operating activities through an increase of \$294,875 in inventories, an increase of \$52,870 in prepaid expenses and other and a decrease of \$255,891 in accounts payable. Cash provided by operating activities included an \$86,682 decrease in accounts receivable and a \$197,690 increase in accrued liabilities.

At March 31, 2003, we had gross accounts receivable of \$44,995 as compared to

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\$131,677 at September 30, 2002. This represented approximately 25 days of sales. Terms with individual customers vary greatly. We typically require pre-payment or a maximum of thirty day terms for our sound technology products. Our receivables can vary dramatically due to overall sales volumes and due to quarterly and seasonal variations in sales and timing of shipments to and receipts from large customers.

For the six months ended March 31, 2003, we used approximately \$9,700 for the purchase of laboratory and computer equipment and made a \$32,749 investment in patents and new patent applications. We anticipate a continued investment in patents in fiscal 2003. Dollar amounts to be invested on these patents are not currently estimable by management.

At March 31, 2003, we had negative working capital of \$979,997 compared to working capital of \$554,713 at September 30, 2002.

We have financed our operations primarily through the sale of preferred stock, exercises of stock options, sale of convertible and non-convertible notes, proceeds from the sale of investment securities and margins from product sales. At March 31, 2003, we had cash of \$1,866,335, representing an increase of \$58,615 from cash at September 30, 2002. The increase resulted from cash used in operating activities offset by proceeds from Series E Preferred Stock, a subscription receivable and an 8% Senior Note, in aggregate amount of \$2,932,500.

During the quarter ended March 31, 2003, we raised an additional \$500,000 through the sale of an 8% Senior Secured Note. We previously issued \$1,500,000 of such notes on September 30, 2002. In connection with our sale of Series E Preferred Stock, all of the outstanding senior notes were amended in February 2003:

- to allow the holders of the senior notes to convert all or a portion of the principal balance of the senior notes into Series E Preferred Stock; and
- to extend the due date of the unconverted balance of the senior notes from December 31, 2003 to December 31, 2004.

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The senior notes bear interest at a rate of eight percent per annum. Interest is payable on a quarterly basis with the first payment due January 2, 2003. The senior notes are secured by accounts receivable, certain equipment and inventory. The senior notes are also subject to mandatory redemption upon the closing of a sale of equity securities in an amount exceeding \$3,000,000. The February 2003 amendment clarified that senior note balances converted to Series E Preferred Stock would not be included for purposes of determining whether mandatory redemption of the remaining senior note balance is required.

During the quarter ended March 31, 2003, we sold 343,250 shares of Series E Preferred Stock at \$10.00 per share, and issued 514,875 related common stock purchase warrants exercisable at \$3.25 per share. Through this sale, we raised approximately \$2,266,278 in new cash after deducting offering costs, a subscription receivable and converted outstanding senior secured promissory notes with an aggregate principal value of \$1,000,000. The terms of the Series E Preferred Stock and related warrants are described under Part II, Item 2 below.

Based on our current cash position and assuming (a) currently planned expenditures and level of operations, (b) continuation of product sales and (c) expected royalty and licensing proceeds; we believe we will require approximately \$2 million of additional cash for operations for the next twelve months. We believe increased sales of HSS and NeoPlanar products may provide a

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portion of this cash. We believe that any required investment capital will be available to us, but there can be no guarantee that we will be able to raise funds on terms acceptable to us, or at all. We have significant flexibility to adjust the level of research and development and selling and administrative expenses based on the availability of resources. However reductions in expenditures could delay development and adversely affect our ability to generate future revenues.

Any equity-based source of additional funds could be dilutive to existing equity holders and the dilution could be material. The lack of sufficient funds from operations or additional capital could force us to curtail or scale back operations and would therefore have an adverse effect on our business. Other than cash and cash equivalents, we have no unused sources of liquidity at this time. We expect to incur additional operating losses as a result of expenditures for research and development and marketing costs for our sound products and technologies. The timing and amounts of these expenditures and the extent of our operating losses will depend on many factors, some of which are beyond our control. Accordingly, there can be no assurance that our current expectations regarding required financial resources will prove to be accurate. We anticipate that the commercialization of our technologies may require increased operating costs; however, we cannot currently estimate the amounts of these costs.

CONTRACTUAL COMMITMENTS AND COMMERCIAL COMMITMENTS

The following table summarizes our contractual obligations, including purchase commitments at March 31, 2003, and the effect such obligations are expected to have on our liquidity and cash flow in future periods:

Contractual Obligations	Payments Due by Period			
	Less than 1 Year	1-3 Year	4-5 Years	After 5 Years
Capital leases	\$ 9,110	\$ 28,497	\$ -	\$ -
Operating lease	63,964	-	-	-
Employment agreements	386,000	536,250	-	-
Convertible promissory notes due December 31, 2003	2,569,890 (1)	-	-	-
Senior secured promissory notes due December 31, 2004	-	1,159,726	-	-
Total contractual cash obligations	\$ 3,028,964	\$1,724,473	\$ -	\$ -

10% ">

8/18 at 100.00
A3
1,495,800

Series B2, Capital Asset Program, Converted June 9, 2009, 5.375%, 2/01/28 – NPMG Insured

585

Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Milford Regional

7/17 at 100.00
BBB-

	497,414
Medical Center, Series 2007E, 5.000%, 7/15/32	
	200
Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Milton Hospital	
	7/15 at 100.00
	BB-
	162,534
Project, Series 2005D, 5.250%, 7/01/30	
	250
Massachusetts Health and Educational Facilities Authority, Revenue Bonds, UMass Memorial	
	7/15 at 100.00
	BBB+
	216,320
Health Care, Series 2005D, 5.000%, 7/01/33	
	4,540
Total Health Care	
	4,374,673
Housing/Multifamily – 11.4% (7.3% of Total Investments)	
	500
Boston Housing Authority, Massachusetts, Capital Program Revenue Bonds, Series 2008, 5.000%,	
	4/18 at 100.00
	AA+
	537,750
4/01/20 – AGM Insured	
	755
Massachusetts Development Finance Authority, Multifamily Housing Revenue Bonds, Emerson Manor	
	7/17 at 100.00
	BB
	703,056
Project, Series 2007, 4.800%, 7/20/48	
	2,000
Massachusetts Housing Finance Agency, Housing Bonds, Series 2003H, 5.125%, 6/01/43	

	12/12 at 100.00 AA-	1,958,420 1,265
Massachusetts Housing Finance Agency, Rental Housing Mortgage Revenue Bonds, Series 2002H,	7/12 at 100.00 AA+	1,259,523
5.200%, 7/01/42 – AGM Insured		4,520
Total Housing/Multifamily		4,458,749
Industrials – 7.3% (4.7% of Total Investments)		
Massachusetts Development Finance Authority, Revenue Bonds, 100 Cambridge Street Redevelopment, M/SRBC Project, Series 2002A:		1,475
5.125%, 8/01/28 – NPFPG Insured	2/12 at 100.00 Baa1	1,475,664 1,500
5.125%, 2/01/34 – NPFPG Insured	2/12 at 100.00 Baa1	1,409,955 2,975
Total Industrials		2,885,619
52 Nuveen Investments		

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Long-Term Care – 4.8% (3.0% of Total Investments)			
\$ 1,750	Massachusetts Development Finance Authority, GNMA Collateralized Revenue Bonds, Neville Communities, Series 2002A, 6.000%, 6/20/44	12/12 at 105.00	AAA	\$ 1,871,240
	Tax Obligation/General – 13.0% (8.3% of Total Investments)			
1,280	Littleton, Massachusetts, General Obligation Bonds, Series 2003, 5.000%, 1/15/21 – FGIC Insured	1/13 at 101.00	AA	1,345,408
1,500	Massachusetts, General Obligation Bonds, Consolidated Loan, Series 2004B, 5.250%, 8/01/21 – AGM Insured	No Opt. Call	AA+	1,817,670
1,705	North Attleborough, Massachusetts, General Obligation Bonds, Series 2004, 5.000%, 7/15/15 – FGIC Insured	7/14 at 101.00	Aa2	1,923,240
4,485	Total Tax Obligation/General			5,086,318
	Tax Obligation/Limited – 18.0% (11.5% of Total Investments)			
3,000	Martha's Vineyard Land Bank, Massachusetts, Revenue Bonds, Series 2002, 5.000%, 5/01/32 – AMBAC Insured	5/13 at 100.00	A–	3,004,770
750	Massachusetts College Building Authority, Project Revenue Bonds, Series 2008A, 5.000%, 5/01/33 – AGC Insured	5/18 at 100.00	AA+	770,033
2,790	Massachusetts College Building Authority, Project Revenue Refunding Bonds, Series 2003A, 5.250%, 5/01/22 – SYNCORA GTY Insured	5/13 at 100.00	Aa2	2,947,719
300	Massachusetts State, Special Obligation Dedicated Tax Revenue Bonds, Series 2005, 5.000%, 1/01/20 – FGIC Insured	No Opt. Call	A1	336,057
6,840	Total Tax Obligation/Limited			7,058,579
	Transportation – 2.6% (1.6% of Total Investments)			
1,000	Massachusetts Port Authority, Revenue Bonds, Series 2003A, 5.000%, 7/01/33 – NPFQ Insured	7/13 at 100.00	AA–	1,006,930
	U.S. Guaranteed – 39.7% (25.3% of Total Investments) (4)			
2,000	Massachusetts Bay Transportation Authority, Sales Tax Revenue Bonds, Senior Lien Series 2002A, 5.000%, 7/01/27 (Pre-refunded 7/01/12) – FGIC Insured	7/12 at 100.00	AAA	2,101,700
500	Massachusetts Development Finance Authority, Revenue Bonds, Massachusetts College of Pharmacy and Allied Health Sciences, Series 2003C, 6.375%, 7/01/23 (Pre-refunded 7/01/13)	7/13 at 101.00	A (4)	566,595
100	Massachusetts Health and Educational Facilities Authority, Revenue Bonds, New England Medical Center Hospitals, Series 2002H: 5.000%, 5/15/25 (Pre-refunded 5/15/12) – FGIC Insured	5/12 at 100.00	N/R (4)	104,335

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2,400	5.000%, 5/15/25 (Pre-refunded 5/15/12) – FGIC Insured	5/12 at 100.00	N/R (4)	2,504,040
295	Massachusetts Port Authority, Revenue Bonds, Series 1982, 13.000%, 7/01/13 (ETM)	7/11 at 100.00	AAA	334,515
1,000	Massachusetts State, Special Obligation Dedicated Tax Revenue Bonds, Series 2004, 5.250%, 1/01/21 (Pre-refunded 1/01/14) – FGIC Insured	1/14 at 100.00	A1 (4)	1,113,680
1,500	Massachusetts, General Obligation Bonds, Consolidated Loan, Series 2001D, 5.000%, 11/01/20 (Pre-refunded 11/01/11) – NPFPG Insured	11/11 at 100.00	Aa1 (4)	1,529,625
1,500	Pittsfield, Massachusetts, General Obligation Bonds, Series 2002, 5.000%, 4/15/18 (Pre-refunded 4/15/12) – NPFPG Insured	4/12 at 101.00	Aa2 (4)	1,577,205
3,000	Springfield, Massachusetts, General Obligation Bonds, Series 2003, 5.250%, 1/15/22 (Pre-refunded 1/15/13) – NPFPG Insured	1/13 at 100.00	AA– (4)	3,234,780
2,140	University of Massachusetts Building Authority, Senior Lien Project Revenue Bonds, Series 2004-1, 5.375%, 11/01/21 (Pre-refunded 11/01/14) – AMBAC Insured	11/14 at 100.00	A+ (4)	2,462,905
14,435	Total U.S. Guaranteed Utilities – 2.2% (1.4% of Total Investments)			15,529,380
900	Guam Power Authority, Revenue Bonds, Series 2010A, 5.000%, 10/01/37 – AGM Insured Water and Sewer – 19.2% (12.2% of Total Investments)	10/20 at 100.00	AA+	846,648
1,900	Lynn Water and Sewer Commission, Massachusetts, General Revenue Bonds, Series 2003A, 5.000%, 12/01/32 – NPFPG Insured	12/13 at 100.00	A1	1,903,306
600	Massachusetts Water Pollution Abatement Trust, Pooled Loan Program Bonds, Series 2006-12, 4.375%, 8/01/31	8/16 at 100.00	AAA	606,054
1,000	Massachusetts Water Resources Authority, General Revenue Bonds, Series 2002J, 5.250%, 8/01/19 – AGM Insured	No Opt. Call	AA+	1,205,580

Nuveen Investments 53

Nuveen Insured Massachusetts Tax-Free Advantage Municipal Fund
(continued)

NGX Portfolio of Investments May 31, 2011

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Water and Sewer (continued)			
\$ 1,000	Massachusetts Water Resources Authority, General Revenue Bonds, Series 2004D, 5.000%, 8/01/24 – NPFPG Insured	8/13 at 100.00	AA+	\$ 1,063,930
1,500	Massachusetts Water Resources Authority, General Revenue Bonds, Series 2006A: 5.000%, 8/01/31 – AMBAC Insured	8/16 at 100.00	AA+	1,562,550
125	4.000%, 8/01/46 Springfield Water and Sewerage Commission, Massachusetts, General Revenue Bonds, Refunding Series 2010B, 5.000%, 11/15/30 – AGC Insured	8/16 at 100.00	AA+	109,584
500	Springfield Water and Sewerage Commission, Massachusetts, General Revenue Bonds, Series 2003A, 5.000%, 7/01/16 – NPFPG Insured	No Opt. Call	AA+	530,739
495	Springfield Water and Sewerage Commission, Massachusetts, General Revenue Bonds, Series 2003A, 5.000%, 7/01/16 – NPFPG Insured	7/14 at 100.00	A+	539,183
7,120	Total Water and Sewer			7,520,926
\$ 59,400	Total Investments (cost \$60,027,197) – 156.9%			61,453,112
	Floating Rate Obligations – (3.8)%			(1,500,000)
	MuniFund Term Preferred Shares, at Liquidation Value – (56.4)% (5)			(22,075,000)
	Other Assets Less Liabilities – 3.3%			1,280,312
				\$
	Net Assets Applicable to Common Shares – 100%			39,158,424

The Fund intends to invest at least 80% of its managed assets in municipal securities that are covered by insurance guaranteeing the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Insurance, for more information.

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): 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. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the highest of Standard & Poor’s Group (“Standard & Poor’s”), Moody’s Investor Service, Inc. (“Moody’s”) or Fitch, Inc. (“Fitch”) rating. Ratings below BBB by Standard & Poor’s, Baa by Moody’s or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- (4)

Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.

- (5) MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 35.9%.
- N/R Not rated.
- (ETM) Escrowed to maturity.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

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Nuveen

Investments

NOM Nuveen Missouri Premium Income Municipal Fund
Portfolio of Investments

May 31, 2011

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Consumer Staples – 3.4% (2.1% of Total Investments)			
\$ 1,000	Missouri Development Finance Board, Solid Waste Disposal Revenue Bonds, Procter and Gamble Inc., Series 1999, 5.200%, 3/15/29 (Alternative Minimum Tax)	No Opt. Call	AA–	1,037,080
	Education and Civic Organizations – 4.4% (2.7% of Total Investments)			
250	Lincoln University, Missouri, Auxiliary System Revenue Bonds, Series 2007, 5.125%, 6/01/37 – AGC Insured	6/17 at 100.00	AA+	250,513
700	Missouri Health and Educational Facilities Authority, Revenue Bonds, Rockhurst University, Series 2011A, 6.500%, 10/01/35	10/18 at 103.00	BBB	710,969
365	Missouri Health and Educational Facilities Authority, Revenue Bonds, Webster University, Series 2001, 5.500%, 4/01/18 – NPMFG Insured	10/11 at 100.00	A3	365,723
1,315	Total Education and Civic Organizations Health Care – 31.7% (20.0% of Total Investments)			1,327,205
485	Cape Girardeau County Industrial Development Authority, Missouri, Health Facilities Revenue Bonds, Saint Francis Medical Center, Series 2009A, 5.750%, 6/01/39	6/19 at 100.00	A+	493,391
760	Cape Girardeau County Industrial Development Authority, Missouri, Health Facilities Revenue Bonds, Southeast Missouri Hospital Association, Series 2007, 5.000%, 6/01/27	6/17 at 100.00	BBB+	691,258
930	Cass County, Missouri, Hospital Revenue Bonds, Series 2007, 5.625%, 5/01/38	11/16 at 100.00	BBB–	797,838
480	Clinton County Industrial Development Authority, Missouri, Revenue Bonds, Cameron Regional Medical Center, Series 2007, 5.000%, 12/01/37	12/17 at 100.00	N/R	321,749
750	Joplin Industrial Development Authority, Missouri, Health Facilities Revenue Bonds, Freeman Health System, Series 2004, 5.500%, 2/15/29	2/15 at 102.00	BBB+	721,223
500	Missouri Health & Educational Facilities Authority, St. Luke’s Episcopal- Presbyterian Hospitals Revenue Bonds, Series 2001, 5.250%, 12/01/26 – AGM Insured	12/11 at 101.00	AA+	501,855
2,000	Missouri Health and Educational Facilities Authority, Health Facility Revenue Bonds, St. Lukes’s Health System, Series 2010A, 5.000%, 11/15/30	11/20 at 100.00	A+	2,013,440

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Missouri Health and Educational Facilities Authority, Revenue Bonds,
BJC Health System,
Series 2003:

			5/13 at		
1,500	5.125%, 5/15/25		100.00	AA	1,522,935
			5/13 at		
1,155	5.250%, 5/15/32		100.00	AA	1,160,070
	Missouri Health and Educational Facilities Authority, Revenue Bonds,		2/14 at		
500	Lake Regional Health		100.00	BBB+	503,060
	System, Series 2003, 5.700%, 2/15/34				
	Saline County Industrial Development Authority, Missouri, Health		12/20 at		
720	Facilities Revenue Bonds,		100.00	BBB-	683,827
	John Fitzgibbon Memorial Hospital Inc., Series 2010, 5.600%,				
	12/01/28				
	St. Louis County Industrial Development Authority, Missouri,		11/16 at		
350	Healthcare Facilities Revenue		100.00	N/R	288,292
	Bonds, Ranken-Jordan Project, Refunding Series 2007, 5.000%,				
	11/15/27				
10,130	Total Health Care				9,698,938
	Housing/Multifamily – 3.4% (2.2% of Total Investments)				
	Jefferson County Industrial Development Authority, Missouri,		12/11 at		
380	Multifamily Housing Revenue		100.00	N/R	380,258
	Bonds, Lakewood Apartments Project, Series 2001B, 5.750%,				
	11/01/34 (Mandatory put 11/01/16)				
	(Alternative Minimum Tax)				
	Missouri Housing Development Commission, Multifamily Housing		12/11 at		
165	Revenue Bonds, Series 2001II,		100.00	AA	166,789
	5.250%, 12/01/16				
	St. Charles County Industrial Development Authority, Missouri,		10/11 at		
500	FHA-Insured Multifamily Housing		100.00	AAA	500,075
	Revenue Bonds, Ashwood Apartments, Series 1998A, 5.600%,				
	4/01/30 – AGM Insured (Alternative				
	Minimum Tax)				
1,045	Total Housing/Multifamily				1,047,122
	Housing/Single Family – 3.4% (2.2% of Total Investments)				
	Missouri Housing Development Commission, Single Family		9/11 at		
55	Mortgage Revenue Bonds, Homeownership		100.00	AAA	55,540
	Loan Program, Series 2000B-1, 6.250%, 3/01/31 (Alternative				
	Minimum Tax)				
	Missouri Housing Development Commission, Single Family		9/16 at		
365	Mortgage Revenue Bonds, Homeownership		100.00	AAA	352,101
	Loan Program, Series 2007A-1, 4.700%, 9/01/27 (Alternative				
	Minimum Tax)				

Nuveen Investments 55

NOM Nuveen Missouri Premium Income Municipal Fund (continued)
Portfolio of Investments May 31, 2011

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Housing/Single Family (continued)			
\$ 690	Missouri Housing Development Commission, Single Family Mortgage Revenue Bonds, Homeownership Loan Program, Series 2007C-1, 4.800%, 9/01/38 (Alternative Minimum Tax)	3/17 at 100.00	AAA	\$ 639,561
1,110	Total Housing/Single Family			1,047,202
	Long-Term Care – 9.5% (6.0% of Total Investments)			
1,750	Cole County Industrial Development Authority, Missouri, Revenue Bonds, Lutheran Senior Services – Heisinger Project, Series 2004, 5.500%, 2/01/35	2/14 at 100.00	A–	1,596,805
500	Joplin Industrial Development Authority, Missouri, Revenue Bonds, Christian Homes Inc., Series 2007F, 5.750%, 5/15/31	5/17 at 100.00	BBB–	448,625
475	Lees Summit Industrial Development Authority, Missouri, Revenue Bonds, John Knox Village	8/17 at 100.00	BBB–	414,148
500	Obligated Group, Series 2007A, 5.125%, 8/15/32 St. Louis County Industrial Development Authority, Missouri, Revenue Bonds, Friendship Village of West County, Series 2007A, 5.500%, 9/01/28	9/17 at 100.00	BBB	456,760
3,225	Total Long-Term Care			2,916,338
	Materials – 2.1% (1.4% of Total Investments)			
750	Sugar Creek, Missouri, Industrial Development Revenue Bonds, Lafarge North America Inc., Series 2003A, 5.650%, 6/01/37 (Alternative Minimum Tax)	6/13 at 101.00	Baa3	654,060
1,500	Tax Obligation/General – 27.0% (17.0% of Total Investments) Camdenton Reorganized School District R3, Camden County, Missouri, General Obligation Bonds, Series 2005, 5.250%, 3/01/24 – AGM Insured (4)	No Opt. Call	AA+	1,643,400
1,685	Independence School District, Jackson County, Missouri, General Obligation Bonds, Series 2010, 5.000%, 3/01/27	3/20 at 100.00	AA+	1,850,669
500	Jackson County School District R-7, Lees Summit, Missouri, General Obligation Refunding and Improvement Bonds, Series 2002, 5.250%, 3/01/18 – AGM Insured	3/12 at 100.00	AA+	515,750
500	Missouri School Boards Association, Lease Participation Certificates, Clay County School District 53 Liberty, Series 2007, 5.250%, 3/01/27 – AGM Insured	3/17 at 100.00	AA+	529,550
1,630	North Kansas City School District, Missouri, General Obligation Bonds, Series 2003A, 5.000%, 3/01/23	3/13 at 100.00	AA+	1,720,579
1,000			A3	1,052,510

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	Puerto Rico, General Obligation and Public Improvement Bonds, Series 2002A, 5.500%, 7/01/20 – NPMG Insured	No Opt. Call		
900	Ritenour Consolidated School District, St. Louis County, Missouri, General Obligation Bonds, Series 1995, 7.375%, 2/01/12 – FGIC Insured	No Opt. Call	Aa2	937,557
20	St. Louis County Pattonville School District R3, Missouri, General Obligation Bonds, Series 2004, 5.250%, 3/01/20 – AGM Insured	3/14 at 100.00	AA+	21,786
7,735	Total Tax Obligation/General Tax Obligation/Limited – 29.4% (18.5% of Total Investments)			8,271,801
600	Chesterfield, Missouri, Certificates of Participation, Series 2005, 5.000%, 12/01/24 – FGIC Insured	12/15 at 100.00	Aa1	619,026
80	Cottleville, Missouri, Certificates of Participation, Series 2006, 5.250%, 8/01/31	8/14 at 100.00	N/R	71,822
255	Fenton, Missouri, Tax Increment Revenue Bonds, Gravois Bluffs Redevelopment Project, Series 2006, 4.500%, 4/01/21	4/14 at 100.00	BBB+	257,078
315	Fulton, Missouri, Tax Increment Revenue Bonds, Fulton Commons Redevelopment Project, Series 2006, 5.000%, 6/01/28	6/16 at 100.00	N/R	246,116
250	Jackson County, Missouri, Special Obligation Bonds, Truman Medical Center Project, Series 2011B, 4.350%, 12/01/23	12/21 at 100.00	Aa3	250,753
475	Kansas City Tax Increment Financing Commission, Missouri, Tax Increment Revenue Bonds, Briarcliff West Project, Series 2006A, 5.400%, 6/01/24	6/14 at 102.00	N/R	401,109
300	Kansas City, Missouri, Industrial Development Authority, Downtown Redevelopment District Revenue Bonds, Series 2011A, 5.000%, 9/01/32 (WI/DD, Settling 6/01/11)	9/21 at 100.00	AA–	292,125

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Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Tax Obligation/Limited (continued)			
\$ 360	Missouri Development Finance Board, Infrastructure Facilities Revenue Bonds, Branson Landing Project, Series 2005A, 5.000%, 6/01/35	6/15 at 100.00	A\$	337,082
415	Missouri Development Finance Board, Infrastructure Facilities Revenue Bonds, City of Independence, Crackerneck Creek Project, Series 2006C, 5.000%, 3/01/28	3/16 at 100.00	A-	410,792
450	Monarch-Chesterfield Levee District, St. Louis County, Missouri, Levee District Improvement Bonds, Series 1999, 5.750%, 3/01/19 – NPMG Insured	9/11 at 100.00	Baa1	451,548
500	Osage Beach, Missouri, Tax Increment Revenue Bonds, Prewitts Point Transportation Development District, Series 2006, 5.000%, 5/01/23	5/12 at 102.00	N/R	411,210
1,750	Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First Subordinate Series 2009A, 6.000%, 8/01/42	8/19 at 100.00	A+	1,797,530
600	Riverside, Missouri, L-385 Levee Redevelopment Plan Tax Increment Revenue Bonds, Series 2004, 5.250%, 5/01/20	5/15 at 100.00	A	616,404
2,000	Springfield Public Building Corporation, Missouri, Lease Revenue Bonds, Jordan Valley Park Projects, Series 2000A, 6.125%, 6/01/21 – AMBAC Insured	12/11 at 100.00	N/R	2,002,800
340	St. Joseph Industrial Development Authority, Missouri, Tax Increment Bonds, Shoppes at North Village Project, Series 2005A: 5.375%, 11/01/24	11/14 at 100.00	N/R	302,722
400	St. Joseph Industrial Development Authority, Missouri, Tax Increment Bonds, Shoppes at North Village Project, Series 2005B, 5.500%, 11/01/27	11/14 at 100.00	N/R	349,016
200	St. Joseph Industrial Development Authority, Missouri, Tax Increment Bonds, Shoppes at North Village Project, Series 2005B, 5.500%, 11/01/27	11/14 at 100.00	N/R	171,854
9,290	Total Tax Obligation/Limited Transportation – 17.0% (10.7% of Total Investments)			8,988,987
500	Kansas City, Missouri, Passenger Facility Charge Revenue Bonds, Kansas City International Airport, Series 2001, 5.000%, 4/01/23 – AMBAC Insured (Alternative Minimum Tax)	10/11 at 101.00	A	502,860
1,000	St. Louis Land Clearance Redevelopment Authority, Missouri, Revenue Refunding and Improvement Bonds, LCRA Parking Facilities, Series 1999C, 7.000%, 9/01/19	9/11 at 100.00	N/R	999,720
1,000	St. Louis, Missouri, Airport Revenue Bonds, Lambert-St. Louis International Airport, Series	No Opt. Call	A-	1,106,040

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2005, 5.500%, 7/01/18 – NPFPG Insured				
2,500	St. Louis, Missouri, Airport Revenue Bonds, Lambert-St. Louis International Airport, Series 2007A, 5.000%, 7/01/21 – AGM Insured	7/17 at 100.00	AA+	2,597,450
5,000	Total Transportation			5,206,070
U.S. Guaranteed – 13.6% (8.5% of Total Investments) (5)				
685	Fenton, Missouri, Tax Increment Refunding and Improvement Revenue Bonds, Gravois Bluffs Redevelopment Project, Series 2002, 6.125%, 10/01/21 (Pre-refunded 10/01/12)	10/12 at 100.00	AAA	733,984
1,380	Springfield Center City Development Corporation, Missouri, Lease Revenue Bonds, Jordan Valley Park Parking Garage, Series 2002D, 5.000%, 11/01/22 (Pre-refunded 11/01/11) – AMBAC Insured	11/11 at 100.00	Aa3 (5)	1,406,772
80	St. Louis County Pattonville School District R3, Missouri, General Obligation Bonds, Series 2004: 5.250%, 3/01/20 (Pre-refunded 3/01/14) – AGM Insured	3/14 at 100.00	AA+ (5)	90,072
250	5.250%, 3/01/20 (Pre-refunded 3/01/14) – AGM Insured	3/14 at 100.00	AA+ (5)	281,475
500	St. Louis County, Missouri, GNMA Collateralized Mortgage Revenue Bonds, Series 1993D, 5.650%, 7/01/20 (Alternative Minimum Tax) (ETM)	No Opt. Call	AAA	599,375
1,000	St. Louis Municipal Finance Corporation, Missouri, Leasehold Revenue Bonds, Carnahan Courthouse, Series 2002A, 5.750%, 2/15/16 (Pre-refunded 2/15/12) – FGIC Insured	2/12 at 100.00	N/R (5)	1,039,180
3,895	Total U.S. Guaranteed			4,150,858
Utilities – 2.0% (1.2% of Total Investments)				
100	Missouri Joint Municipal Electric Utility Commission, Iatan 2 Power Project Revenue Bonds, Series 2006A, 4.125%, 1/01/21 – AMBAC Insured	1/16 at 100.00	A3	100,537
530	Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2010XX, 5.250%, 7/01/40	7/20 at 100.00	A3	501,316
630	Total Utilities			601,853

Nuveen Investments 57

NOM Nuveen Missouri Premium Income Municipal Fund (continued)
Portfolio of Investments May 31, 2011

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Water and Sewer – 11.8% (7.5% of Total Investments)			
\$ 600	Carroll County Public Water Supply District 1, Missouri, Water System Revenue Bonds, Refunding Series 2009, 6.000%, 3/01/39	3/18 at 100.00	A	\$ 627,773
2,965	Missouri Environmental Improvement and Energy Resources Authority, Water Facility Revenue Bonds, Missouri-American Water Company, Series 2006, 4.600%, 12/01/36 – AMBAC Insured (Alternative Minimum Tax) (UB)	12/16 at 100.00	AA+	2,628,532
350	Missouri Environmental Improvement and Energy Resources Authority, Water Pollution Control Revenue Bonds, State Revolving Fund Program – Kansas City Project, Series 1997C, 6.750%, 1/01/12	No Opt. Call	Aaa	362,840
3,915	Total Water and Sewer			3,619,145
\$ 49,040	Total Investments (cost \$49,289,899) – 158.7%			48,566,659
	Floating Rate Obligations – (7.3)%			(2,225,000)
	MuniFund Term Preferred Shares, at Liquidation Value – (58.4)% (6)			(17,880,000)
	Other Assets Less Liabilities – 7.0%			2,133,248
				\$
	Net Assets Applicable to Common Shares – 100%			30,594,907

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): 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. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investor Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- (4) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in inverse floating rate transactions.
- (5) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (6) MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 36.8%.
N/R Not rated.
- N/R Not rated.

WI/DD Purchased on a when-issued or delayed delivery basis.
(ETM) Escrowed to maturity.
(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

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Statement of
Assets & Liabilities

May 31, 2011

	Connecticut Premium Income (NTC)	Connecticut Dividend Advantage (NFC)	Connecticut Dividend Advantage 2 (NGK)	Connecticut Dividend Advantage 3 (NGO)
Assets				
Investments, at value (cost \$116,039,117, \$58,543,199, \$52,528,793 and \$96,478,883, respectively)	\$ 116,953,440	\$ 58,921,895	\$ 53,021,708	\$ 96,652,482
Cash	1,422,993	1,876,874	96,626	1,099,885
Receivables:				
Interest	1,812,539	874,157	769,521	1,511,580
Investments sold	—	—	—	—
Deferred offering costs	928,803	434,595	386,462	556,610
Other assets	35,293	6,449	30,853	10,546
Total assets	121,153,068	62,113,970	54,305,170	99,831,103
Liabilities				
Cash overdraft	—	—	—	—
Floating rate obligations	7,965,000	3,820,000	3,460,000	5,780,000
Payables:				
Common share dividends	286,916	153,424	147,146	234,872
Interest	78,201	44,344	36,719	70,681
Investment purchased	—	43,331	—	—
Offering costs	366,540	188,065	180,488	201,568
MuniFund Term Preferred (MTP) shares, at liquidation value	36,080,000	20,470,000	16,950,000	32,000,000
Accrued expenses:				
Management fees	62,237	31,893	25,660	51,610
Other	30,658	28,429	26,944	33,099
Total liabilities	44,869,552	24,779,486	20,826,957	38,371,830
Net assets applicable to Common shares	\$76,283,516	\$37,334,484	\$33,478,213	\$61,459,273
Common shares outstanding	5,365,029	2,586,033	2,320,177	4,367,134
Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	\$ 14.22	\$ 14.44	\$ 14.43	\$ 14.07
Net assets applicable to Common shares consist of:				
Common shares, \$.01 par value per share	\$53,650	\$25,860	\$23,202	\$43,671
Paid-in surplus	74,371,699	36,568,506	32,738,609	61,436,456
Undistributed (Over-distribution of) net investment income	909,994	302,881	236,533	306,440
Accumulated net realized gain (loss)	33,850	58,541	(13,046)	(500,893)
Net unrealized appreciation (depreciation)	914,323	378,696	492,915	173,599
Net assets applicable to Common shares	\$76,283,516	\$37,334,484	\$33,478,213	\$61,459,273
Authorized shares:				

Common	Unlimited	Unlimited	Unlimited	Unlimited
Auction Rate Preferred Shares (ARPS)	Unlimited	Unlimited	Unlimited	Unlimited
MTP	Unlimited	Unlimited	Unlimited	Unlimited

See accompanying notes to financial statements.

Nuveen Investments 59

Statement of
Assets & Liabilities (continued)

	Massachusetts Premium Income (NMT)	Massachusetts Dividend Advantage (NMB)	Insured Massachusetts Tax-Free Advantage (NGX)	Missouri Premium Income (NOM)
Assets				
Investments, at value (cost \$104,179,923, \$42,203,988, \$60,027,197 and \$49,289,899, respectively)	\$ 104,622,681	\$ 41,885,118	\$ 61,453,112	\$ 48,566,659
Cash	81,106	582,507	257,452	—
Receivables:				
Interest	1,739,496	729,861	904,147	801,806
Investments sold	145,000	—	120,000	2,050,353
Deferred offering costs	942,362	355,498	423,856	532,201
Other assets	33,085	5,116	31,886	14,288
Total assets	107,563,730	43,558,100	63,190,453	51,965,307
Liabilities				
Cash overdraft	—	—	—	583,922
Floating rate obligations	2,450,000	1,050,000	1,500,000	2,225,000
Payables:				
Common share dividends	288,515	131,457	168,894	139,206
Interest	82,302	31,897	48,760	31,290
Investment purchased	—	—	—	291,936
Offering costs	409,467	113,514	181,007	169,198
MuniFund Term Preferred (MTP) shares, at liquidation value	36,645,000	14,725,000	22,075,000	17,880,000
Accrued expenses:				
Management fees	55,364	22,373	32,531	25,773
Other	28,523	18,980	25,837	24,075
Total liabilities	39,959,171	16,093,221	24,032,029	21,370,400
Net assets applicable to Common shares	\$ 67,604,559	\$ 27,464,879	\$ 39,158,424	\$ 30,594,907
Common shares outstanding	4,774,788	1,965,699	2,727,011	2,318,947
Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	\$ 14.16	\$ 13.97	\$ 14.36	\$ 13.19
Net assets applicable to Common shares consist of:				
Common shares, \$.01 par value per share	\$ 47,748	\$ 19,657	\$ 27,270	\$ 23,189
Paid-in surplus	66,115,655	27,765,774	38,282,317	31,031,377
Undistributed (Over-distribution of) net investment income	888,826	136,669	131,520	477,654
Accumulated net realized gain (loss)	109,572	(138,351)	(708,598)	(214,073)
Net unrealized appreciation (depreciation)	442,758	(318,870)	1,425,915	(723,240)
Net assets applicable to Common shares	\$ 67,604,559	\$ 27,464,879	\$ 39,158,424	\$ 30,594,907
Authorized shares:				

Common	Unlimited	Unlimited	Unlimited	Unlimited
Auction Rate Preferred Shares (ARPS)	Unlimited	Unlimited	Unlimited	Unlimited
MTP	Unlimited	Unlimited	Unlimited	Unlimited

See accompanying notes to financial statements.

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Statement of
Operations

	Year Ended May 31, 2011			
	Connecticut Premium Income (NTC)	Connecticut Dividend Advantage (NFC)	Connecticut Dividend Advantage 2 (NGK)	Connecticut Dividend Advantage 3 (NGO)
Investment Income	\$5,458,758	\$2,885,949	\$2,516,141	\$4,548,834
Expenses				
Management fees	734,234	381,000	334,430	609,760
Auction fees	3,424	—	—	—
Dividend disbursing agent fees	12,521	10,000	—	—
Shareholders' servicing agent fees and expenses	35,003	21,594	21,529	24,284
Interest expense and amortization of offering costs	915,912	674,638	567,865	1,039,257
Custodian's fees and expenses	26,257	17,831	16,233	24,241
Trustees' fees and expenses	3,180	1,664	1,466	2,506
Professional fees	21,174	19,644	19,465	20,540
Shareholders' reports — printing and mailing expenses	31,276	17,916	15,775	28,989
Stock exchange listing fees	34,702	17,306	17,269	18,920
Other expenses	24,337	15,933	15,861	23,714
Total expenses before custodian fee credit and expense reimbursement	1,842,020	1,177,526	1,009,893	1,792,211
Custodian fee credit	(4,383)	(1,739)	(1,690)	(3,124)
Expense reimbursement	—	(20,437)	(48,586)	(25,861)
Net expenses	1,837,637	1,155,350	959,617	1,763,226
Net investment income (loss)	3,621,121	1,730,599	1,556,524	2,785,608
Realized and Unrealized Gain (Loss)				
Net realized gain (loss) from investments	109,734	99,244	39,359	95
Change in net unrealized appreciation (depreciation) of investments	(1,715,466)	(1,068,421)	(1,129,788)	(1,241,126)
Net realized and unrealized gain (loss)	(1,605,732)	(969,177)	(1,090,429)	(1,241,031)
Distributions to Auction Rate Preferred Shareholders				
From net investment income	(39,361)	—	—	—
Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders	(39,361)	—	—	—
Net increase (decrease) in net assets applicable to Common shares from operations	\$1,976,028	\$761,422	\$466,095	\$1,544,577

See accompanying notes to financial statements.

Statement of
Operations (continued)

	Massachusetts Premium Income (NMT)	Massachusetts Dividend Advantage (NMB)	Insured Massachusetts Tax-Free Advantage (NGX)	Missouri Premium Income (NOM)
Investment Income	\$ 5,289,329	\$ 2,178,339	\$ 2,917,093	\$2,520,462
Expenses				
Management fees	650,895	267,051	381,111	301,612
Auction fees	12,042	—	—	10,912
Dividend disbursing agent fees	10,822	10,000	—	12,521
Shareholders' servicing agent fees and expenses	31,167	22,229	23,647	14,366
Interest expense and amortization of offering costs	869,051	482,152	707,471	284,815
Custodian's fees and expenses	26,327	14,294	14,957	14,394
Trustees' fees and expenses	2,958	1,130	1,635	1,382
Professional fees	20,966	19,259	19,742	19,650
Shareholders' reports — printing and mailing expenses	30,729	15,655	19,252	21,199
Stock exchange listing fees	20,718	273	18,692	7,719
Other expenses	24,818	15,738	15,533	18,756
Total expenses before custodian fee credit and expense reimbursement	1,700,493	847,781	1,202,040	707,326
Custodian fee credit	(293)	(993)	(1,110)	(986)
Expense reimbursement	—	(14,338)	(24,400)	—
Net expenses	1,700,200	832,450	1,176,530	706,340
Net investment income (loss)	3,589,129	1,345,889	1,740,563	1,814,122
Realized and Unrealized Gain (Loss)				
Net realized gain (loss) from investments	102,652	(158,330)	(4,031)	137,346
Change in net unrealized appreciation (depreciation) of investments	(1,273,832)	(356,215)	(628,384)	(933,927)
Net realized and unrealized gain (loss)	(1,171,180)	(514,545)	(632,415)	(796,581)
Distributions to Auction Rate Preferred Shareholders				
From net investment income	(42,554)	—	—	(33,471)
Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders	(42,554)	—	—	(33,471)
Net increase (decrease) in net assets applicable to Common shares from operations	\$ 2,375,395	\$ 831,344	\$ 1,108,148	\$984,070

See accompanying notes to financial statements.

Statement of
Changes in Net Assets

	Connecticut		Connecticut		Connecticut	
	Premium Income (NTC)		Dividend Advantage (NFC)		Dividend Advantage 2 (NGK)	
	Year Ended 5/31/11	Year Ended 5/31/10	Year Ended 5/31/11	Year Ended 5/31/10	Year Ended 5/31/11	Year Ended 5/31/10
Operations						
Net investment income (loss)	\$3,621,121	\$4,267,900	\$1,730,599	\$2,204,210	\$1,556,524	\$2,000,123
Net realized gain (loss) from investments	109,734	60,723	99,244	10,610	39,359	12,514
Change in net unrealized appreciation (depreciation) of investments	(1,715,466)	4,700,543	(1,068,421)	1,900,772	(1,129,788)	1,510,001
Distributions to Auction Rate Preferred Shareholders:						
From net investment income	(39,361)	(119,197)	—	(66,605)	—	(59,765)
From accumulated net realized gains	—	(5,151)	—	—	—	—
Net increase (decrease) in net assets applicable to Common shares						
from operations	1,976,028	8,904,818	761,422	4,048,987	466,095	3,462,873
Distributions to Common Shareholders						
From net investment income	(3,798,441)	(3,693,594)	(1,985,824)	(1,898,150)	(1,837,401)	(1,752,532)
From accumulated net realized gains	—	(21,997)	—	—	—	—
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(3,798,441)	(3,715,591)	(1,985,824)	(1,898,150)	(1,837,401)	(1,752,532)
Capital Share Transactions						
Net proceeds from Common shares						

issued to shareholders due to reinvestment of distributions	—	15,348	26,531	52,783	16,467	30,801
Net increase (decrease) in net assets applicable to Common shares from capital share transactions	—	15,348	26,531	52,783	16,467	30,801
Net increase (decrease) in net assets applicable to Common shares	(1,822,413)	5,204,575	(1,197,871)	2,203,620	(1,354,839)	1,741,142
Net assets applicable to Common shares at the beginning of year	78,105,929	72,901,354	38,532,355	36,328,735	34,833,052	33,091,910
Net assets applicable to Common shares at the end of year	\$76,283,516	\$78,105,929	\$37,334,484	\$38,532,355	\$33,478,213	\$34,833,052
Undistributed (Over-distribution of) net investment income at the end of year	\$909,994	\$967,954	\$302,881	\$451,596	\$236,533	\$416,725

See accompanying notes to financial statements.

Statement of

Changes in Net Assets (continued)

	Connecticut Dividend Advantage 3 (NGO)		Massachusetts Premium Income (NMT)		Massachusetts Dividend Advantage (NMB)	
	Year Ended 5/31/11	Year Ended 5/31/10	Year Ended 5/31/11	Year Ended 5/31/10	Year Ended 5/31/11	Year Ended 5/31/10
Operations						
Net investment income (loss)	\$2,785,608	\$3,346,745	\$3,589,129	\$4,145,590	\$1,345,889	\$1,739,913
Net realized gain (loss) from investments	95	1,887	102,652	209,192	(158,330)	60,102
Change in net unrealized appreciation (depreciation) of investments	(1,241,126)	3,514,247	(1,273,832)	5,077,663	(356,215)	1,496,853
Distributions to Auction Rate Preferred Shareholders:						
From net investment income	—	(92,898)	(42,554)	(122,559)	—	(45,739)
From accumulated net realized gains	—	—	—	—	—	(13,657)
Net increase (decrease) in net assets applicable to Common shares	1,544,577	6,769,981	2,375,395	9,309,886	831,344	3,237,472
Distributions to Common Shareholders						
From net investment income	(3,144,336)	(2,973,311)	(3,723,001)	(3,645,432)	(1,627,118)	(1,507,494)
From accumulated net realized gains	—	—	(179,532)	—	—	(55,550)
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(3,144,336)	(2,973,311)	(3,902,533)	(3,645,432)	(1,627,118)	(1,563,044)
Capital Share Transactions						
Net proceeds from Common shares						

issued to shareholders due to reinvestment of distributions	—	17,921	100,786	45,881	25,160	31,080
Net increase (decrease) in net assets applicable to Common shares from capital share transactions	—	17,921	100,786	45,881	25,160	31,080
Net increase (decrease) in net assets applicable to Common shares	(1,599,759)	3,814,591	(1,426,352)	5,710,335	(770,614)	1,705,508
Net assets applicable to Common shares at the beginning of year	63,059,032	59,244,441	69,030,911	63,320,576	28,235,493	26,529,985
Net assets applicable to Common shares at the end of year	\$61,459,273	\$63,059,032	\$67,604,559	\$69,030,911	\$27,464,879	\$28,235,493
Undistributed (Over-distribution of) net investment income at the end of year	\$306,440	\$516,876	\$888,826	\$914,982	\$136,669	\$342,155

See accompanying notes to financial statements.

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	Insured Massachusetts Tax-Free Advantage (NGX)		Missouri Premium Income (NOM)	
	Year Ended	Year Ended	Year Ended	Year Ended
	5/31/11	5/31/10	5/31/11	5/31/10
Operations				
Net investment income (loss)	\$1,740,563	\$2,227,100	\$1,814,122	\$1,926,445
Net realized gain (loss) from investments	(4,031)	(18,813)	137,346	12,118
Change in net unrealized appreciation (depreciation) of investments	(628,384)	2,157,735	(933,927)	2,255,157
Distributions to Auction Rate Preferred Shareholders:				
From net investment income	—	(68,205)	(33,471)	(67,634)
From accumulated net realized gains	—	—	—	—
Net increase (decrease) in net assets applicable to Common shares				
from operations	1,108,148	4,297,817	984,070	4,126,086
Distributions to Common Shareholders				
From net investment income	(2,061,418)	(1,982,428)	(1,806,982)	(1,571,225)
From accumulated net realized gains	—	—	—	—
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(2,061,418)	(1,982,428)	(1,806,982)	(1,571,225)
Capital Share Transactions				
Net proceeds from Common shares issued to shareholders due to reinvestment of distributions	17,059	24,769	70,115	58,988
Net increase (decrease) in net assets applicable to Common shares from capital share transactions	17,059	24,769	70,115	58,988
Net increase (decrease) in net assets applicable to Common shares	(936,211)	2,340,158	(752,797)	2,613,849
Net assets applicable to Common shares at the beginning of year	40,094,635	37,754,477	31,347,704	28,733,855
Net assets applicable to Common shares at the end of year	\$39,158,424	\$40,094,635	\$30,594,907	\$31,347,704
Undistributed (Over-distribution of) net investment income at the end of year	\$131,520	\$340,463	\$477,654	\$440,220

See accompanying notes to financial statements.

Statement of
Cash Flows

	Year Ended May 31, 2011			
	Connecticut Premium Income (NTC)	Connecticut Dividend Advantage (NFC)	Connecticut Dividend Advantage 2 (NGK)	Connecticut Dividend Advantage 3 (NGO)
Cash Flows from Operating Activities:				
Net Increase (Decrease) in Net Assets Applicable to Common Shares from Operations	\$1,976,028	\$761,422	\$466,095	\$1,544,577
Adjustments to reconcile the net increase (decrease) in net assets applicable to Common shares from operations to net cash provided by (used in) operating activities:				
Purchases of investments	(11,028,120)	(7,833,634)	(5,967,845)	(7,765,002)
Proceeds from sales and maturities of investments	10,458,000	9,513,500	6,490,950	8,992,500
Amortization (Accretion) of premiums and discounts, net	269,786	148,535	107,629	212,896
(Increase) Decrease in:				
Receivable for interest	(49,553)	(66,625)	(38,431)	(41,609)
Receivable for investments sold	400,000	250,000	—	—
Other assets	(14,788)	25	13	39
Increase (Decrease) in:				
Payable for Auction Rate Preferred share dividends	(1,052)	—	—	—
Payable for interest	37,789	(8)	(6)	14
Payable for investment purchased	—	43,331	—	—
Accrued management fees	(674)	1,503	1,227	5,127
Accrued other expenses	(25,392)	(1,217)	(1,099)	(5,745)
Net realized (gain) loss from investments	(109,734)	(99,244)	(39,359)	(95)
Change in net unrealized (appreciation) depreciation of investments	1,715,466	1,068,421	1,129,788	1,241,126
Taxes paid on undistributed capital gains	(19,731)	(4,503)	(716)	—
Net cash provided by (used in) operating activities	3,608,025	3,781,506	2,148,246	4,183,828
Cash Flows from Financing Activities:				
(Increase) Decrease in deferred offering costs	(414,104)	113,223	100,685	148,293
Increase (Decrease) in:				
Cash overdraft balance	(138,105)	(10,549)	(288,379)	(36,404)
Payable for offering costs	108,675	(46,335)	(43,912)	(47,339)
MTP shares, at liquidation value	17,780,000	—	—	—
ARPS, at liquidation value	(15,725,000)	—	—	—
Cash distributions paid to Common shareholders	(3,796,498)	(1,960,971)	(1,820,014)	(3,148,493)
Net cash provided by (used in) financing activities	(2,185,032)	(1,904,632)	(2,051,620)	(3,083,943)
Net Increase (Decrease) in Cash	1,422,993	1,876,874	96,626	1,099,885
Cash at the beginning of year	—	—	—	—

Cash at the End of Year	\$1,422,993	\$1,876,874	\$96,626	\$1,099,885
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Supplemental Disclosure of Cash Flow Information

Non-cash financing activities not included herein consist of reinvestments of
Common share distributions as follows:

	Connecticut Premium Income (NTC)	Connecticut Dividend Advantage (NFC)	Connecticut Dividend Advantage (NGK)	Connecticut Dividend Advantage (NGO)
	\$—	\$26,531	\$16,467	\$—

Cash paid for interest (excluding amortization of
offering costs) was as follows:

	Connecticut Premium Income (NTC)	Connecticut Dividend Advantage (NFC)	Connecticut Dividend Advantage (NGK)	Connecticut Dividend Advantage (NGO)
	\$716,856	\$561,423	\$467,186	\$890,951

See accompanying notes to financial statements.

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	Massachusetts Premium Income (NMT)	Massachusetts Dividend Advantage (NMB)	Insured Massachusetts Tax-Free Advantage (NGX)	Missouri Premium Income (NOM)
Cash Flows from Operating Activities:				
Net Increase (Decrease) in Net Assets Applicable to Common Shares from Operations	\$ 2,375,395	\$ 831,344	\$ 1,108,148	\$ 984,070
Adjustments to reconcile the net increase (decrease) in net assets applicable to Common shares from operations to net cash provided by (used in) operating activities:				
Purchases of investments	(8,651,066)	(6,639,735)	(2,534,412)	(5,579,964)
Proceeds from sales and maturities of investments	6,717,581	7,190,824	2,158,010	5,290,803
Amortization (Accretion) of premiums and discounts, net	272,570	79,272	149,642	103,468
(Increase) Decrease in:				
Receivable for interest	(13,136)	(2,932)	23,465	16,514
Receivable for investments sold	(20,000)	—	(10,000)	(1,100,353)
Other assets	(15,627)	(122)	26	(6,419)
Increase (Decrease) in:				
Payable for Auction Rate Preferred share dividends	(1,141)	—	—	(749)
Payable for interest	37,672	(7)	11	31,290
Payable for investment purchased	—	—	—	(1,695,344)
Accrued management fees	(409)	1,066	3,265	314
Accrued other expenses	(21,224)	(6,672)	(4,396)	(2,247)
Net realized (gain) loss from investments	(102,652)	158,330	4,031	(137,346)
Change in net unrealized (appreciation) depreciation of investments	1,273,832	356,215	628,384	933,927
Taxes paid on undistributed capital gains	(3,196)	(19,977)	(152)	—
Net cash provided by (used in) operating activities	1,848,599	1,947,606	1,526,022	(1,162,036)
Cash Flows from Financing Activities:				
(Increase) Decrease in deferred offering costs	(400,775)	92,615	112,927	(532,201)
Increase (Decrease) in:				
Cash overdraft balance	—	—	—	583,922
Payable for offering costs	145,192	(105,802)	(30,568)	169,198
MTP shares, at liquidation value	16,435,000	—	—	17,880,000
ARPS, at liquidation value	(14,400,000)	—	—	(16,000,000)
Cash distributions paid to Common shareholders	(3,797,562)	(1,601,249)	(2,042,199)	(1,723,271)
Net cash provided by (used in) financing activities	(2,018,145)	(1,614,436)	(1,959,840)	377,648
Net Increase (Decrease) in Cash	(169,546)	333,170	(433,818)	(784,388)
Cash at the beginning of year	250,652	249,337	691,270	784,388

Cash at the End of Year	\$ 81,106	\$ 582,507	\$ 257,452	\$—
Supplemental Disclosure of Cash Flow Information				
Non-cash financing activities not included herein consist of reinvestments of Common share distributions as follows:				
	Massachusetts	Massachusetts	Insured Massachusetts	Missouri
	Premium	Dividend	Tax-Free	Premium
	Income	Advantage	Advantage	Income
	(NMT)	(NMB)	(NGX)	(NOM)
	\$ 100,786	\$ 25,160	\$ 17,059	\$70,115

Cash paid for interest (excluding amortization of offering costs) was as follows:

	Massachusetts	Massachusetts	Insured Massachusetts	Missouri
	Premium	Dividend	Tax-Free	Premium
	Income	Advantage	Advantage	Income
	(NMT)	(NMB)	(NGX)	(NOM)
	\$ 676,474	\$ 389,544	\$ 594,532	\$ 188,657

See accompanying notes to financial statements.

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Financial
Highlights

Selected data for a Common share outstanding throughout each period:

Beginning	Investment Operations					Less Distributions			Ending		
	Common Share Net Asset Value	Net Investment Income (Loss)	Net Realized/Unrealized Gain (Loss)	Distributions from Net Investment Income to Auction Rate Preferred Shareholders (a)	Distributions from Capital Gains to Auction Rate Preferred Shareholders (a)	Net Investment Income to Common Shareholders	Capital Gains to Common Shareholders	Total	Common Share Net Asset Value	Ending Market Value	
Connecticut Premium Income (NTC)											
Year Ended 5/31:											
2011	\$ 14.56	\$.67	\$ (.29)	\$ (.01)	\$ —	\$.37	\$ (.71)	\$ —	\$ (.71)	\$ 14.22	\$ 13.18
2010	13.59	.80	.88	(.02)	— *	1.66	(.69)	— *	(.69)	14.56	13.94
2009	14.25	.84	(.66)	(.14)	(.03)	.01	(.60)	(.07)	(.67)	13.59	13.35
2008	14.39	.83	(.09)	(.22)	(.01)	.51	(.62)	(.03)	(.65)	14.25	14.08
2007	14.42	.83	.07	(.20)	(.01)	.69	(.65)	(.07)	(.72)	14.39	14.91
Connecticut Dividend Advantage (NFC)											
Year Ended 5/31:											
2011	14.91	.67	(.37)	—	—	.30	(.77)	—	(.77)	14.44	13.85
2010	14.08	.85	.75	(.03)	—	1.57	(.74)	—	(.74)	14.91	15.29
2009	14.69	.91	(.55)	(.15)	(.04)	.17	(.67)	(.11)	(.78)	14.08	13.75
2008	14.76	.91	.01	(.24)	(.02)	.66	(.67)	(.06)	(.73)	14.69	14.93
2007	14.75	.92	.04	(.22)	—	.74	(.73)	—	(.73)	14.76	16.37

(a) The amounts shown are based on Common share equivalents.

- (b) Total Return Based 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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based 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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

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		Ratios/Supplemental Data										
		Ratios to Average Net Assets Applicable to Common Shares Before Reimbursement(c)					Ratios to Average Net Assets Applicable to Common Shares After Reimbursement(c)(d)					
Market	Total Returns Based on Common Share Net Asset Value(b)	Ending Net Assets Applicable to Common Shares (000)	Expenses(e)	Net Investment Income (Loss)	Expenses(e)	Net Investment Income (Loss)	Net Investment Income (Loss)	Net Investment Income (Loss)	Portfolio Turnover	Rate		
	(.39)%	\$ 76,284	2.41%	4.73%	N/A	N/A	N/A	N/A	9	%		
	9.76	78,106	1.57	5.64	N/A	N/A	N/A	N/A	5			
	.32	72,901	1.43	6.40	N/A	N/A	N/A	N/A	0			
	(1.08)	76,441	1.30	5.82	N/A	N/A	N/A	N/A	22			
	12.33	77,151	1.24	5.67	N/A	N/A	N/A	N/A	8			
	(4.38)	37,334	3.13	4.55	3.08	4.60	4.60	4.60	13			
	16.92	38,532	1.62	5.73	1.49	5.86	5.86	5.86	4			
	(2.10)	36,329	1.47	6.45	1.26	6.66	6.66	6.66	0			
	(4.10)	37,874	1.33	5.90	1.05	6.18	6.18	6.18	20			
	5.46	38,024	1.29	5.78	.94	6.14	6.14	6.14	9			

- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders, where applicable; Net Investment Income ratios reflect income earned and expenses incurred on assets attributable to ARPS and/or MTP shares, where applicable.
- (d) After expense reimbursement from the Adviser, where applicable. Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable. As of January 31, 2011, the Adviser is no longer reimbursing Connecticut Dividend Advantage (NFC) for any fees or expenses.
- (e) The expense ratios reflect, among other things, all interest expense and other costs related to MTP shares and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, both as described in Footnote 1 – General Information and Significant Accounting Policies, MuniFund Term Preferred Shares and Inverse Floating Rate Securities, respectively, as follows:

Connecticut Premium Income (NTC)

Year Ended 5/31:

2011	1.20	%
2010	.37	
2009	.11	
2008	.03	

2007	—	
Connecticut Dividend Advantage (NFC) Year Ended 5/31:		
2011	1.80	%
2010	.36	
2009	.11	
2008	.02	
2007	—	

* Rounds to less than \$.01 per share.

N/A Fund does not have a contractual reimbursement with the Adviser.

See accompanying notes to financial statements.

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Financial
Highlights (continued)

Selected data for a Common share outstanding throughout each period:

Beginning	Common Share Net Asset Value	Net Investment Income (Loss)	Net Realized/Unrealized Gain (Loss)	Investment Operations Distributions		Less Distributions		Ending Common Share Net Asset Value	Ending Market Value		
				Net Investment Income to Auction	from Net Investment Income to Auction	Net Investment Income to Common Shareholders	Capital Gains to Common Shareholders				
				Rate Preferred Shareholders (b)	Rate Preferred Shareholders (a)	Total holders	Total holders				
Connecticut Dividend Advantage 2 (NGK)											
Year Ended 5/31:											
2011	\$ 15.02	\$.67	\$ (.47)	\$ —	\$ —	\$.20	\$ (.79)	\$ —	\$ (.79)	\$ 14.43	\$ 13.96
2010	14.28	.86	.67	(.03)	—	1.50	(.76)	—	(.76)	15.02	16.20
2009	14.76	.91	(.43)	(.14)	(.04)	.30	(.66)	(.12)	(.78)	14.28	14.30
2008	14.85	.91	(.01)	(.23)	(.02)	.65	(.67)	(.07)	(.74)	14.76	15.00
2007	14.86	.91	.08	(.22)	(.01)	.76	(.73)	(.04)	(.77)	14.85	16.38
Connecticut Dividend Advantage 3 (NGO)											
Year Ended 5/31:											
2011	14.44	.64	(.29)	—	—	.35	(.72)	—	(.72)	14.07	12.89
2010	13.57	.77	.80	(.02)	—	1.55	(.68)	—	(.68)	14.44	14.06
2009	14.08	.84	(.58)	(.17)	—	.09	(.60)	—	(.60)	13.57	13.04
2008	14.30	.87	(.23)	(.25)	—	.39	(.61)	—	(.61)	14.08	13.63
2007	14.18	.86	.13	(.23)	—	.76	(.64)	—	(.64)	14.30	14.70

(a) The amounts shown are based on Common share equivalents.

- (b) Total Return Based 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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based 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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

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			Ratios/Supplemental Data							
			Ratios to Average Net Assets Applicable to Common Shares Before Reimbursement(c)				Ratios to Average Net Assets Applicable to Common Shares After Reimbursement(c)(d)			
Total Returns Based on		Ending Net Assets Applicable to Common Shares	Net Investment Income (Loss) Expenses(e)		Net Investment Income (Loss) Expenses(e)		Net Investment Income (Loss) Expenses(e)		Portfolio Turnover Rate	
Based on	Common Share Net	Common Shares (000)	Expenses(e)	(Loss)	Expenses(e)	(Loss)	Expenses(e)	(Loss)		
Market Value(b)	Asset Value(b)		%		%		%		%	
(8.96)%	1.41 %	\$ 33,478	2.98 %	4.44 %	2.83 %	4.58 %	11 %			
19.15	10.69	34,833	1.61	5.64	1.40	5.86	3			
1.40	2.52	33,092	1.48	6.31	1.19	6.60	0			
(3.63)	4.54	34,188	1.36	5.79	1.00	6.15	23			
3.58	5.13	34,366	1.31	5.60	.87	6.04	12			
(3.29)	2.52	61,459	2.91	4.47	2.87	4.52	8			
13.26	11.66	63,059	1.78	5.28	1.61	5.45	3			
.53	.89	59,244	1.43	6.12	1.14	6.41	0			
(3.07)	2.79	61,476	1.29	5.70	.88	6.11	24			
9.15	5.42	62,325	1.26	5.44	.78	5.92	15			

- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders, where applicable; Net Investment Income ratios reflect income earned and expenses incurred on assets attributable to ARPS and/or MTP shares, where applicable.
- (d) After expense reimbursement from the Adviser, where applicable. Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable. As of September 30, 2010, the Adviser is no longer reimbursing Connecticut Dividend Advantage 3 (NGO) for any fees or expenses.
- (e) The expense ratios reflect, among other things, all interest expense and other costs related to MTP shares and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, both as described in Footnote 1 – General Information and Significant Accounting Policies, MuniFund Term Preferred Shares and Inverse Floating Rate Securities, respectively, as follows:

Connecticut Dividend Advantage 2 (NGK)		
Year Ended 5/31:		
2011	1.67	%
2010	.34	
2009	.11	
2008	.03	
2007	—	

Connecticut Dividend Advantage 3 (NGO)

Year Ended 5/31:

2011	1.69	%
2010	.57	
2009	.11	
2008	.02	
2007	—	

See accompanying notes to financial statements.

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Financial
Highlights (continued)

Selected data for a Common share outstanding throughout each period:

Beginning	Investment Operations Distributions					Less Distributions				Ending	
	Common Share Net Asset Value	Net Investment Income (Loss)	Net Realized/Unrealized Gain (Loss)	Rate Preferred Shareholders(a)	Rate Preferred Shareholders(a)	Net Investment Income to Common Shareholders	Capital Gains to Common Shareholders	Total	Common Share Net Asset Value	Ending Market Value	
Massachusetts Premium Income (NMT)											
Year Ended 5/31:											
2011	\$ 14.48	\$.75	\$ (.24)	\$ (.01)	\$ —	\$.50	\$ (.78)	\$ (.04)	\$ (.82)	\$ 14.16	\$ 13.59
2010	13.29	.87	1.12	(.03)	—	1.96	(.77)	—	(.77)	14.48	14.93
2009	14.22	.91	(.98)	(.15)	(.02)	(.24)	(.65)	(.04)	(.69)	13.29	13.28
2008	14.56	.88	(.32)	(.25)	(.01)	.30	(.62)	(.02)	(.64)	14.22	13.61
2007	14.45	.88	.13	(.23)	— *	.78	(.67)	— *	(.67)	14.56	14.33
Massachusetts Dividend Advantage (NMB)											
Year Ended 5/31:											
2011	14.38	.68	(.26)	—	—	.42	(.83)	—	(.83)	13.97	13.53
2010	13.52	.89	.80	(.02)	(.01)	1.66	(.77)	(.03)	(.80)	14.38	14.10
2009	14.36	.95	(.93)	(.17)	—	(.15)	(.69)	—	(.69)	13.52	13.83
2008	14.84	.94	(.45)	(.26)	(.01)	.22	(.68)	(.02)	(.70)	14.36	14.61
2007	14.83	.93	.08	(.25)	—	.76	(.75)	—	(.75)	14.84	16.28

(a) The amounts shown are based on Common share equivalents.

(b) Total Return Based 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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based 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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

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Total Returns		Based on Common Share Net Asset Value(b)		Ending Net Assets Applicable to Common Shares (000)		Ratios to Average Net Assets Applicable to Common Shares Before Reimbursement(c)		Ratios to Average Net Assets Applicable to Common Shares After Reimbursement(c)(d)		Portfolio Turnover Rate	
						Net Investment Income (Loss) Expenses(e)	Net Investment Income (Loss) Expenses(e)				
(3.48)%	3.58 %	\$ 67,605	2.51 %	5.30 %	N/A	N/A	6 %				
18.77	15.03	69,031	1.60	6.21	N/A	N/A	3				
3.54	(1.36)	63,321	1.43	7.01	N/A	N/A	1				
(.48)	2.08	67,720	1.26	6.09	N/A	N/A	14				
4.60	5.47	69,323	1.24	5.97	N/A	N/A	9				
1.87	3.05	27,465	3.08	4.83	3.03	4.88	16				
7.90	12.50	28,235	1.67	6.16	1.54	6.29	11				
(.04)	(.70)	26,530	1.54	7.09	1.33	7.30	1				
(5.73)	1.55	28,135	1.32	6.11	1.05	6.39	15				
10.04	5.14	29,072	1.33	5.84	.97	6.19	9				

- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders, where applicable; Net Investment Income ratios reflect income earned and expenses incurred on assets attributable to ARPS and/or MTP shares, where applicable.
- (d) After expense reimbursement from the Adviser, where applicable. Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable. As of January 31, 2011, the Adviser is no longer reimbursing Massachusetts Dividend Advantage (NMB) for any fees or expenses.
- (e) The expense ratios reflect, among other things, all interest expense and other costs related to MTP shares and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, both as described in Footnote 1 – General Information and Significant Accounting Policies, MuniFund Term Preferred Shares and Inverse Floating Rate Securities, respectively, as follows:

Massachusetts Premium Income (NMT)	
Year Ended 5/31:	
2011	1.28 %
2010	.37
2009	.09
2008	—
2007	—

Massachusetts Dividend Advantage (NMB)

Year Ended 5/31:

2011	1.75	%
2010	.35	
2009	.10	
2008	—	
2007	—	

* Rounds to less than \$.01 per share.

N/A Fund does not have a contractual reimbursement with the Adviser.

See accompanying notes to financial statements.

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Financial
Highlights (continued)

Selected data for a Common share outstanding throughout each period:

Beginning	Common Share Net Asset Value	Net Investment Income (Loss)	Net Realized/Unrealized Gain (Loss)	Investment Operations Distributions		Less Distributions		Ending Common Share Net Asset Value	Ending Market Value		
				Rate Preferred Shareholders (a)	Rate Preferred Shareholders (a)	Net Investment Income to Common Shareholders	Capital Gains to Common Shareholders				
Insured Massachusetts Tax-Free Advantage (NGX)											
Year Ended 5/31:											
2011	\$ 14.71	\$.64	\$ (.23)	\$ —	\$ —	\$.41	\$ (.76)	\$ —	\$ (.76)	\$ 14.36	\$ 13.62
2010	13.86	.82	.79	(.03)	—	1.58	(.73)	—	(.73)	14.71	15.79
2009	14.28	.91	(.50)	(.17)	—	.24	(.66)	—	(.66)	13.86	13.15
2008	14.50	.90	(.21)	(.26)	—	.43	(.65)	—	(.65)	14.28	14.14
2007	14.39	.90	.08	(.25)	—	.73	(.62)	—	(.62)	14.50	14.45
Missouri Premium Income (NOM)											
Year Ended 5/31:											
2011	13.55	.78	(.35)	(.01)	—	.42	(.78)	—	(.78)	13.19	13.88
2010	12.44	.83	.99	(.03)	—	1.79	(.68)	—	(.68)	13.55	16.50
2009	13.52	.85	(1.12)	(.16)	—	(.43)	(.65)	—	(.65)	12.44	12.90
2008	14.27	.89	(.62)	(.20)	(.04)	.03	(.65)	(.13)	(.78)	13.52	14.76
2007	14.40	.90	(.08)	(.23)	—	* .59	(.72)	—	* (.72)	14.27	16.56

(a) The amounts shown are based on Common share equivalents.

(b) Total Return Based 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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the

last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based 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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

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Total Returns Based on Market		Ending Net Assets Applicable to Common Shares (000)	Ratios/Supplemental Data										
			Ratios to Average Net Assets Applicable to Common Shares Before Reimbursement(c)					Ratios to Average Net Assets Applicable to Common Shares After Reimbursement(c)(d)					
Value(b)	Value(b)		Expenses(e)	(Loss)	Expenses(e)	(Loss)	Expenses(e)	(Loss)	Expenses(e)	(Loss)	Net Investment Income	Net Investment Income	Portfolio Turnover Rate
(9.04)%	2.89 %	\$ 39,158	3.07 %	4.38 %	3.01 %	4.44 %	4	%					
26.19	11.61	40,095	1.86	5.50	1.67	5.69	1						
(2.11)	2.00	37,754	1.47	6.47	1.16	6.78	0						
2.49	3.04	38,873	1.29	5.82	.85	6.25	13						
12.49	5.12	39,458	1.28	5.67	.79	6.15	6						
(11.29)	3.22	30,595	2.30	5.90	N/A	N/A	11						
34.31	14.69	31,348	1.37	6.37	N/A	N/A	7						
(7.83)	(2.92)	28,734	1.55	6.96	N/A	N/A	2						
(5.74)	.26	31,170	1.52	6.43	N/A	N/A	5						
5.98	4.17	32,826	1.39	6.15	N/A	N/A	16						

- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders, where applicable; Net Investment Income ratios reflect income earned and expenses incurred on assets attributable to ARPS and/or MTP shares, where applicable.
- (d) After expense reimbursement from the Adviser, where applicable. Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable. As of November 30, 2010, the Adviser is no longer reimbursing Insured Massachusetts Tax-Free Advantage (NGX) for any fees or expenses.
- (e) The expense ratios reflect, among other things, all interest expense and other costs related to MTP shares and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, both as described in Footnote 1 – General Information and Significant Accounting Policies, MuniFund Term Preferred Shares and Inverse Floating Rate Securities, respectively, as follows:

Insured Massachusetts Tax-Free Advantage (NGX)

Year Ended 5/31:

2011	1.81	%
2010	.57	
2009	.09	

2008	—
2007	—

Missouri Premium Income (NOM)

Year Ended 5/31:

2011	.93	%
2010	.03	
2009	.13	
2008	.21	
2007	.09	

* Rounds to less than \$.01 per share.

N/A Fund does not have a contractual reimbursement with the Adviser.

See accompanying notes to financial statements.

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Financial
Highlights (continued)

	ARPS at End of Period			MTP Shares at End of Period (a)			ARPS and MTP Shares at End of Period
	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Asset Coverage Per \$1 Liquidation Preference
Connecticut Premium Income (NTC)							
Year Ended 5/31:							
2011	\$ —	\$ —	\$ —	\$ 36,080	\$ 10.00	\$ 31.14	\$ —
2010	15,725	25,000	82,389	18,300	10.00	32.96	3.30
2009	34,975	25,000	77,110	—	—	—	—
2008	38,300	25,000	74,896	—	—	—	—
2007	38,300	25,000	75,360	—	—	—	—
Connecticut Dividend Advantage (NFC)							
Year Ended 5/31:							
2011	—	—	—	20,470	10.00	28.24	—
2010	—	—	—	20,470	10.00	28.82	—
2009	18,000	25,000	75,457	—	—	—	—
2008	19,500	25,000	73,556	—	—	—	—
2007	19,500	25,000	73,749	—	—	—	—
Connecticut Dividend Advantage 2 (NGK)							
Year Ended 5/31:							
2011	—	—	—	16,950	10.00	29.75	—
2010	—	—	—	16,950	10.00	30.55	—
2009	16,125	25,000	76,305	—	—	—	—
2008	17,500	25,000	73,840	—	—	—	—
2007	17,500	25,000	74,094	—	—	—	—

(a) The Ending and Average Market Value Per Share for each Series of the Fund's MTP Shares were as follows:

Series	Ending Market Value Per Share	Average Market Value Per Share	Series	Ending Market Value Per Share	Average Market Value Per Share

Connecticut Premium Income (NTC)							
Year Ended 5/31:							
2011	2015	\$ 10.07	\$ 10.04		2016	\$ 10.00	\$ ^{^^^} 9.88
2010	2015	10.00	10.02	[^]	—	—	—
2009	—	—	—		—	—	—
2008	—	—	—		—	—	—
2007	—	—	—		—	—	—
Connecticut Dividend Advantage (NFC)							
Year Ended 5/31:							
2011	2015	13.85	14.24		—	—	—
2010	2015	9.98	9.95	^{^^}	—	—	—
2009	—	—	—		—	—	—
2008	—	—	—		—	—	—
2007	—	—	—		—	—	—
Connecticut Dividend Advantage 2 (NGK)							
Year Ended 5/31:							
2011	2015	13.96	14.62		—	—	—
2010	2015	9.97	9.96	^{^^}	—	—	—
2009	—	—	—		—	—	—
2008	—	—	—		—	—	—
2007	—	—	—		—	—	—

[^] For the period January 19, 2010 (first issuance date of shares) through May 31, 2010.

^{^^} For the period March 31, 2010 (first issuance date of shares) through May 31, 2010.

^{^^^} For the period December 15, 2010 (first issuance date of shares) through May 31, 2011.

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	ARPS at End of Period			MTP Shares at End of Period (b)			ARPS and MTP Shares at End of Period
	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Asset Coverage Per \$1 Liquidation Preference
Connecticut Dividend Advantage 3 (NGO)							
Year Ended 5/31:							
2011	\$—	\$—	\$—	\$32,000	\$10.00	\$29.21	\$—
2010	—	—	—	32,000	10.00	29.71	—
2009	30,025	25,000	74,329	—	—	—	—
2008	32,000	25,000	73,028	—	—	—	—
2007	32,000	25,000	73,691	—	—	—	—
Massachusetts Premium Income (NMT)							
Year Ended 5/31:							
2011	—	—	—	36,645	10.00	28.45	—
2010	14,400	25,000	74,863	20,210	10.00	29.95	2.99
2009	34,000	25,000	71,559	—	—	—	—
2008	34,000	25,000	74,794	—	—	—	—
2007	34,000	25,000	75,973	—	—	—	—
Massachusetts Dividend Advantage (NMB)							
Year Ended 5/31:							
2011	—	—	—	14,725	10.00	28.65	—
2010	—	—	—	14,725	10.00	29.18	—
2009	14,250	25,000	71,544	—	—	—	—
2008	15,000	25,000	71,892	—	—	—	—
2007	15,000	25,000	73,453	—	—	—	—

(b) The Ending and Average Market Value Per Share for each Series of the Fund's MTP Shares were as follows:

	Series	Ending Market Value	Average Market Value	Series	Ending Market Value	Average Market Value
		Per Share	Per Share		Per Share	Per Share
Connecticut Dividend Advantage 3 (NGO)						
Year Ended 5/31:						
2011	2015	\$ 12.89	\$ 13.47	—	\$ —	\$ —
2010	2015	10.00	9.99	—	—	—
2009	—	—	—	—	—	—
2008	—	—	—	—	—	—

2007	—	—	—	—	—	—
Massachusetts Premium Income (NMT)						
Year Ended 5/31:						
2011	2015	10.02	10.02	2016	10.00	9.97
2010	2015	10.00	10.00	—	—	—
2009	—	—	—	—	—	—
2008	—	—	—	—	—	—
2007	—	—	—	—	—	—
Massachusetts Dividend Advantage (NMB)						
Year Ended 5/31:						
2011	2015	13.53	14.03	—	—	—
2010	2015	9.98	9.95	—	—	—
2009	—	—	—	—	—	—
2008	—	—	—	—	—	—
2007	—	—	—	—	—	—

For the period February 10, 2010 (first issuance date of shares) through May 31, 2010.

For the period January 21, 2010 (first issuance date of shares) through May 31, 2010.

For the period March 23, 2010 (first issuance date of shares) through May 31, 2010.

For the period January 20, 2011 (first issuance date of shares) through May 31, 2011.

See accompanying notes to financial statements.

Financial
Highlights (continued)

	ARPS at End of Period			MTP Shares at End of Period (a)			ARPS and MTP Shares at End of Period
	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Asset Coverage Per \$1 Liquidation Preference
Insured Massachusetts Tax-Free Advantage (NGX)							
Year Ended 5/31:							
2011	\$ —	\$ —	\$ —	\$ 22,075	\$ 10.00	\$ 27.74	\$ —
2010	—	—	—	22,075	10.00	28.16	—
2009	20,500	25,000	71,042	—	—	—	—
2008	20,500	25,000	72,407	—	—	—	—
2007	20,500	25,000	73,120	—	—	—	—
Missouri Premium Income (NOM)							
Year Ended 5/31:							
2011	—	—	—	17,880	10.00	27.11	—
2010	16,000	25,000	73,981	—	—	—	—
2009	16,000	25,000	69,897	—	—	—	—
2008	16,000	25,000	73,703	—	—	—	—
2007	16,000	25,000	76,291	—	—	—	—

(a) The Ending and Average Market Value Per Share for each Series of the Fund's MTP Shares were as follows:

	Series	Ending Market Value Per Share	Average Market Value Per Share	Series	Ending Market Value Per Share	Average Market Value Per Share
Insured Massachusetts Tax-Free Advantage (NGX)						
Year Ended 5/31:						
2011	2015	\$ 13.62	\$ 14.48	—	\$ —	\$ —
2010	2015	10.00	9.98	^	—	—
2009	—	—	—	—	—	—
2008	—	—	—	—	—	—
2007	—	—	—	—	—	—

Missouri Premium Income
(NOM)

Year Ended 5/31:

2011	2015	13.88	15.41	^^	—	—	—
2010	—	—	—		—	—	—
2009	—	—	—		—	—	—
2008	—	—	—		—	—	—
2007	—	—	—		—	—	—

^ For the period February 9, 2010 (first issuance date of shares) through May 31, 2010.

^^ For the period November 9, 2010 (first issuance date of shares) through May 31, 2011.

See accompanying notes to financial statements.

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Notes to
Financial Statements

1. General Information and Significant Accounting Policies

General Information

The state funds covered in this report and their corresponding Common share stock exchange symbols are Nuveen Connecticut Premium Income Municipal Fund (NTC), Nuveen Connecticut Dividend Advantage Municipal Fund (NFC), Nuveen Connecticut Dividend Advantage Municipal Fund 2 (NGK), Nuveen Connecticut Dividend Advantage Municipal Fund 3 (NGO), Nuveen Massachusetts Premium Income Municipal Fund (NMT), Nuveen Massachusetts Dividend Advantage Municipal Fund (NMB), Nuveen Insured Massachusetts Tax-Free Advantage Municipal Fund (NGX) and Nuveen Missouri Premium Income Municipal Fund (NOM) (each a “Fund” and collectively, the “Funds”). Common shares of Connecticut Premium Income (NTC) and Massachusetts Premium Income (NMT) are traded on the New York Stock Exchange (“NYSE”) while Common shares of Connecticut Dividend Advantage (NFC), Connecticut Dividend Advantage 2 (NGK), Connecticut Dividend Advantage 3 (NGO), Massachusetts Dividend Advantage (NMB), Insured Massachusetts Tax-Free Advantage (NGX) and Missouri Premium Income (NOM) are traded on the NYSE Amex. The Funds are registered under the Investment Company Act of 1940, as amended, as closed-end, registered investment companies.

Effective January 1, 2011, the Funds’ adviser, Nuveen Asset Management, a wholly-owned subsidiary of Nuveen Investments, Inc. (“Nuveen”), changed its name to Nuveen Fund Advisors, Inc. (the “Adviser”). Concurrently, the Adviser formed a wholly-owned subsidiary, Nuveen Asset Management, LLC (the “Sub-Adviser”), to house its portfolio management capabilities and to serve as the Funds’ sub-adviser, and the Funds’ portfolio managers became employees of the Sub-Adviser. This allocation of responsibilities between the Adviser and the Sub-Adviser affects each of the Funds. The Adviser will compensate the Sub-Adviser for the portfolio management services it provides to the Funds from each Fund’s management fee.

Each Fund seeks to provide current income exempt from both regular federal and designated state income taxes, and in the case of Insured Massachusetts Tax-Free Advantage (NGX) the alternative minimum tax applicable to individuals, by investing primarily in a portfolio of municipal obligations issued by state and local government authorities within a single state or certain U.S. territories.

Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Funds in the preparation of their financial statements in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”).

Investment Valuation

Prices of municipal bonds are provided by a pricing service approved by the Funds’ Board of Trustees. These securities are generally classified as Level 2 for fair value measurement purposes. When price quotes are not readily available (which is usually the case for municipal bonds) the pricing service establishes a security’s fair value using methods that may include consideration of the following: yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor’s credit characteristics considered relevant. In pricing certain securities, particularly less liquid and lower quality securities, the pricing service may consider information about a security, its issuer, or market activity provided by Adviser.

These securities are generally classified as Level 2 or Level 3 depending on the priority of the significant inputs.

Certain securities may not be able to be priced by the pre-established pricing methods as described above. Such securities may be valued by the Funds' Board of Trustees or its designee at fair value. These securities generally include, but are not limited to, restricted securities (securities which may not be publicly sold without registration under the Securities Act of 1933, as amended) for which a pricing service is unable to provide a market price; securities whose trading has been formally suspended; debt securities that have gone into default and for which there is no current market quotation; a security whose market price is not available from a pre-established pricing source; a security with respect to which an event has occurred that is likely to materially affect the value of the security after the market has closed but before the calculation of a Fund's net asset value (as may be the case in non-U.S. markets on which the security is primarily traded) or make it difficult or impossible to obtain a reliable market quotation; and a security whose price, as provided by the pricing service, is not deemed to reflect the security's fair value. As a general principle, the fair value of a security would appear to be the amount that the owner might reasonably expect to receive for it in a current sale. A variety of factors may be considered in determining the fair value of such securities, which may include consideration of the following: yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics considered relevant. These securities are generally classified as Level 2 or Level 3 depending on the priority of the significant inputs. Regardless of the method employed to value a particular security, all valuations are subject to review by the Funds' Board of Trustees or its designee.

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Notes to
Financial Statements (continued)

Refer to Footnote 2 – Fair Value Measurements for further details on the leveling of securities held by the Funds as of the end of the reporting period.

Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from transactions are determined on the specific identification method, which is the same basis used for federal income tax purposes. Investments purchased on a when-issued/delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when-issued/delayed delivery purchase commitments. At May 31, 2011, Missouri Premium Income (NOM) had outstanding when-issued/delayed delivery purchase commitments of \$291,936. There were no such outstanding purchase commitments in any of the other Funds.

Investment Income

Investment income, which reflects the amortization of premiums and includes accretion of discounts for financial reporting purposes, is recorded on an accrual basis. Investment income also reflects paydown gains and losses, if any.

Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to distribute substantially all of its 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. Furthermore, each Fund intends to satisfy conditions that will enable interest from municipal securities, which is exempt from regular federal and designated state income taxes, and in the case of Insured Massachusetts Tax-Free Advantage (NGX) the alternative minimum tax applicable to individuals, to retain such tax-exempt status when distributed to shareholders of the Funds. Net realized capital gains and ordinary income distributions paid by the Funds are subject to federal taxation.

For all open tax years and all major taxing jurisdictions, management of the Funds has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Open tax years are those that are open for examination by taxing authorities (i.e., generally the last four tax year ends and the interim tax period since then). Furthermore, management of the Funds is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

Dividends and Distributions to Common Shareholders

Dividends from net investment income are declared monthly. Net realized capital gains and/or market discount from investment transactions, if any, are distributed to shareholders at least annually. Furthermore, capital gains are distributed only to the extent they exceed available capital loss carryforwards.

Distributions to Common shareholders of 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 distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP.

Auction Rate Preferred Shares

Each Fund is authorized to issue Auction Rate Preferred Shares (“ARPS”). During the fiscal year ended May 31, 2011, the Funds had outstanding ARPS, \$25,000 stated value per share, which approximates market value, as a means of effecting financial leverage. Each Fund’s ARPS were issued in one or more Series. The dividend rate paid by the Funds on each Series was determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and was payable at the end of each rate period.

Beginning in February 2008, more shares for sale were submitted in the regularly scheduled auctions for the ARPS issued by the Funds than there were offers to buy. This meant that these auctions “failed to clear,” and that many ARPS shareholders who wanted to sell their shares in these auctions were unable to do so. ARPS shareholders unable to sell their shares received distributions at the “maximum rate” applicable to failed auctions as calculated in accordance with the pre-established terms of the ARPS. As of May 31, 2011, each Fund redeemed all of their outstanding ARPS, at liquidation value, as follows:

	Connecticut Premium Income (NTC)	Connecticut Dividend Advantage (NFC)	Connecticut Dividend Advantage 2 (NGK)	Connecticut Dividend Advantage 3 (NGO)
ARPS redeemed, at liquidation value	\$38,300,000	\$19,500,000	\$17,500,000	\$32,000,000

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	Massachusetts Premium Income (NMT)	Massachusetts Dividend Advantage (NMB)	Insured Massachusetts Tax-Free Advantage (NGX)	Missouri Premium Income (NOM)
ARPS redeemed, at liquidation value	\$34,000,000	\$15,000,000	\$20,500,000	\$16,000,000

During the current reporting period, Nuveen Investments, LLC, known as Nuveen Securities, LLC, effective April 30, 2011, (“Nuveen Securities”) entered into a settlement with the Financial Industry Regulatory Authority (“FINRA”) with respect to certain allegations regarding Nuveen-sponsored closed-end fund ARPS marketing brochures. As part of this settlement, Nuveen Securities neither admitted to nor denied FINRA’s allegations. Nuveen Securities is the broker-dealer subsidiary of Nuveen.

The settlement with FINRA concludes an investigation that followed the widespread failure of auctions for ARPS and other auction rate securities, which generally began in mid-February 2008. In the settlement, FINRA alleged that certain marketing materials provided by Nuveen Securities were false and misleading. Nuveen Securities agreed to a censure and the payment of a \$3 million fine.

MuniFund Term Preferred Shares

The Funds have issued and outstanding MuniFund Term Preferred (“MTP”) Shares, with a \$10 stated value per share. Proceeds from the issuance of MTP Shares, net of offering expenses, were used to redeem all, or a portion of, each Fund’s outstanding ARPS. Each Fund’s MTP Shares may be issued in more than one Series. Dividends, which are recognized as interest expense for financial reporting purposes, are paid monthly at a fixed annual rate, subject to adjustments in certain circumstances. The MTP Shares trade on the NYSE. As of May 31, 2011, the number of MTP Shares outstanding, annual interest rate and NYSE “ticker” symbol for each Fund’s series of MTP Shares are as follows:

Series	Connecticut Premium Income (NTC)			Connecticut Dividend Advantage (NFC)		
	Shares Outstanding	Annual Interest Rate	NYSE Ticker	Shares Outstanding	Annual Interest Rate	NYSE Ticker
2015	1,830,000	2.65 %	NTC Pr C	2,047,000	2.60 %	NFC Pr C
2016	1,778,000	2.55	NTC Pr D	—	—	—
Series	Connecticut Dividend Advantage 2 (NGK)			Connecticut Dividend Advantage 3 (NGO)		
	Shares Outstanding	Annual Interest Rate	NYSE Ticker	Shares Outstanding	Annual Interest Rate	NYSE Ticker
Series 2015	1,695,000	2.60 %	NGK Pr C	3,200,000	2.65 %	NGO Pr C
Series	Massachusetts Premium Income (NMT)			Massachusetts Dividend Advantage (NMB)		
	Shares	Annual Interest	NYSE	Shares	Annual Interest	NYSE

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Series	Outstanding	Rate	Ticker	Outstanding	Rate	Ticker
2015	2,021,000	2.65 %	NMT Pr C	1,472,500	2.60 %	NMB Pr C
2016	1,643,500	2.75	NMT Pr D	—	—	—
	Insured Massachusetts Tax-Free Advantage (NGX)			Missouri Premium Income (NOM)		
	Shares Outstanding	Annual Interest Rate	NYSE Ticker	Shares Outstanding	Annual Interest Rate	NYSE Ticker
Series 2015	2,207,500	2.65 %	NGX Pr C	1,788,000	2.10 %	NOM Pr C

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Financial Statements (continued)

Each Fund is obligated to redeem its MTP Shares by the date as specified in its offering document (“Term Redemption Date”), unless earlier redeemed or repurchased by the Fund. MTP Shares are subject to optional and mandatory redemption in certain circumstances. MTP Shares will be subject to redemption at the option of each Fund (“Optional Redemption Date”), subject to a payment of premium for one year following the Optional Redemption Date (“Premium Expiration Date”), and at par thereafter. MTP Shares also will be subject to redemption, at the option of each Fund, at par in the event of certain changes in the credit rating of the MTP Shares. Each Fund may be obligated to redeem certain of the MTP Shares if the Fund fails to maintain certain asset coverage and leverage ratio requirements and such failures are not cured by the applicable cure date. The redemption price per share is equal to the sum of the liquidation value per share plus any accumulated but unpaid dividends. The Term Redemption Date, Optional Redemption Date and Premium Expiration Date for each Fund’s series of MTP Shares are as follows:

	Connecticut Premium Income (NTC) Series 2015	Connecticut Premium Income (NTC) Series 2016	Connecticut Dividend Advantage (NFC) Series 2015	Connecticut Dividend Advantage 2 (NGK) Series 2015	Connecticut Dividend Advantage 3 (NGO) Series 2015
Term Redemption Date	February 1, 2015	January 1, 2016	April 1, 2015	April 1, 2015	March 1, 2015
Optional Redemption Date	February 1, 2011	January 1, 2012	April 1, 2011	April 1, 2011	March 1, 2011
Premium Expiration Date	January 31, 2012	December 31, 2012	March 31, 2012	March 31, 2012	February 29, 2012
	Massachusetts Premium Income (NMT) Series 2015	Massachusetts Premium Income (NMT) Series 2016	Massachusetts Dividend Advantage (NMB) Series 2015	Insured Massachusetts Tax-Free Advantage (NGX) Series 2015	Missouri Premium Income (NOM) Series 2015
Term Redemption Date	February 1, 2015	February 1, 2016	April 1, 2015	March 1, 2015	December 1, 2015
Optional Redemption Date	February 1, 2011	February 1, 2012	April 1, 2011	March 1, 2011	December 1, 2011
Premium Expiration Date	January 31, 2012	January 31, 2013	March 31, 2012	February 29, 2012	November 30, 2012

The average liquidation value of all MTP Shares outstanding for each Fund during the fiscal year ended May 31, 2011, was as follows:

	Connecticut Premium Income (NTC)	Connecticut Dividend Advantage (NFC)	Connecticut Dividend Advantage 2 (NGK)	Connecticut Dividend Advantage 3 (NGO)
Average liquidation value of MTP Shares outstanding	\$ 26,450,773	\$ 20,470,000	\$ 16,950,000	\$ 32,000,000

	Massachusetts Premium Income (NMT)	Massachusetts Dividend Advantage (NMB)	Insured Massachusetts Tax-Free Advantage (NGX)	Missouri Premium Income (NOM) *
Average liquidation value of MTP Shares outstanding	\$ 26,096,082	\$ 14,725,000	\$ 22,075,000	\$ 17,816,275

* For the period November 9, 2010 (first issuance date of shares) through May 31, 2011.

For financial reporting purposes only, the liquidation value of MTP Shares is recorded as a liability on the Statement of Assets and Liabilities. Unpaid dividends on MTP Shares are recognized as a component of “Interest payable” on the Statement of Assets and Liabilities. Dividends paid on MTP Shares are recognized as a component of “Interest expense and amortization of offering costs” on the Statement of Operations.

Net amounts earned by Nuveen as underwriter of each Fund’s MTP Share offering were recorded as reductions of offering costs recognized by the Funds. For the fiscal year ended May 31, 2011, the net amounts earned by Nuveen for each Fund were as follows:

	Connecticut Premium Income (NTC)	Connecticut Dividend Advantage (NFC)	Connecticut Dividend Advantage 2 (NGK)	Connecticut Dividend Advantage 3 (NGO)
Net amounts earned by Nuveen	\$ —	\$ —	\$ —	\$ —

	Massachusetts Premium Income (NMT)	Massachusetts Dividend Advantage (NMB)	Insured Massachusetts Tax-Free Advantage (NGX)	Missouri Premium Income (NOM)
Net amounts earned by Nuveen	\$ —	\$ —	\$ —	\$ 1,131

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Insurance

Since 2007, the financial status of most major municipal bond insurers has deteriorated substantially, and some insurers have gone out of business, rendering worthless the insurance policies they had written. Under normal circumstances, Insured Massachusetts Tax-Free Advantage (NGX) invests at least 80% of its managed assets (as defined in Footnote 7 – Management Fees and Other Transactions with Affiliates) in municipal securities that are covered by insurance guaranteeing the timely payment of principal and interest. In addition, the municipal securities in which Insured Massachusetts Tax-Free Advantage (NGX) invests will be investment grade at the time of purchase (including (i) bonds insured by investment grade insurers or are rated investment grade; (ii) unrated bonds that are judged to be investment grade by the Adviser; and (iii) escrowed bonds). Ratings below BBB by one or more national rating agencies are considered to be below investment grade.

Each insured municipal security is covered by Original Issue Insurance, Secondary Market Insurance or Portfolio Insurance. Assuming that the insurer remains creditworthy, the insurance feature of a municipal security guarantees the full payment of principal and interest when due through the life of an insured obligation. Such insurance does not guarantee the market value of the insured obligation or the value of the Fund’s Common shares. Original Issue Insurance and Secondary Market Insurance remain in effect as long as the municipal securities covered thereby remain outstanding and the insurer remains in business, regardless of whether the Fund ultimately disposes of such municipal securities. Consequently, the market value of the municipal securities covered by Original Issue Insurance or Secondary Market Insurance may reflect value attributable to the insurance. Portfolio Insurance, in contrast, is effective only while the municipal securities are held by the Fund and is reflected as an expense over the term of the policy, when applicable. Accordingly, neither the prices used in determining the market value of the underlying municipal securities nor the Common share net asset value of the Fund include value, if any, attributable to the Portfolio Insurance. Each policy of the Portfolio Insurance does, however, give the Fund the right to obtain permanent insurance with respect to the municipal security covered by the Portfolio Insurance policy at the time of its sale.

Inverse Floating Rate Securities

Each Fund is authorized to invest in inverse floating rate securities. An inverse floating rate security is created by depositing a municipal bond, typically with a fixed interest rate, into a special purpose trust created by a broker-dealer. In turn, this trust (a) issues floating rate certificates, in face amounts equal to some fraction of the deposited bond’s par amount or market value, that typically pay short-term tax-exempt interest rates to third parties, and (b) issues to a long-term investor (such as one of the Funds) an inverse floating rate certificate (sometimes referred to as an “inverse floater”) that represents all remaining or residual interest in the trust. The income received by the inverse floater holder varies inversely with the short-term rate paid to the floating rate certificates’ holders, and in most circumstances the inverse floater holder bears substantially all of the underlying bond’s downside investment risk and also benefits disproportionately from any potential appreciation of the underlying bond’s value. The price of an inverse floating rate security will be more volatile than that of the underlying bond because the interest rate is dependent on not only the fixed coupon rate of the underlying bond but also on the short-term interest paid on the floating rate certificates, and because the inverse floating rate security essentially bears the risk of loss of the greater face value of the underlying bond.

A Fund may purchase an inverse floating rate security in a secondary market transaction without first owning the underlying bond (referred to as an “externally-deposited inverse floater”), or instead by first selling a fixed-rate bond to a broker-dealer for deposit into the special purpose trust and receiving in turn the residual interest in the trust (referred to as a “self-deposited inverse floater”). The inverse floater held by a Fund gives the Fund the right (a) to cause the holders of the floating rate certificates to tender their notes at par, and (b) to have the broker transfer the fixed-rate bond held by the trust to the Fund, thereby collapsing the trust. An investment in an externally-deposited inverse floater is identified in the Portfolio of Investments as “(IF) – Inverse floating rate investment.” An investment in a

self-deposited inverse floater is accounted for as a financing transaction. In such instances, a fixed-rate bond deposited into a special purpose trust is identified in the Portfolio of Investments as “(UB) – Underlying bond of an inverse floating rate trust reflected as a financing transaction,” with the Fund accounting for the short-term floating rate certificates issued by the trust as “Floating rate obligations” on the Statement of Assets and Liabilities. In addition, the Fund reflects in “Investment Income” the entire earnings of the underlying bond and the related interest paid to the holders of the short-term floating rate certificates as a component of “Interest expense and amortization of offering costs” on the Statement of Operations.

During the fiscal year ended May 31, 2011, each Fund invested in externally-deposited inverse floaters and/or self-deposited inverse floaters.

Each Fund may also enter into shortfall and forbearance agreements (sometimes referred to as a “recourse trust” or “credit recovery swap”) (such agreements referred to herein as “Recourse Trusts”) with a broker-dealer by which a Fund agrees to reimburse the broker-dealer, in certain circumstances, for the difference between the liquidation value of the fixed-rate bond held by the trust and the liquidation value of the floating rate certificates issued by the trust plus any shortfalls in interest cash flows. Under these agreements, a Fund’s potential exposure to losses related to or on inverse floaters may increase beyond the value of a Fund’s inverse floater investments as a Fund may potentially be liable to fulfill all amounts owed to holders of the floating rate certificates. At period end, any such shortfall is recognized as “Unrealized depreciation on Recourse Trusts” on the Statement of Assets and Liabilities.

At May 31, 2011, the Funds were not invested in externally-deposited Recourse Trusts.

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Notes to
Financial Statements (continued)

The average floating rate obligations outstanding and average annual interest rate and fees related to self-deposited inverse floaters during the fiscal year ended May 31, 2011, were as follows:

	Connecticut Premium Income (NTC)	Connecticut Dividend Advantage (NFC)	Connecticut Dividend Advantage 2 (NGK)	Connecticut Dividend Advantage 3 (NGO)
Average floating rate obligations outstanding	\$ 7,965,000	\$ 3,820,000	\$ 3,460,000	\$ 5,780,000
Average annual interest rate and fees	0.77 %	0.76 %	0.77 %	0.74 %

	Massachusetts Premium Income (NMT)	Massachusetts Dividend Advantage (NMB)	Insured Massachusetts Tax-Free Advantage (NGX)	Missouri Premium Income (NOM)
Average floating rate obligations outstanding	\$ 2,450,000	\$ 1,050,000	\$ 1,500,000	\$ 2,225,000
Average annual interest rate and fees	0.64 %	0.64 %	0.64 %	0.45 %

Derivative Financial Instruments

Each Fund is authorized to invest in certain derivative instruments, including foreign currency forwards, futures, options and swap contracts. Although each Fund is authorized to invest in such derivative instruments, and may do so in the future, they did make any such investments during the fiscal year ended May 31, 2011.

Market and Counterparty Credit Risk

In the normal course of business each Fund may invest in financial instruments and enter into financial transactions where risk of potential loss exists due to changes in the market (market risk) or failure of the other party to the transaction to perform (counterparty credit risk). The potential loss could exceed the value of the financial assets recorded on the financial statements. Financial assets, which potentially expose each Fund to counterparty credit risk, consist principally of cash due from counterparties on forward, option and swap transactions, when applicable. The extent of each Fund's exposure to counterparty credit risk in respect to these financial assets approximates their carrying value as recorded on the Statement of Assets and Liabilities. Futures contracts, when applicable, expose a Fund to minimal counterparty credit risk as they are exchange traded and the exchange's clearinghouse, which is counterparty to all exchange traded futures, guarantees the futures contracts against default.

Each Fund helps manage counterparty credit risk by entering into agreements only with counterparties the Adviser believes have the financial resources to honor their obligations and by having the Adviser monitor the financial stability of the counterparties. Additionally, counterparties may be required to pledge collateral daily (based on the daily valuation of the financial asset) on behalf of each Fund with a value approximately equal to the amount of any unrealized gain above a pre-determined threshold. Reciprocally, when each Fund has an unrealized loss, the Funds have instructed the custodian to pledge assets of the Funds as collateral with a value approximately equal to the amount of the unrealized loss above a pre-determined threshold. Collateral pledges are monitored and subsequently adjusted if and when the valuations fluctuate, either up or down, by at least the predetermined threshold amount.

Zero Coupon Securities

Each Fund is authorized to invest in zero coupon securities. A zero coupon security does not pay a regular interest coupon to its holders during the life of the security. Tax-exempt income to the holder of the security comes from accretion of the difference between the original purchase price of the security at issuance and the par value of the security at maturity and is effectively paid at maturity. The market prices of zero coupon securities generally are more volatile than the market prices of securities that pay interest periodically.

Offering Costs

Costs incurred by the Funds in connection with their offerings of MTP Shares were recorded as a deferred charge, which will be amortized over the life of the shares. Each Fund's amortized deferred charges are recognized as a component of "Interest expense and amortization of offering costs" on the Statement of Operations. Each Fund's offering costs incurred were as follows:

	Connecticut Premium Income (NTC)	Connecticut Dividend Advantage (NFC)	Connecticut Dividend Advantage 2 (NGK)	Connecticut Dividend Advantage 3 (NGO)
MTP Shares offering costs	\$1,131,200	\$567,050	\$504,250	\$750,000

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	Massachusetts Premium Income (NMT)	Massachusetts Dividend Advantage (NMB)	Insured Massachusetts Tax-Free Advantage (NGX)	Missouri Premium Income (NOM)
MTP Shares offering costs	\$1,139,675	\$465,875	\$571,125	\$598,200

Custodian Fee Credit

Each Fund has an arrangement with the custodian bank whereby certain custodian fees and expenses are reduced by net credits earned on each Fund's cash on deposit with the bank. Such deposit arrangements are an alternative to overnight investments. Credits for cash balances may be offset by charges for any days on which a Fund overdraws its account at the custodian bank.

Indemnifications

Under the Funds' organizational documents, their officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Funds. In addition, in the normal course of business, the Funds enter into contracts that provide general indemnifications to other parties. The Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. However, the Funds have not had prior claims or losses pursuant to these contracts and expect the risk of loss to be remote.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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. Fair Value Measurements

Fair value is defined as the price that the Funds would receive upon selling an investment or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. A three-tier hierarchy is used to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1 – Quoted prices in active markets for identical securities.

Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Significant unobservable inputs (including management's assumptions in determining the fair value of investments).

The inputs or methodologies used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of each Fund's fair value measurements as of May 31, 2011:

Connecticut Premium Income (NTC)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$ —	\$116,953,440	\$ —	\$116,953,440
Connecticut Dividend Advantage (NFC)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$ —	\$58,921,895	\$ —	\$58,921,895
Connecticut Dividend Advantage 2 (NGK)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$ —	\$53,021,708	\$ —	\$53,021,708
Connecticut Dividend Advantage 3 (NGO)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$ —	\$96,652,482	\$ —	\$96,652,482
Massachusetts Premium Income (NMT)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$ —	\$104,622,681	\$ —	\$104,622,681

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Massachusetts Dividend Advantage (NMB)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds		\$ -41,885,118	\$ -41,885,118	
Insured Massachusetts Tax-Free Advantage (NGX)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds		\$ -61,453,112	\$ -61,453,112	
Missouri Premium Income (NOM)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds		\$ -48,566,659	\$ -48,566,659	

The following is a reconciliation of the following Funds' Level 3 investments held at the beginning and end of the measurement period:

	Massachusetts Premium Income (NMT) Level 3 Municipal Bonds	Massachusetts Dividend Advantage (NMB) Level Municipal Bonds
Balance at the beginning of year	\$ 344,410	\$ 688,820
Gains (losses):		
Net realized gains (losses)	(74,766)	(149,533)
Net change in unrealized appreciation (depreciation)	155,590	311,180
Purchases at cost	—	—
Sales at proceeds	(425,234)	(850,467)
Net discounts (premiums)	—	—
Transfers into	—	—
Transfers out of	—	—
Balance at the end of year	\$ —	\$ —
Net change in unrealized appreciation (depreciation) during the year of Level 3 Securities held as of May 31, 2011	\$ —	\$ —

During the fiscal year ended May 31, 2011, the Funds recognized no significant transfers to/from Level 1, Level 2 or Level 3.

3. Derivative Instruments and Hedging Activities

The Funds record derivative instruments at fair value, with changes in fair value recognized on the Statement of Operations, when applicable. Even though the Funds' investments in derivatives may represent economic hedges, they are not considered to be hedge transactions for financial reporting purposes. The Funds did not invest in derivative

instruments during the fiscal year ended May 31, 2011.

4. Fund Shares

Common Shares

Since the inception of the Funds' repurchase program, the Funds have not repurchased any of their outstanding Common shares.

Transactions in Common shares were as follows:

	Connecticut Premium Income (NTC)		Connecticut Dividend Advantage (NFC)		Connecticut Dividend Advantage 2 (NGK)	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	5/31/11	5/31/10	5/31/11	5/31/10	5/31/11	5/31/10
Common shares issued to shareholders due to reinvestment of distributions	—	1,053	1,764	3,615	1,073	2,074

	Connecticut Dividend Advantage 3 (NGO)		Massachusetts Premium Income (NMT)		Massachusetts Dividend Advantage (NMB)	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	5/31/11	5/31/10	5/31/11	5/31/10	5/31/11	5/31/10
Common shares issued to shareholders due to reinvestment of distributions	—	1,261	6,872	3,206	1,746	2,198

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	Insured Massachusetts Tax-Free Advantage (NGX)		Missouri Premium Income (NOM)	
	Year Ended	Year Ended	Year Ended	Year Ended
	5/31/11	5/31/10	5/31/11	5/31/10
Common shares issued to shareholders due to reinvestment of distributions	1,124	1,696	4,733	4,352

Preferred Shares

Transactions in ARPS were as follows:

	Connecticut Premium Income (NTC)				Connecticut Dividend Advantage (NFC)			
	Year Ended		Year Ended		Year Ended		Year Ended	
	5/31/11		5/31/10		5/31/11		5/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
ARPS redeemed:								
Series T	—	\$—	—	\$—	—	\$—	609	\$17,250,000
Series TH	629	15,725,000	709	17,725,000	—	—	—	—
Total	629	\$15,725,000	709	\$17,725,000	—	\$—	609	\$17,250,000

	Connecticut Dividend Advantage 2 (NGK)				Connecticut Dividend Advantage 3 (NGO)			
	Year Ended		Year Ended		Year Ended		Year Ended	
	5/31/11		5/31/10		5/31/11		5/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
ARPS redeemed:								
Series W	—	\$—	618	\$15,450,000	—	\$—	—	\$—
Series F	—	—	—	—	—	—	1,131	28,275,000
Total	—	\$—	618	\$15,450,000	—	\$—	1,131	\$28,275,000

	Massachusetts Premium Income (NMT)				Massachusetts Dividend Advantage (NMB)			
	Year Ended		Year Ended		Year Ended		Year Ended	
	5/31/11		5/31/10		5/31/11		5/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
ARPS redeemed:								
Series T	—	\$—	—	\$—	—	\$—	570	\$14,250,000
Series TH	576	14,400,000	784	19,600,000	—	—	—	—
Total	576	\$14,400,000	784	\$19,600,000	—	\$—	570	\$14,250,000

	Insured Massachusetts Tax-Free Advantage (NGX)				Missouri Premium Income (NOM)			
	Year Ended		Year Ended		Year Ended		Year Ended	
	5/31/11		5/31/10		5/31/11		5/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
ARPS redeemed:								
Series W	—	\$—	820	\$20,500,000	—	\$—	—	\$—
Series TH	—	—	—	—	640	16,000,000	—	—
Total	—	\$—	820	\$20,500,000	640	\$16,000,000	—	\$—

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Transactions in MTP Shares were as follows:

	Connecticut Premium Income (NTC)				Connecticut Dividend Advantage (NFC)			
	Year Ended 5/31/11		Year Ended 5/31/10		Year Ended 5/31/11		Year Ended 5/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
MTP Shares issued: Series								
2015	—	\$—	1,830,000	\$18,300,000	—	\$—	2,047,000	\$20,470,000
Series								
2016	1,778,000	17,780,000	—	—	—	—	—	—
Total	1,778,000	\$17,780,000	1,830,000	\$18,300,000	—	\$—	2,047,000	\$20,470,000

	Connecticut Dividend Advantage 2 (NGK)				Connecticut Dividend Advantage 3 (NGO)			
	Year Ended 5/31/11		Year Ended 5/31/10		Year Ended 5/31/11		Year Ended 5/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
MTP Shares issued: Series								
2015	—	\$—	1,695,000	\$16,950,000	—	\$—	3,200,000	\$32,000,000

	Massachusetts Premium Income (NMT)				Massachusetts Dividend Advantage (NMB)			
	Year Ended 5/31/11		Year Ended 5/31/10		Year Ended 5/31/11		Year Ended 5/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
MTP Shares issued: Series								
2015	—	\$—	2,021,000	\$20,210,000	—	\$—	1,472,500	\$14,725,000
Series								
2016	1,643,500	16,435,000	—	—	—	—	—	—
Total	1,643,500	\$16,435,000	2,021,000	\$20,210,000	—	\$—	1,472,500	\$14,725,000

	Insured Massachusetts Tax-Free Advantage (NGX)		Missouri Premium Income (NOM)	
	Year Ended		Year Ended	
	Year Ended	Year Ended	Year Ended	Year Ended

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	Shares	5/31/11 Amount	Shares	5/31/10 Amount	Shares	5/31/11 Amount	Shares	5/31/10 Amount
MTP Shares issued: Series								
2015	—	\$—	2,207,500	\$22,075,000	1,788,000	\$17,880,000	—	\$—

5. Investment Transactions

Purchases and sales (including maturities but excluding short-term investments, where applicable) during the fiscal year ended May 31, 2011, were as follows:

	Connecticut Premium Income (NTC)	Connecticut Dividend Advantage (NFC)	Connecticut Dividend Advantage 2 (NGK)	Connecticut Dividend Advantage 3 (NGO)
Purchases	\$11,028,120	\$7,833,634	\$5,967,845	\$7,765,002
Sales and maturities	10,458,000	9,513,500	6,490,950	8,992,500

	Massachusetts Premium Income (NMT)	Massachusetts Dividend Advantage (NMB)	Insured Massachusetts Tax-Free Advantage (NGX)	Missouri Premium Income (NOM)
Purchases	\$8,651,066	\$6,639,735	\$2,534,412	\$5,579,964
Sales and maturities	6,717,581	7,190,824	2,158,010	5,290,803

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6. 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 timing differences in recognizing taxable market discount, timing differences in recognizing certain gains and losses on investment transactions and the treatment of investments in inverse floating rate securities reflected as financing transactions, if any. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts as detailed below. Temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset values of the Funds.

At May 31, 2011, the cost and unrealized appreciation (depreciation) of investments, as determined on a federal income tax basis, were as follows:

	Connecticut Premium Income (NTC)	Connecticut Dividend Advantage (NFC)	Connecticut Dividend Advantage 2 (NGK)	Connecticut Dividend Advantage 3 (NGO)
Cost of investments	\$ 108,132,510	\$ 54,729,859	\$ 49,067,129	\$ 90,725,749
Gross unrealized:				
Appreciation	\$ 2,883,174	\$ 1,300,770	\$ 1,398,614	\$ 2,271,557
Depreciation	(2,026,793)	(929,270)	(904,403)	(2,124,378)
Net unrealized appreciation (depreciation) of investments	\$ 856,381	\$ 371,500	\$ 494,211	\$ 147,179
	Massachusetts Premium Income (NMT)	Massachusetts Dividend Advantage (NMB)	Insured Massachusetts Tax-Free Advantage (NGX)	Missouri Premium Income (NOM)
Cost of investments	\$ 101,625,890	\$ 41,123,247	\$ 58,526,969	\$ 47,036,891
Gross unrealized:				
Appreciation	\$ 3,390,693	\$ 989,177	\$ 2,003,075	\$ 922,261
Depreciation	(2,843,951)	(1,277,327)	(576,962)	(1,616,955)
Net unrealized appreciation (depreciation) of investments	\$ 546,742	\$ (288,150)	\$ 1,426,113	\$ (694,694)

Permanent differences, primarily due to federal taxes paid, taxable market discount, nondeductible offering costs and distribution character reclassifications, resulted in reclassifications among the Funds' components of Common share net assets at May 31, 2011, the Funds' tax year end, as follows:

	Connecticut Premium Income (NTC)	Connecticut Dividend Advantage (NFC)	Connecticut Dividend Advantage 2 (NGK)	Connecticut Dividend Advantage 3 (NGO)
Paid-in surplus	\$ (128,552)	\$ (102,128)	\$ (100,191)	\$ (148,292)
Undistributed (Over-distribution of) net investment income	158,721	106,510	100,685	148,292
Accumulated net realized gain (loss)	(30,169)	(4,382)	(494)	—
			Insured	

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	Massachusetts Premium Income (NMT)	Massachusetts Dividend Advantage (NMB)	Massachusetts Tax-Free Advantage (NGX)	Missouri Premium Income (NOM)
Paid-in surplus	\$ (148,395)	\$ (45,873)	\$ (112,064)	\$ (64,868)
Undistributed (Over-distribution of) net investment income	150,270	75,743	111,912	63,765
Accumulated net realized gain (loss)	(1,875)	(29,870)	152	1,103

The tax components of undistributed net tax-exempt income, net ordinary income and net long-term capital gains at May 31, 2011, the Funds' tax year end, were as follows:

	Connecticut Premium Income (NTC)	Connecticut Dividend Advantage (NFC)	Connecticut Dividend Advantage 2 (NGK)	Connecticut Dividend Advantage 3 (NGO)
Undistributed net tax-exempt income*	\$ 1,264,582	\$ 467,751	\$ 370,951	\$ 579,588
Undistributed net ordinary income **	2,329	6,690	1,014	—
Undistributed net long-term capital gains	129,612	104,027	40,075	—

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	Massachusetts Premium Income (NMT)	Massachusetts Dividend Advantage (NMB)	Insured Massachusetts Tax-Free Advantage (NGX)	Missouri Premium Income (NOM)
Undistributed net tax-exempt income*	\$ 1,177,287	\$ 273,241	\$ 351,879	\$631,129
Undistributed net ordinary income **	791	234	—	—
Undistributed net long-term capital gains	108,999	—	—	—

* Undistributed net tax-exempt income (on a tax basis) has not been reduced for the dividend declared May 2, 2011, paid on June 1, 2011.

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

The tax character of distributions paid during the Funds' tax years ended May 31, 2011 and May 31, 2010, was designated for purposes of the dividends paid deduction as follows:

	Connecticut Premium Income (NTC)	Connecticut Dividend Advantage (NFC)	Connecticut Dividend Advantage 2 (NGK)	Connecticut Dividend Advantage 3 (NGO)
2011				
Distributions from net tax-exempt income ***	\$ 4,494,227	\$ 2,517,939	\$ 2,278,037	\$ 3,992,324
Distributions from net ordinary income **	—	—	—	—
Distributions from net long-term capital gains ****	—	—	—	—

	Massachusetts Premium Income (NMT)	Massachusetts Dividend Advantage (NMB)	Insured Massachusetts Tax-Free Advantage (NGX)	Missouri Premium Income (NOM)
2011				
Distributions from net tax-exempt income ***	\$ 4,427,025	\$ 2,009,854	\$ 2,646,325	\$ 2,005,649
Distributions from net ordinary income **	—	—	—	—
Distributions from net long-term capital gains ****	179,625	—	—	—

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

*** The Funds hereby designate these amounts paid during the fiscal year ended May 31, 2011, as Exempt Interest Dividends

**** The Funds designate as a long-term capital gain dividend, pursuant to the Internal Revenue Code Section 852(b)(3), the amount necessary to reduce earnings and profits of the Funds related to net capital gain to zero for the tax year ended May 31, 2011.

Connecticut Premium Income	Connecticut Dividend Advantage	Connecticut Dividend Advantage 2	Connecticut Dividend Advantage 3
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2010	(NTC)	(NFC)	(NGK)	(NGO)
Distributions from net tax-exempt income	\$ 3,919,054	\$ 1,989,927	\$ 1,832,795	\$ 3,217,850
Distributions from net ordinary income **	—	—	—	—
Distributions from net long-term capital gains	27,148	—	—	—

	Massachusetts Premium Income (NMT)	Massachusetts Dividend Advantage (NMB)	Insured Massachusetts Tax-Free Advantage (NGX)	Missouri Premium Income (NOM)
2010				
Distributions from net tax-exempt income	\$ 3,896,180	\$ 1,576,968	\$ 2,164,823	\$ 1,628,139
Distributions from net ordinary income **	—	69,207	—	—
Distributions from net long-term capital gains	—	—	—	—

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

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At May 31, 2011, the Funds' tax year end, 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:

	Connecticut Dividend Advantage 3 (NGO)	Massachusetts Dividend Advantage (NMB)	Insured Massachusetts Tax-Free Advantage (NGX)	Missouri Premium Income (NOM)
Expiration:				
May 31, 2013	\$ 35,547	\$ —	\$ 18,655	\$—
May 31, 2014	111,331	—	427,135	—
May 31, 2015	211,213	—	—	—
May 31, 2017	43,691	—	215,629	122,533
May 31, 2018	13,130	—	24,486	91,539
May 31, 2019	—	138,353	18,813	—
Total	\$ 414,912	\$ 138,353	\$ 704,718	\$214,072

During the Funds' tax year ended May 31, 2011, the following Funds utilized capital loss carryforwards as follows:

	Connecticut Dividend Advantage 3 (NGO)	Missouri Premium Income (NOM)
Utilized capital loss carryforwards	\$95	\$138,449

The Funds have elected to defer net realized losses from investments incurred from November 1, 2010 through May 31, 2011, the Funds' tax year end, ("post-October losses") in accordance with federal income tax regulations.

Post-October losses are treated as having arisen on the first day of the following fiscal year. The following Fund has elected to defer post-October losses as follows:

	Insured Massachusetts Tax-Free Advantage (NGX)
Post-October capital losses	\$3,879

7. Management Fees and Other Transactions with Affiliates

Each Fund's management fee consists of two components – a fund-level fee, based only on the amount of assets within the Fund, and a complex-level fee, based on the aggregate amount of all fund assets managed by the Adviser. This pricing structure enables Fund shareholders to benefit from growth in the assets within their respective Fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

The annual fund-level fee for each Fund, payable monthly, is calculated according to the following schedules:

Connecticut Premium Income (NTC)
Massachusetts Premium Income (NMT)

Average Daily Managed Assets*	Missouri Premium Income (NOM) Fund-Level Fee Rate	
For the first \$125 million	.4500	%
For the next \$125 million	.4375	
For the next \$250 million	.4250	
For the next \$500 million	.4125	
For the next \$1 billion	.4000	
For the next \$3 billion	.3875	
For managed assets over \$5 billion	.3750	

Average Daily Managed Assets*	Connecticut Dividend Advantage (NFC) Connecticut Dividend Advantage 2 (NGK) Connecticut Dividend Advantage 3 (NGO) Massachusetts Dividend Advantage (NMB) Insured Massachusetts Tax-Free Advantage (NGX) Fund-Level Fee Rate	
For the first \$125 million	.4500	%
For the next \$125 million	.4375	
For the next \$250 million	.4250	
For the next \$500 million	.4125	
For the next \$1 billion	.4000	
For managed assets over \$2 billion	.3750	

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The annual complex-level fee for each Fund, payable monthly, is calculated according to the following schedule:

Complex-Level Managed Asset Breakpoint Level*	Effective Rate at Breakpoint Level	
\$55 billion	.2000	%
\$56 billion	.1996	
\$57 billion	.1989	
\$60 billion	.1961	
\$63 billion	.1931	
\$66 billion	.1900	
\$71 billion	.1851	
\$76 billion	.1806	
\$80 billion	.1773	
\$91 billion	.1691	
\$125 billion	.1599	
\$200 billion	.1505	
\$250 billion	.1469	
\$300 billion	.1445	

* For the fund-level and complex-level fees, managed assets include closed-end fund assets managed by the Adviser that are attributable to financial leverage. For these purposes, financial leverage includes the funds' use of preferred stock and borrowings and certain investments in the residual interest certificates (also called inverse floating rate securities) in tender option bond (TOB) trusts, including the portion of assets held by a TOB trust that has been effectively financed by the trust's issuance of floating rate securities, subject to an agreement by the Adviser as to certain funds to limit the amount of such assets for determining managed assets in certain circumstances. The complex-level fee is calculated based upon the aggregate daily managed assets of all Nuveen Funds that constitute "eligible assets." Eligible assets do not include assets attributable to investments in other Nuveen Funds and assets in excess of \$2 billion added to the Nuveen Fund complex in connection with the Adviser's assumption of the management of the former First American Funds effective January 1, 2011. As of May 31, 2011, the complex level fee rate for each of these Funds was .1774%.

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Adviser has entered into sub-advisory agreements with the Sub-Adviser under which the Sub-Adviser manages the investment portfolios of the Funds. The Sub-Adviser is compensated for its services to the Funds from the management fees paid to the Adviser.

The Funds pay 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 Funds from the Adviser or its affiliates. The Board of 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.

For the first ten years of Connecticut Dividend Advantage's (NFC) and Massachusetts Dividend Advantage's (NMB) operations, the Adviser has agreed to reimburse the Funds, 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 January 31,		Year Ending January 31,	
2001*	.30%	2007	.25%
2002	.30	2008	.20
2003	.30	2009	.15
2004	.30	2010	.10
2005	.30	2011	.05
2006	.30		

* From the commencement of operations.

The Adviser has not agreed to reimburse Connecticut Dividend Advantage (NFC) and Massachusetts Dividend Advantage (NMB) for any portion of their fees and expenses beyond January 31, 2011.

For the first ten years of Connecticut Dividend Advantage 2's (NGK) 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 March 31,		Year Ending March 31,	
2002*	.30%	2008	.25%
2003	.30	2009	.20
2004	.30	2010	.15
2005	.30	2011	.10
2006	.30	2012	.05
2007	.30		

* From the commencement of operations.

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The Adviser has not agreed to reimburse Connecticut Dividend Advantage 2 (NGK) for any portion of its fees and expenses beyond March 31, 2012.

For the first eight years of Connecticut Dividend Advantage 3's (NGO) 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 September 30,		Year Ending September 30,	
2002*	.32%	2007	.32%
2003	.32	2008	.24
2004	.32	2009	.16
2005	.32	2010	.08
2006	.32		

* From the commencement of operations.

The Adviser has not agreed to reimburse Connecticut Dividend Advantage 3 (NGO) for any portion of its fees and expenses beyond September 30, 2010.

For the first eight years of Insured Massachusetts Tax-Free Advantage's (NGX) 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 November 30,		Year Ending November 30,	
2002*	.32%	2007	.32%
2003	.32	2008	.24
2004	.32	2009	.16
2005	.32	2010	.08
2006	.32		

* From the commencement of operations.

The Adviser has not agreed to reimburse Insured Massachusetts Tax-Free Advantage (NGX) for any portion of its fees and expenses beyond November 30, 2010.

8. New Accounting Pronouncements

Fair Value Measurements and Disclosures

On May 12, 2011, the Financial Accounting Standards Board ("FASB") issued an Accounting Standard Update ("ASU") modifying Topic 820, Fair Value Measurements and Disclosures. At the same time, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standard ("IFRS") 13, Fair Value Measurement. The objective by the FASB and IASB is convergence of their guidance on fair value measurements and disclosures. Specifically, the ASU requires reporting entities to disclose i) the amounts of any transfers between Level 1 and Level 2, and the reasons for the transfers, ii) for Level 3 fair value measurements, a) quantitative information about significant unobservable inputs used, b) a description of the valuation processes used by the reporting entity and c) a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs might result in a significantly higher or lower fair value measurement. The effective date of the ASU is

for interim and annual periods beginning after December 15, 2011. At this time, management is evaluating the implications of this guidance and the impact it will have on the financial statement amounts and footnote disclosures, if any.

9. Subsequent Events

Approved Fund Mergers

Subsequent to the reporting period, the Funds' Board of Trustees approved a series of mergers for all the Connecticut funds included in this report. The mergers are subject to shareholder approval at the Funds' regular shareholder meeting later this year. The mergers are intended to create a single, larger state fund with enhanced trading appeal and lower operating expenses of traded Common shares of the fund.

More information on the proposed mergers will be contained in the proxy materials expected to be filed with the Securities and Exchange Commission in the coming weeks. The proposed fund mergers are as follows:

Acquired Fund

Connecticut Dividend Advantage (NFC)
Connecticut Dividend Advantage 2 (NGK)
Connecticut Dividend Advantage 3 (NGO)

Acquiring Fund

Connecticut Premium Income (NTC)

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Board Members & Officers (Unaudited)

The management of the Funds, including general supervision of the duties performed for the Funds by the Adviser, is the responsibility of the Board Members of the Funds. The number of board members of the Fund is currently set at ten. None of the board members who are not “interested” persons of the Funds (referred to herein as “independent board members”) has ever been a director or employee of, or consultant to, Nuveen or its affiliates. The names and business addresses of the board members 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 & Address	Position(s) Held with the Funds	Year First Elected or Appointed and Term(1)	Principal Occupation(s) Including other Directorships During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member
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Independent Board Members:

ROBERT P. BREMNER(2) 8/22/40 333 W. Wacker Drive Chicago, IL 60606	Chairman of the Board and Board Member	1996	Private Investor and Management Consultant; Treasurer and Director, Humanities Council of Washington, D.C.; Board Member, Independent Directors Council affiliated with the Investment Company Institute.	245
JACK B. EVANS 10/22/48 333 W. Wacker Drive Chicago, IL 60606	Board Member	1999	President, The Hall-Perrine Foundation, a private philanthropic corporation (since 1996); Director and Chairman, United Fire Group, a publicly held company; member of the Board of Regents for the State of Iowa University System; Director, Source Media Group; Life Trustee of Coe College and the Iowa College Foundation; formerly, Director, Alliant Energy; formerly, Director, Federal Reserve Bank of Chicago; formerly, President and Chief Operating Officer, SCI Financial Group, Inc., a regional financial services firm.	245
WILLIAM C. HUNTER 3/6/48 333 W. Wacker Drive Chicago, IL 60606	Board Member	2004	Dean, Tippie College of Business, University of Iowa (since 2006); Director (since 2004) of Xerox Corporation; Director (since 2005), Beta Gamma Sigma International Honor Society; Director of Wellmark, Inc. (since 2009);	245

formerly, Dean and Distinguished Professor of Finance, School of Business at the University of Connecticut (2003-2006); previously, Senior Vice President and Director of Research at the Federal Reserve Bank of Chicago (1995-2003); formerly, Director (1997-2007), Credit Research Center at Georgetown University.

<p>DAVID J. KUNDERT(2) 10/28/42 333 W. Wacker Drive Chicago, IL 60606</p>	<p>Board Member</p>	<p>2005</p>	<p>Director, Northwestern Mutual Wealth Management Company; retired (since 2004) as Chairman, JPMorgan Fleming Asset Management, President and CEO, Banc One Investment Advisors Corporation, and President, One Group Mutual Funds; prior thereto, Executive Vice President, Banc One Corporation and Chairman and CEO, Banc One Investment Management Group; Member, Board of Regents, Luther College; member of the Wisconsin Bar Association; member of Board of Directors, Friends of Boerner Botanical Gardens; member of Board of Directors and Chair of Investment Committee, Greater Milwaukee Foundation.</p>	<p>245</p>
<p>WILLIAM J. SCHNEIDER(2) 9/24/44 333 W. Wacker Drive Chicago, IL 60606</p>	<p>Board Member</p>	<p>1997</p>	<p>Chairman of Miller-Valentine Partners Ltd., a real estate investment company; formerly, Senior Partner and Chief Operating Officer (retired 2004) of Miller-Valentine Group; member, University of Dayton Business School Advisory Council; member, Mid-America Health System Board; formerly, member and chair, Dayton Philharmonic Orchestra Association; formerly, member, Business Advisory Council, Cleveland Federal Reserve Bank.</p>	<p>245</p>

Name, Birthdate & Address	Position(s) Held with the Funds	Year First Elected or Appointed and Term(1)	Principal Occupation(s) Including other Directorships During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member
Independent Board Members:				
JUDITH M. STOCKDALE 12/29/47 333 W. Wacker Drive Chicago, IL 60606	Board Member	1997	Executive Director, Gaylord and Dorothy Donnelley Foundation (since 1994); prior thereto, Executive Director, Great Lakes Protection Fund (1990-1994).	245
CAROLE E. STONE(2) 6/28/47 333 W. Wacker Drive Chicago, IL 60606	Board Member	2007	Director, Chicago Board Options Exchange (since 2006); Director, C2 Options Exchange, Incorporated (since 2009); formerly, Commissioner, New York State Commission on Public Authority Reform (2005-2010); formerly, Chair, New York Racing Association Oversight Board (2005-2007).	245
VIRGINIA L. STRINGER 8/16/44 333 W. Wacker Drive Chicago, IL 60606	Board Member	2011	Board Member, Mutual Fund Directors Forum; Member, Governing Board, Investment Company Institute's Independent Directors Council; governance consultant and non-profit board member; former Owner and President, Strategic Management Resources, Inc. a management consulting firm; previously, held several executive positions in general management, marketing and human resources at IBM and The Pillsbury Company; Independent Director, First American Fund Complex (1987-2010) and Chair (1997-2010).	245
TERENCE J. TOTH(2) 9/29/59 333 W. Wacker Drive Chicago, IL 60606	Board Member	2008	Director, Legal & General Investment Management America, Inc. (since 2008); Managing Partner, Promus Capital (since 2008); formerly, CEO and President, Northern Trust Global Investments (2004-2007); Executive Vice President, Quantitative Management & Securities Lending (2000-2004); prior thereto,	245

various positions with Northern Trust Company (since 1994); member: Goodman Theatre Board (since 2004), Chicago Fellowship Board (since 2005) and Catalyst Schools of Chicago Board (since 2008); formerly, member: Northern Trust Mutual Funds Board (2005-2007), Northern Trust Global Investments Board (2004-2007), Northern Trust Japan Board (2004-2007), Northern Trust Securities Inc. Board (2003-2007) and Northern Trust Hong Kong Board (1997-2004).

Interested Board Member:

<p>JOHN P. AMBOIAN(3) 6/14/61 333 W. Wacker Drive Chicago, IL 60606</p>	<p>Board Member</p>	<p>2008</p>	<p>Chief Executive Officer and Chairman (since 2007), and Director (since 1999) of Nuveen Investments, Inc., formerly, President (1999-2007); Chief Executive Officer (since 2007) of Nuveen Investments Advisers Inc.; Director (since 1998) formerly, Chief Executive Officer (2007-2010) of Nuveen Fund Advisors, Inc.</p>	<p>245</p>
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Board Members & Officers (Unaudited) (continued)

Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed(4)	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Officer
Officers of the Funds:				
GIFFORD R. ZIMMERMAN 9/9/56 333 W. Wacker Drive Chicago, IL 60606	Chief Administrative Officer	1988	Managing Director (since 2002), Assistant Secretary and Associate General Counsel of Nuveen Securities, LLC; Managing Director (since 2004) and Assistant Secretary (since 1994) of Nuveen Investments, Inc.; Managing Director (since 2002), Assistant Secretary (since 1997) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director, Assistant Secretary and Associate General Counsel of Nuveen Asset Management, LLC (since 2011); Managing Director, Associate General Counsel and Assistant Secretary of Symphony Asset Management LLC (since 2003); Vice President and Assistant Secretary of NWQ Investment Management Company, LLC (since 2002), Nuveen Investments Advisers Inc. (since 2002), Tradewinds Global Investors LLC, and Santa Barbara Asset Management, LLC (since 2006), Nuveen HydePark Group LLC and Nuveen Investment Solutions, Inc. (since 2007) and of Winslow Capital Management Inc. (since 2010); Chief Administrative Officer and Chief Compliance Officer (since 2010) of Nuveen Commodities Asset Management, LLC; Chartered Financial Analyst.	245
WILLIAM ADAMS IV 6/9/55 333 W. Wacker Drive Chicago, IL 60606	Vice President	2007	Senior Executive Vice President, Global Structured Products (since 2010), formerly, Executive Vice President (1999-2010) of Nuveen Securities, LLC; Co-President of Nuveen Fund Advisors, Inc. (since 2011); Managing Director (since 2010) of Nuveen Commodities	133

Asset Management, LLC.

CEDRIC H. ANTOSIEWICZ 1/11/62 333 W. Wacker Drive Chicago, IL 60606	Vice President	2007	Managing Director of Nuveen Securities, LLC.	133
MARGO L. COOK 4/11/64 333 W. Wacker Drive Chicago, IL 60606	Vice President	2009	Executive Vice President (since 2008) of Nuveen Investments, Inc. and of Nuveen Fund Advisors, Inc. (since 2011); previously, Head of Institutional Asset Management (2007-2008) of Bear Stearns Asset Management; Head of Institutional Asset Management (1986-2007) of Bank of NY Mellon; Chartered Financial Analyst.	245
LORNA C. FERGUSON 10/24/45 333 W. Wacker Drive Chicago, IL 60606	Vice President	1998	Managing Director (since 2005) of Nuveen Fund Advisors, Inc.	245
STEPHEN D. FOY 5/31/54 333 W. Wacker Drive Chicago, IL 60606	Vice President and Controller	1998	Senior Vice President (since 2010), formerly, Vice President (2005-2010) of Nuveen Fund Advisors, Inc.; Certified Public Accountant.	245

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Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed(4)	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Officer
Officers of the Funds:				
SCOTT S. GRACE 8/20/70 333 W. Wacker Drive Chicago, IL 60606	Vice President and Treasurer	2009	Managing Director, Corporate Finance & Development, Treasurer (since 2009) of Nuveen Securities, LLC; Managing Director and Treasurer (since 2009) of Nuveen Fund Advisors Inc., Nuveen Investment Solutions, Inc., Nuveen Investments Advisers Inc., Nuveen Investments Holdings Inc. and (since 2011) Nuveen Asset Management, LLC; Vice President and Treasurer of NWQ Investment Management Company, LLC, Tradewinds Global Investors, LLC, Symphony Asset Management LLC and Winslow Capital Management, Inc.; Vice President of Santa Barbara Asset Management, LLC; formerly, Treasurer (2006-2009), Senior Vice President (2008-2009), previously, Vice President (2006-2008) of Janus Capital Group, Inc.; formerly, Senior Associate in Morgan Stanley's Global Financial Services Group (2000-2003); Chartered Accountant Designation.	245
WALTER M. KELLY 2/24/70 333 W. Wacker Drive Chicago, IL 60606	Chief Compliance Officer and Vice President	2003	Senior Vice President (since 2008) and Assistant Secretary (since 2003) of Nuveen Fund Advisors, Inc.	245
TINA M. LAZAR 8/27/61 333 W. Wacker Drive Chicago, IL 60606	Vice President	2002	Senior Vice President (since 2010), formerly, Vice President (2005-2010) of Nuveen Fund Advisors, Inc.	245

LARRY W. MARTIN 7/27/51 333 W. Wacker Drive Chicago, IL 60606	Vice President and Assistant Secretary	1997	Senior Vice President (since 2010), formerly, Vice President (1993-2010), Assistant Secretary and Assistant General Counsel of Nuveen Securities, LLC; Senior Vice President (since 2011) of Nuveen Asset Management, LLC: Senior Vice President (since 2010), formerly, Vice President (2005-2010), and Assistant Secretary of Nuveen Investments, Inc.; Senior Vice President (since 2010), formerly Vice President (2005-2010), and Assistant Secretary (since 1997) of Nuveen Fund Advisors, Inc.; Vice President and Assistant Secretary of Nuveen Investments Advisers Inc. (since 2002), NWQ Investment Management Company, LLC, Symphony Asset Management LLC (since 2003), Tradewinds Global Investors, LLC, Santa Barbara Asset Management, LLC (since 2006), Nuveen HydePark Group, LLC and Nuveen Investment Solutions, Inc. (since 2007), and of Winslow Capital Management, Inc. (since 2010); Vice President and Assistant Secretary of Nuveen Commodities Asset Management, LLC (since 2010).	245
KEVIN J. MCCARTHY 3/26/66 333 W. Wacker Drive Chicago, IL 60606	Vice President and Secretary	2007	Managing Director (since 2008), formerly, Vice President (2007-2008), Nuveen Securities, LLC; Managing Director (since 2008), Assistant Secretary (since 2007) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Asset Management, LLC; Managing Director (since 2008), and Assistant Secretary, Nuveen Investment Holdings, Inc.; Vice President (since 2007) and Assistant Secretary of Nuveen Investments Advisers Inc., NWQ Investment Management Company, LLC, Tradewinds Global Investors LLC, NWQ Holdings, LLC, Symphony Asset Management LLC, Santa Barbara Asset Management, LLC, Nuveen HydePark Group, LLC, Nuveen Investment Solutions, Inc. (since 2007) and of Winslow Capital Management, Inc. (since 2010); Vice President and Secretary (since	245

2010) of Nuveen Commodities Asset Management, LLC; prior thereto, Partner, Bell, Boyd & Lloyd LLP (1997-2007).

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Board Members & Officers (Unaudited) (continued)

Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed(4)	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Officer
Officers of the Funds:				
KATHLEEN L. PRUDHOMME 3/30/53 800 Nicollet Mall Minneapolis, MN 55402	Vice President and Assistant Secretary	2011	Managing Director, Assistant Secretary and Co-General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Asset Management, LLC; Managing Director and Assistant Secretary (since 2011) of Nuveen Securities, LLC; formerly, Deputy General Counsel, FAF Advisors, Inc. (2004-2010).	245

- (1) Board Members serve three year terms, except for two board members who are elected by the holders of Preferred Shares. The Board of Trustees is divided into three classes, Class I, Class II, and Class III, with each being elected to serve until the third succeeding annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed, except two board members are elected by the holders of Preferred Shares to serve until the next annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed. The first year elected or appointed represents the year in which the board member was first elected or appointed to any fund in the Nuveen Complex.
- (2) Also serves as a trustee of the Nuveen Diversified Commodity Fund, an exchange-traded commodity pool managed by Nuveen Commodities Asset Management, LLC, an affiliate of the Adviser.
- (3) Mr. Amboian is an interested trustee because of his position with Nuveen Investments, Inc. and certain of its subsidiaries, which are affiliates of the Nuveen Funds.
- (4) Officers serve one year terms through August of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

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Annual Investment Management
Agreement Approval Process(Unaudited)

The Board of Trustees (each, a “Board” and each Trustee, a “Board Member”) of the Funds, including the Board Members who are not parties to the Funds’ advisory or sub-advisory agreements or “interested persons” of any such parties (the “Independent Board Members”), are responsible for approving the advisory agreements (each, an “Investment Management Agreement”) between each Fund and Nuveen Fund Advisors, Inc. (the “Advisor”) and the sub-advisory agreements (each a “Sub-Advisory Agreement”) between the Advisor and Nuveen Asset Management, LLC (the “Sub-Advisor”) (the Investment Management Agreements and the Sub-Advisory Agreements are referred to collectively as the “Advisory Agreements”) and their periodic continuation. Pursuant to the Investment Company Act of 1940, as amended (the “1940 Act”), the Board is generally required to consider the continuation of advisory agreements and sub-advisory agreements on an annual basis. Accordingly, at an in-person meeting held on May 23-25, 2011 (the “May Meeting”), the Board, including a majority of the Independent Board Members, considered and approved the continuation of the Advisory Agreements for the Funds for an additional one-year period.

In preparation for their considerations at the May Meeting, the Board requested and received extensive materials prepared in connection with the review of the Advisory Agreements. The materials provided a broad range of information regarding the Funds, the Advisor and the Sub-Advisor (the Advisor and the Sub-Advisor are collectively, the “Fund Advisers” and each, a “Fund Adviser”). As described in more detail below, the information provided included, among other things, a review of Fund performance, including Fund investment performance assessments against peer groups and appropriate benchmarks, a comparison of Fund fees and expenses relative to peers, a description and assessment of shareholder service levels for the Funds, a summary of the performance of certain service providers, a review of product initiatives and shareholder communications and an analysis of the Fund Adviser’s profitability with comparisons to comparable peers in the managed fund business. As part of their annual review, the Board also held a separate meeting on April 19-20, 2011, to review the Funds’ investment performance and consider an analysis provided by the Advisor of the Sub-Advisor which generally evaluated the Sub-Advisor’s investment team, investment mandate, organizational structure and history, investment philosophy and process, performance of the applicable Fund, and significant changes to the foregoing. As a result of their review of the materials and discussions, the Board presented the Advisor with questions and the Advisor responded.

The materials and information prepared in connection with the review of the Advisory Agreements at the May Meeting supplemented the information provided to the Board

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Annual Investment Management Agreement
Approval Process (Unaudited) (continued)

during the year. In this regard, throughout the year, the Board, acting directly or through its committees, regularly reviews the performance and various services provided by the Advisor and, since the internal restructuring described in Section A below, the Sub-Advisor. The Board meets at least quarterly as well as at other times as the need arises. At its quarterly meetings, the Board reviews reports by the Advisor which include, among other things, Fund performance, a review of the investment teams and compliance reports. The Board also meets with key investment personnel managing the Fund portfolios during the year. In addition, the Board continues its program of seeking to visit each sub-advisor to the Nuveen funds at least once over a multiple year rotation, meeting with key investment and business personnel. The Board also met with State Street Bank & Trust Company, the Funds' accountant and custodian, in 2010. The Board considers factors and information that are relevant to its consideration of the renewal of the Advisory Agreements at these meetings held throughout the year. Accordingly, the Board considered the information provided and knowledge gained at these meetings when performing its review at the May Meeting of the Advisory Agreements. The Independent Board Members are assisted throughout the process by independent legal counsel who provided materials describing applicable law and the duties of directors or trustees in reviewing advisory contracts and met with the Independent Board Members in executive sessions without management present.

The Board considered all factors it believed relevant with respect to each Fund, including among other factors: (a) the nature, extent and quality of the services provided by the Fund Advisers, (b) the investment performance of the Fund and Fund Advisers, (c) the advisory fees and costs of the services to be provided to the Funds and the profitability of the Fund Advisers, (d) the extent of any economies of scale, (e) any benefits derived by the Fund Advisers from the relationship with the Fund and (f) other factors. Each Board Member may have accorded different weight to the various factors in reaching his or her conclusions with respect to a Fund's Advisory Agreements. The Independent Board Members did not identify any single factor as all important or controlling. The Independent Board Members' considerations were instead based on a comprehensive consideration of all the information presented. The principal factors considered by the Board and its conclusions are described below.

A. Nature, Extent and Quality of Services

In considering renewal of the Advisory Agreements, the Independent Board Members considered the nature, extent and quality of the Fund Adviser's services, including advisory services and the resulting Fund performance and administrative services. The Independent Board Members reviewed materials outlining, among other things, the Fund Adviser's organization and business; the types of services that the Fund Adviser or its affiliates provide to the Funds; the performance record of the applicable Fund (as described in further detail below); and any initiatives Nuveen had taken for the applicable fund product line.

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In considering advisory services, the Board recognized that the Advisor provides various oversight, administrative, compliance and other services for the Funds and the Sub-Advisor provides the portfolio investment management services to the Funds. The Board recognized that Nuveen engaged in an internal restructuring in 2010 pursuant to which portfolio management services the Advisor had provided directly to the Funds were transferred to the Sub-Advisor, a newly-organized, wholly-owned subsidiary of the Advisor. Accordingly, in reviewing the portfolio management services provided to each Fund, the Board reviewed the materials provided by the Nuveen Investment Services Oversight Team analyzing, among other things, the Sub-Advisor's investment team and changes thereto, organization and history, assets under management, Fund objectives and mandate, the investment teams' philosophy and strategies in managing the Fund, developments affecting the Sub-Advisor or Fund and Fund performance. The Independent Board Members also reviewed portfolio manager compensation arrangements to evaluate each Fund Adviser's ability to attract and retain high quality investment personnel, preserve stability, and reward performance but not provide an incentive to take undue risks. In addition, the Board considered the Advisor's execution of its oversight responsibilities over the Sub-Advisor. Given the importance of compliance, the Independent Board Members also considered Nuveen's compliance program, including the report of the chief compliance officer regarding the Funds' compliance policies and procedures.

In addition to advisory services, the Board considered the quality and extent of administrative and other non-investment advisory services the Advisor and its affiliates provide to the Funds, including product management, investment services (such as oversight of investment policies and procedures, risk management, and pricing), fund administration, oversight of service providers, shareholder services, administration of Board relations, regulatory and portfolio compliance, legal support, managing leverage and promoting an orderly secondary market for common shares.

In reviewing the services provided, the Board also reviewed materials describing various notable initiatives and projects the Advisor performed in connection with the closed-end fund product line. These initiatives included continued activities to refinance auction rate preferred securities; ongoing services to manage leverage that has become increasingly complex; continued secondary market offerings and share repurchases for certain funds; and continued communications efforts with shareholders, fund analysts and financial advisers. With respect to the latter, the Independent Board Members noted Nuveen's continued commitment to supporting the secondary market for the common shares of its closed-end funds through a comprehensive secondary market promotion program designed to raise investor and analyst awareness and understanding of closed-end funds. Nuveen's support services included, among other things: continuing communications in support of refinancing efforts related to auction rate preferred securities; participating in conferences; communicating continually with closed-end fund analysts covering the Nuveen funds; providing marketing for the closed-end funds; and maintaining and enhancing a closed-end fund website.

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Annual Investment Management Agreement
Approval Process (Unaudited) (continued)

Based on their review, the Independent Board Members found that, overall, the nature, extent and quality of services provided to the respective Funds under each applicable Advisory Agreement were satisfactory.

B. The Investment Performance of the Funds and the Adviser

The Board, including the Independent Board Members, reviewed and considered the performance history of each Fund over various time periods. The Board reviewed, among other things, each Fund's historic investment performance as well as information comparing the Fund's performance information with that of other funds (the "Performance Peer Group") based on data provided by an independent provider of mutual fund data and with recognized and/or customized benchmarks.

The Board reviewed reports, including a comprehensive analysis of the Funds' performance and the applicable investment team. In this regard, the Board reviewed each Fund's total return information compared to its Performance Peer Group for the quarter, one-, three- and five-year periods ending December 31, 2010 and for the same periods ending March 31, 2011. In addition, the Board reviewed each Fund's total return information compared to recognized and/or customized benchmarks for the quarter, one- and three-year periods ending December 31, 2010 and for the same periods ending March 31, 2011. The Independent Board Members also reviewed historic premium and discount levels, including a summary of actions taken to address or discuss other developments affecting the secondary market discounts of various funds. This information supplemented the Fund performance information provided to the Board at each of its quarterly meetings.

In reviewing performance comparison information, the Independent Board Members recognized that the usefulness of the comparisons of the performance of certain funds with the performance of their respective Performance Peer Group may be limited because the Performance Peer Group may not adequately represent the objectives and strategies of the applicable funds or may be limited in size or number. In this regard, the Independent Board Members noted that the Performance Peer Groups of each of the Funds were classified as having significant differences from such Funds based on various considerations such as special fund objectives, potential investable universe and the composition of the peer set (e.g., the number and size of competing funds and number of competing managers). The Independent Board Members also noted that the investment experience of a particular shareholder in the Funds will vary depending on when such shareholder invests in the applicable Fund, the class held (if multiple classes are offered) and the performance of the Fund (or respective class) during that shareholder's investment period.

With respect to each of the Funds, which, as noted above, had significant differences with its Performance Peer Group, the Independent Board Members considered the Fund's performance compared to its respective benchmark. In this regard, the Independent Board Members noted that the Nuveen Insured Massachusetts Tax-Free Advantage Municipal Fund, Nuveen Missouri Premium Income Municipal Fund (the

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“Missouri Premium Income Fund”), Nuveen Massachusetts Premium Income Municipal Fund (the “Massachusetts Premium Income Fund”), and Nuveen Massachusetts Dividend Advantage Municipal Fund underperformed their respective benchmarks in the one- and three-year periods. In addition, they noted that the Nuveen Connecticut Dividend Advantage Municipal Fund, Nuveen Connecticut Premium Income Municipal Fund (the “Connecticut Premium Income Fund”), Nuveen Connecticut Dividend Advantage Municipal Fund 2 and Nuveen Connecticut Dividend Advantage Municipal Fund 3 underperformed their respective benchmarks in the one-year period, but outperformed their benchmarks in the three-year period. With respect to any Funds that underperformed their peers and/or benchmarks from time to time, the Board monitors such Funds closely and considers any steps necessary or appropriate to address such issues.

Based on their review, the Independent Board Members determined that each Fund’s investment performance had been satisfactory.

C. Fees, Expenses and Profitability

1. Fees and Expenses

The Board evaluated the management fees and expenses of each Fund reviewing, among other things, such Fund’s gross management fees, net management fees and net expense ratios in absolute terms as well as compared to the fee and expenses of a comparable universe of funds based on data provided by an independent fund data provider (the “Peer Universe”) and in certain cases, to a more focused subset of funds in the Peer Universe (the “Peer Group”) and any expense limitations.

The Independent Board Members further reviewed the methodology regarding the construction of the applicable Peer Universe and Peer Group (if any). In reviewing the comparisons of fee and expense information, the Independent Board Members took into account that in certain instances various factors such as: the asset level of a fund relative to peers; the limited size and particular composition of the Peer Universe or Peer Group; the investment objectives of the peers; expense anomalies; changes in the funds comprising the Peer Universe or Peer Group from year to year; levels of reimbursement; the timing of information used; the differences in the type and use of leverage; and differences in the states reflected in the Peer Universe or Peer Group may impact the comparative data thereby limiting the ability to make a meaningful comparison with peers.

In reviewing the fee schedule for a Fund, the Independent Board Members also considered the fund-level and complex-wide breakpoint schedules (described in further detail below) and any fee waivers and reimbursements provided by Nuveen (applicable, in particular, for certain closed-end funds launched since 1999). In reviewing fees and expenses, the Board considered the expenses and fees to be higher if they were over 10 basis points higher, slightly higher if they were 6 to 10 basis points higher, in line if they were within 5 basis points higher than the peer average and below if they were below the peer average of the Peer Group (if available) or Peer Universe if there was no separate Peer Group. The Independent Board Members

Annual Investment Management Agreement
Approval Process (Unaudited) (continued)

noted that the Massachusetts Premium Income Fund and the Connecticut Premium Income Fund each had net management fees slightly higher or higher than the peer average but a net expense ratio below or in line with the peer average and that the Missouri Premium Income Fund had higher net management fees than its peer average and a slightly higher or higher net expense ratio compared to its peer average. The Independent Board Members observed that each of the other Funds had net management fees and net expense ratios below or in line with their peer averages.

Based on their review of the fee and expense information provided, the Independent Board Members determined that each Fund's management fees were reasonable in light of the nature, extent and quality of services provided to the Fund.

2. Comparisons with the Fees of Other Clients

The Independent Board Members further reviewed information regarding the nature of services and fee rates offered by the Advisor to other clients, including municipal separately managed accounts and passively managed exchange traded funds (ETFs) sub-advised by the Advisor. In evaluating the comparisons of fees, the Independent Board Members noted that the fee rates charged to the Funds and other clients vary, among other things, because of the different services involved and the additional regulatory and compliance requirements associated with registered investment companies, such as the Funds. Accordingly, the Independent Board Members considered the differences in the product types, including, but not limited to, the services provided, the structure and operations, product distribution and costs thereof, portfolio investment policies, investor profiles, account sizes and regulatory requirements. The Independent Board Members noted, in particular, that the range of services provided to the Funds (as discussed above) is much more extensive than that provided to separately managed accounts. Given the inherent differences in the products, particularly the extensive services provided to the Funds, the Independent Board Members believe such facts justify the different levels of fees.

In considering the fees of the Sub-Advisor, the Independent Board Members also considered the pricing schedule or fees that the Sub-Advisor charges for similar investment management services for other Nuveen funds.

3. Profitability of Nuveen

In conjunction with its review of fees, the Independent Board Members also considered the profitability of Nuveen for its advisory activities (which incorporated Nuveen's wholly-owned affiliated sub-advisers) and its financial condition. The Independent Board Members reviewed the revenues and expenses of Nuveen's advisory activities for the last two years, the allocation methodology used in preparing the profitability data and an analysis of the key drivers behind the changes in revenues and expenses that impacted profitability in 2010. The Independent Board Members noted this information supplemented the profitability information requested and received during the year to help keep them apprised of developments affecting profitability (such as changes in fee waivers and expense

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reimbursement commitments). In this regard, the Independent Board Members noted that they have an Independent Board Member serve as a point person to review and keep them apprised of changes to the profitability analysis and/or methodologies during the year. The Independent Board Members also considered Nuveen's revenues for advisory activities, expenses, and profit margin compared to that of various unaffiliated management firms with similar amounts of assets under management and relatively comparable asset composition prepared by Nuveen.

In reviewing profitability, the Independent Board Members recognized the subjective nature of determining profitability which may be affected by numerous factors including the allocation of expenses. Further, the Independent Board Members recognized the difficulties in making comparisons as the profitability of other advisers generally is not publicly available and the profitability information that is available for certain advisers or management firms may not be representative of the industry and may be affected by, among other things, the adviser's particular business mix, capital costs, types of funds managed and expense allocations. Notwithstanding the foregoing, the Independent Board Members reviewed Nuveen's methodology and assumptions for allocating expenses across product lines to determine profitability. In reviewing profitability, the Independent Board Members recognized Nuveen's investment in its fund business. Based on their review, the Independent Board Members concluded that the Advisor's level of profitability for its advisory activities was reasonable in light of the services provided.

In evaluating the reasonableness of the compensation, the Independent Board Members also considered other amounts paid to a Fund Adviser by the Funds as well as any indirect benefits (such as soft dollar arrangements, if any) the Fund Adviser and its affiliates receive, or are expected to receive, that are directly attributable to the management of the Funds, if any. See Section E below for additional information on indirect benefits the Fund Adviser may receive as a result of its relationship with the Funds. Based on their review of the overall fee arrangements of each Fund, the Independent Board Members determined that the advisory fees and expenses of the respective Fund were reasonable.

D. Economies of Scale and Whether Fee Levels Reflect These Economies of Scale

With respect to economies of scale, the Independent Board Members have recognized the potential benefits resulting from the costs of a fund being spread over a larger asset base, although economies of scale are difficult to measure and predict with precision, particularly on a fund-by-fund basis. One method to help ensure the shareholders share in these benefits is to include breakpoints in the advisory fee schedule. Generally, management fees for funds in the Nuveen complex are comprised of a fund-level component and a complex-level component, subject to certain exceptions. Accordingly, the Independent Board Members reviewed and considered the applicable fund-level breakpoints in the advisory fee schedules that reduce advisory fees as asset levels increase. Further, the Independent Board Members noted that although closed-end

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Annual Investment Management Agreement
Approval Process (Unaudited) (continued)

funds may from time-to-time make additional share offerings, the growth of their assets will occur primarily through the appreciation of such funds' investment portfolio.

In addition to fund-level advisory fee breakpoints, the Board also considered the Funds' complex-wide fee arrangement. Pursuant to the complex-wide fee arrangement, the fees of the funds in the Nuveen complex are generally reduced as the assets in the fund complex reach certain levels. The complex-wide fee arrangement seeks to provide the benefits of economies of scale to fund shareholders when total fund complex assets increase, even if assets of a particular fund are unchanged or have decreased. The approach reflects the notion that some of Nuveen's costs are attributable to services provided to all its funds in the complex and therefore all funds benefit if these costs are spread over a larger asset base.

Based on their review, the Independent Board Members concluded that the breakpoint schedules and complex-wide fee arrangement were acceptable and reflect economies of scale to be shared with shareholders when assets under management increase.

E. Indirect Benefits

In evaluating fees, the Independent Board Members received and considered information regarding potential "fall out" or ancillary benefits the respective Fund Adviser or its affiliates may receive as a result of its relationship with each Fund. In this regard, the Independent Board Members considered any revenues received by affiliates of the Advisor for serving as agent at Nuveen's trading desk and as co-manager in initial public offerings of new closed-end funds.

In addition to the above, the Independent Board Members considered whether each Fund Adviser received any benefits from soft dollar arrangements whereby a portion of the commissions paid by a Fund for brokerage may be used to acquire research that may be useful to the Fund Adviser in managing the assets of the Funds and other clients. The Independent Board Members recognized that each Fund Adviser has the authority to pay a higher commission in return for brokerage and research services if it determines in good faith that the commission paid is reasonable in relation to the value of the brokerage and research services provided. Nevertheless, the Independent Board Members noted that commissions are generally not paid in connection with municipal securities transactions typically executed on a principal basis.

Based on their review, the Independent Board Members concluded that any indirect benefits received by a Fund Adviser as a result of its relationship with the Funds were reasonable and within acceptable parameters.

F. Other Considerations

The Independent Board Members did not identify any single factor discussed previously as all-important or controlling. The Board Members, including the Independent Board Members, unanimously concluded that the terms of each Advisory Agreement are fair and reasonable, that the respective Fund Adviser's fees are reasonable in light of the services provided to each Fund and that the Advisory Agreements be renewed.

Reinvest Automatically,
Easily and Conveniently

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

Nuveen Closed-End Funds Automatic Reinvestment Plan

Your Nuveen Closed-End Fund allows you to conveniently reinvest 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. Just like distributions in cash, there may be times when income or capital gains taxes may be payable on 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 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. If the Plan Agent begins purchasing Fund shares on the open market while shares are trading below net asset value, but the Fund's shares subsequently trade at or above their net asset value before the Plan Agent is able to complete its purchases, the Plan Agent may cease open-market purchases and may invest the uninvested portion of the distribution in newly-issued Fund shares at a price equal to the greater of the shares' net asset value or 95% of the shares' market value on the last business day immediately prior to the purchase date. Distributions received to purchase shares in the open market will normally be invested shortly after the distribution payment date. No interest will be paid on distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may

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Reinvest Automatically,
Easily and Conveniently (continued)

exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the 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.

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.

Call today to start reinvesting 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.

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Glossary of Terms
Used in this Report

- **Auction Rate Bond:** An auction rate bond is a security whose interest payments are adjusted periodically through an auction process, which process typically also serves as a means for buying and selling the bond. Auctions that fail to attract enough buyers for all the shares offered for sale are deemed to have “failed,” with current holders receiving a formula-based interest rate until the next scheduled auction.
- **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.
- **Average Effective Maturity:** The market-value-weighted average of the effective maturity dates of the individual securities including cash. In the case of a bond that has been advance-refunded to a call date, the effective maturity is the date on which the bond is scheduled to be redeemed using the proceeds of an escrow account. In most other cases the effective maturity is the stated maturity date of the security.
- **Effective Leverage:** Effective leverage is a Fund’s effective economic leverage, and includes both structural leverage and the leverage effects of certain derivative investments in the Fund’s portfolio. Currently, the leverage effects of Tender Option Bond (TOB) inverse floater holdings are included in effective leverage values, in addition to any structural leverage.
- **Inverse Floaters:** Inverse floating rate securities, also known as inverse floaters, are created by depositing a municipal bond, typically with a fixed interest rate, into a special purpose trust created by a broker-dealer. This trust, in turn, (a) issues floating rate certificates typically paying short-term tax-exempt interest rates to third parties in amounts equal to some fraction of the deposited bond’s par amount or market value, and (b) issues an inverse floating rate certificate (sometimes referred to as an “inverse floater”) to an investor (such as a Fund) interested in gaining investment exposure to a long-term municipal bond. The income received by the holder of the inverse floater varies inversely with the short-term rate paid to the floating rate certificates’ holders, and in most circumstances the holder of the inverse floater bears substantially all of the underlying bond’s downside investment risk. The holder of the inverse floater typically also benefits disproportionately from any potential appreciation of the underlying bond’s value. Hence, an inverse floater essentially represents an investment in the underlying bond on a leveraged basis.
 - **Leverage:** Using borrowed money to invest in securities or other assets.

Glossary of Terms
Used in this Report (continued)

- **Leverage-Adjusted Duration:** Duration is a measure of the expected period over which a bond's principal and interest will be paid, and consequently is a measure of the sensitivity of a bond's or bond Fund's value to changes when market interest rates change. Generally, the longer a bond's or Fund's duration, the more the price of the bond or Fund will change as interest rates change. Leverage-adjusted duration takes into account the leveraging process for a Fund and therefore is longer than the duration of the Fund's portfolio of bonds.
- **Market Yield (also known as Dividend Yield or Current Yield):** An investment's current annualized dividend divided by its current market price.
- **Net Asset Value (NAV):** A Fund's NAV per common share is calculated by subtracting the liabilities of the Fund (including any Preferred shares issued in order to leverage the Fund) from its total assets and then dividing the remainder by the number of common shares outstanding. Fund NAVs are calculated at the end of each business day.
- **Pre-Refunding:** Pre-Refunding, also known as advanced refundings or refinancings, is a procedure used by state and local governments to refinance municipal bonds to lower interest expenses. The issuer sells new bonds with a lower yield and uses the proceeds to buy U.S. Treasury securities, the interest from which is used to make payments on the higher-yielding bonds. Because of this collateral, pre-refunding generally raises a bond's credit rating and thus its value.
- **Structural Leverage:** Structural Leverage consists of preferred shares or debt issued by the fund. Both of these are part of a fund's capital structure. Structural leverage is sometimes referred to as "40 Act Leverage" and is subject to asset coverage limits set in the Investment Company Act of 1940.
- **Taxable-Equivalent Yield:** The yield necessary from a fully taxable investment to equal, on an after-tax basis, the yield of a municipal bond investment.
- **Zero Coupon Bond:** A zero coupon bond does not pay a regular interest coupon to its holders during the life of the bond. Tax-exempt income to the holder of the bond comes from accretion of the difference between the original purchase price of the bond at issuance and the par value of the bond at maturity and is effectively paid at maturity. The market prices of zero coupon bonds generally are more volatile than the market prices of bonds that pay interest periodically.

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Other Useful Information

Board of Trustees

John P. Amboian
Robert P. Bremner
Jack B. Evans
William C. Hunter
David J. Kundert
William J. Schneider
Judith M. Stockdale
Carole E. Stone
Virginia L. Stringer
Terence J. Toth

Fund Manager

Nuveen Fund Advisors, Inc.
333 West Wacker Drive
Chicago, IL 60606

Custodian

State Street Bank
& Trust Company
Boston, MA

Transfer Agent and
Shareholder Services
State Street Bank & Trust
Company

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

Quarterly Portfolio of Investments and Proxy Voting Information

You may obtain (i) each Fund's quarterly portfolio of investments, (ii) information regarding how each Fund voted proxies relating to portfolio securities held during the most recent twelve-month period ended June 30, and (iii) a description of the policies and procedures that each Fund used to determine how to vote proxies relating to portfolio securities without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website 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 (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 References Section at 100 F Street NE, Washington, D.C. 20549.

CEO Certification Disclosure

Each Fund's Chief Executive Officer (CEO) has submitted to the New York Stock Exchange (NYSE) the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

Each Fund has filed with the SEC the certification of its Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act.

Common and Preferred Share Information

Each Fund intends to repurchase and/or redeem shares of its own common and/or auction rate preferred stock in the future at such times and in such amounts as is deemed advisable. During the period covered by this report, the Funds repurchased and/or redeemed shares of their common and/or auction rate preferred stock as shown in the accompanying table.

Fund	Common Shares	Preferred Shares
	Repurchased	Redeemed
NTC	—	629
NFC	—	—
NGK	—	—
NGO	—	—
NMT	—	576
NMB	—	—
NGX	—	—
NOM	—	640

Any future repurchases and/or redemptions will be reported to shareholders in the next annual or semi-annual report.

Nuveen Investments:
Serving Investors for Generations

Since 1898, financial advisors and their clients have relied on Nuveen Investments to provide dependable investment solutions through continued adherence to proven, long-term investing principles. Today, we offer a range of high quality equity and fixed-income solutions designed to be integral components of a well-diversified core portfolio.

Focused on meeting investor needs.

Nuveen Investments is a global investment management firm that seeks to help secure the long-term goals of institutions and high net worth investors as well as the consultants and financial advisors who serve them. We market our growing range of specialized investment solutions under the high-quality brands of HydePark, NWQ, Nuveen Asset Management, Santa Barbara, Symphony, Tradewinds and Winslow Capital. In total, Nuveen Investments managed approximately \$206 billion of assets as of March 31, 2011.

Find out how we can help you.

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Learn more about Nuveen Funds at: www.nuveen.com/cef

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ITEM 2. CODE OF ETHICS.

As of the end of the period covered by this report, the registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. There were no amendments to or waivers from the Code during the period covered by this report. The registrant has posted the code of ethics on its website at www.nuveen.com/CEF/Info/Shareholder. (To view the code, click on Fund Governance and then click on Code of Conduct.)

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's Board of Directors or Trustees ("Board") determined that the registrant has at least one "audit committee financial expert" (as defined in Item 3 of Form N-CSR) serving on its Audit Committee. The registrant's audit committee financial expert is Carole E. Stone, who is "independent" for purposes of Item 3 of Form N-CSR.

Ms. Stone served for five years as Director of the New York State Division of the Budget. As part of her role as Director, Ms. Stone was actively involved in overseeing the development of the State's operating, local assistance and capital budgets, its financial plan and related documents; overseeing the development of the State's bond-related disclosure documents and certifying that they fairly presented the State's financial position; reviewing audits of various State and local agencies and programs; and coordinating the State's system of internal audit and control. Prior to serving as Director, Ms. Stone worked as a budget analyst/examiner with increasing levels of responsibility over a 30 year period, including approximately five years as Deputy Budget Director. Ms. Stone has also served as Chair of the New York State Racing Association Oversight Board, as Chair of the Public Authorities Control Board, as a Commissioner on the New York State Commission on Public Authority Reform and as a member of the Boards of Directors of several New York State public authorities. These positions have involved overseeing operations and finances of certain entities and assessing the adequacy of project/entity financing and financial reporting. Currently, Ms. Stone is on the Board of Directors of CBOE Holdings, Inc., of the Chicago Board Options Exchange, and of C2 Options Exchange. Ms. Stone's position on the boards of these entities and as a member of both CBOE Holdings' Audit Committee and its Finance Committee has involved, among other things, the oversight of audits, audit plans and preparation of financial statements.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Nuveen Connecticut Dividend Advantage Municipal Fund

The following tables show the amount of fees that Ernst & Young LLP, the Fund's auditor, billed to the Fund during the Fund's last two full fiscal years. For engagements with Ernst & Young LLP the Audit Committee approved in advance all audit services and non-audit services that Ernst & Young LLP provided to the Fund, except for those non-audit services that were subject to the pre-approval exception under Rule 2-01 of Regulation S-X (the "pre-approval exception"). The pre-approval exception for services provided directly to the Fund waives the pre-approval requirement for services other than audit, review or attest services if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid by the Fund to its accountant during the fiscal year in which the services are provided; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the audit is completed.

The Audit Committee has delegated certain pre-approval responsibilities to its Chairman (or, in his absence, any other member of the Audit Committee).

SERVICES THAT THE FUND'S AUDITOR BILLED TO THE FUND

Fiscal Year Ended	Audit Fees Billed		Audit-Related Fees		Tax Fees Billed to		All Other Fees Billed to	
	to Fund 1		Billed to Fund 2		Fund 3		Fund 4	
May 31, 2011	\$ 18,200		\$ 0		\$ 0		\$ 0	
Percentage approved pursuant to pre-approval exception	0	%	0	%	0	%	0	%
May 31, 2010	\$ 9,120		\$ 12,500		\$ 0		\$ 850	
Percentage approved pursuant to pre-approval exception	0	%	0	%	0	%	0	%

1 "Audit Fees" are the aggregate fees billed for professional services for the audit of the Fund's annual financial statements and services provided in connection with statutory and regulatory filings or engagements.

2 "Audit Related Fees" are the aggregate fees billed for assurance and related services reasonably related to the performance of the audit or review of financial statements and are not reported under "Audit Fees".

3 "Tax Fees" are the aggregate fees billed for professional services for tax advice, tax compliance, and tax planning.

4 "All Other Fees" are the aggregate fees billed for products and services for agreed upon procedures engagements performed for leveraged funds.

SERVICES THAT THE FUND'S AUDITOR BILLED TO THE ADVISER AND AFFILIATED FUND SERVICE PROVIDERS

The following tables show the amount of fees billed by Ernst & Young LLP to Nuveen Fund Advisors, Inc. (formerly Nuveen Asset Management) (the "Adviser" or "NFA"), and any entity controlling, controlled by or under common control with the Adviser that provides ongoing services to the Fund ("Affiliated Fund Service Provider"), for engagements directly related to the Fund's operations and financial reporting, during the Fund's last two full fiscal years.

The tables also show the percentage of fees subject to the pre-approval exception. The pre-approval exception for services provided to the Adviser and any Affiliated Fund Service Provider (other than audit, review or attest services) waives the pre-approval requirement if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid to Ernst & Young LLP by the Fund, the Adviser and Affiliated Fund Service Providers during the fiscal year in which the services are provided that would have to be pre-approved by the Audit Committee; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate)

approves the services before the Fund's audit is completed.

Fiscal Year Ended	Audit-Related Fees Billed to Adviser and Affiliated Fund Service Providers	Tax Fees Billed to Adviser and Affiliated Fund Service Providers	All Other Fees Billed to Adviser and Affiliated Fund Service Providers
May 31, 2011	\$ 0	\$ 0	\$ 0
Percentage approved pursuant to pre-approval exception	0 %	0 %	0 %
May 31, 2010	\$ 0	\$ 0	\$ 0
Percentage approved pursuant to pre-approval exception	0 %	0 %	0 %

NON-AUDIT SERVICES

The following table shows the amount of fees that Ernst & Young LLP billed during the Fund's last two full fiscal years for non-audit services. The Audit Committee is required to pre-approve non-audit services that Ernst & Young LLP provides to the Adviser and any Affiliated Fund Services Provider, if the engagement related directly to the Fund's operations and financial reporting (except for those subject to the pre-approval exception described above). The Audit Committee requested and received information from Ernst & Young LLP about any non-audit services that Ernst & Young LLP rendered during the Fund's last fiscal year to the Adviser and any Affiliated Fund Service Provider. The Committee considered this information in evaluating Ernst & Young LLP's independence.

Fiscal Year Ended	Total Non-Audit Fees billed to Adviser and Affiliated Fund Service Providers (engagements related directly to the operations and financial reporting of the Fund)	Total Non-Audit Fees billed to Adviser and Affiliated Fund Service Providers (all other engagements)	Total
May 31, 2011	\$ 0	\$ 0	\$ 0
May 31, 2010	\$ 850	\$ 0	\$ 850

"Non-Audit Fees billed to Fund" for both fiscal year ends represent "Tax Fees" and "All Other Fees" billed to Fund in their respective amounts from the previous table.

Audit Committee Pre-Approval Policies and Procedures. Generally, the Audit Committee must approve (i) all non-audit services to be performed for the Fund by the Fund's independent accountants and (ii) all audit and non-audit services to be performed by the Fund's independent accountants for the Affiliated Fund Service Providers with respect to operations and financial reporting of the Fund. Regarding tax and research projects conducted by the independent accountants for the Fund and Affiliated Fund Service Providers (with respect to operations and financial reports of the Fund) such engagements will be (i) pre-approved by the Audit Committee if they are expected to be for amounts greater than \$10,000; (ii) reported to the Audit Committee chairman for his verbal approval prior to engagement if they are expected to be for amounts under \$10,000 but greater than \$5,000; and (iii) reported to the Audit Committee at the next Audit Committee meeting if they are expected to be for an amount under \$5,000.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant's Board has a separately designated Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78c(a)(58)(A)). The members of the audit committee are Robert P. Bremner, Terence J. Toth, William J. Schneider, Carole E. Stone and David J. Kundert.

ITEM 6. SCHEDULE OF INVESTMENTS.

a) See Portfolio of Investments in Item 1.

b) Not applicable.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Nuveen Fund Advisors, Inc. ("Adviser") is the registrant's investment adviser. NFA is responsible for the on-going monitoring of the Fund's investment portfolio, managing the Fund's business affairs and providing certain clerical, bookkeeping and administrative services. The Adviser has engaged Nuveen Asset Management, LLC ("Sub-Adviser") as Sub-Adviser to provide discretionary investment advisory services. As part of these services, the Adviser has delegated to the Sub-Adviser the full responsibility for proxy voting on securities held in the registrant's portfolio and related duties in accordance with the Sub-Adviser's policy and procedures. The Adviser periodically monitors the Sub-Adviser's voting to ensure that it is carrying out its duties. The Sub-Adviser's proxy voting policies and procedures are attached to this filing as an exhibit and incorporated herein by reference.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Nuveen Fund Advisors, Inc. is the registrant's investment adviser (also referred to as the "Adviser".) The Adviser is responsible for the selection and on-going monitoring of the Fund's investment portfolio, managing the Fund's business affairs and providing certain clerical, bookkeeping and administrative services. The Adviser has engaged Nuveen Asset Management, LLC ("NAM" or "Sub-Adviser") as Sub-Adviser to provide discretionary investment advisory services. The following section provides information on the portfolio manager at the Sub-Adviser:

The Portfolio Manager

The following individual has primary responsibility for the day-to-day implementation of the registrant's investment strategies:

Name	Fund
Michael Hamilton	Nuveen Connecticut Dividend Advantage Municipal Fund

Other Accounts Managed. In addition to managing the registrant, the portfolio manager is also primarily responsible for the day-to-day portfolio management of the following accounts:

Portfolio Manager	Type of Account	Number of	
		Accounts	Assets*
Michael Hamilton	Managed		
	Registered Investment Company	16	\$1.529 billion
	Other Pooled Investment Vehicles	0	\$0
			\$204.2
	Other Accounts	4	million

* Assets are as of May 31, 2011. None of the assets in these accounts are subject to an advisory fee based on performance.

Compensation. Portfolio manager compensation consists primarily of base pay, an annual cash bonus and long-term incentive payments.

Base pay. Base pay is determined based upon an analysis of the portfolio manager's general performance, experience, and market levels of base pay for such position.

Annual cash bonus. The Fund's portfolio manager is eligible for an annual cash bonus determined based upon the portfolio manager's performance, experience and market levels of base pay for such position. The maximum potential annual cash bonus is equal to a multiple of base pay.

A portion of the portfolio manager's annual cash bonus is based on his or her Fund's investment performance, generally measured over the past one- and three-year periods unless the portfolio manager's tenure is shorter. Investment performance for the Fund is determined by evaluating the Fund's performance relative to its benchmark(s) and/or Lipper industry peer group.

Bonus amounts can also be influenced by factors other than investment performance. These other factors are more subjective and are based on evaluations by each portfolio manager's supervisor and reviews submitted by his or her peers. These reviews and evaluations often take into account a number of factors, including the portfolio manager's effectiveness in communicating investment performance to shareholders and their advisors, his or her contribution to NAM's investment process and to the execution of investment strategies consistent with risk guidelines, his or her participation in asset growth, and his or her compliance with NAM's policies and procedures.

Investment performance is measured on a pre-tax basis, gross of fees for a Fund's results and for its Lipper industry peer group.

Long-term incentive compensation. Certain key employees of Nuveen Investments and its affiliates, including certain portfolio managers, have received profits interests in the parent company of Nuveen Investments which entitle their holders to participate in the appreciation in the value of Nuveen Investments. In addition, in July 2009, Nuveen Investments created and funded a trust which purchased shares of certain Nuveen Mutual Funds and awarded such shares, subject to vesting, to certain key employees, including certain portfolio managers. Finally, certain key employees of NAM, including certain portfolio managers, have received profits interests in NAM which entitle their holders to participate in the firm's growth over time.

Material Conflicts of Interest. Each portfolio manager's simultaneous management of the registrant and the other accounts noted above may present actual or apparent conflicts of interest with respect to the allocation and

aggregation of securities orders placed on behalf of the Registrant and the other account. NAM, however, believes that such potential conflicts are mitigated by the fact that the NAM has adopted several policies that address potential conflicts of interest, including best execution and trade allocation policies that are designed to ensure (1) that portfolio management is seeking the best price for portfolio securities under the circumstances, (2) fair and equitable allocation of investment opportunities among accounts over time and (3) compliance with applicable regulatory requirements. All accounts are to be treated in a non-preferential manner, such that allocations are not based upon account performance, fee structure or preference of the portfolio manager, although the allocation procedures may provide allocation preferences to funds with special characteristics (such as favoring state funds versus national funds for allocations of in-state bonds). In addition, NAM has adopted a Code of Conduct that sets forth policies regarding conflicts of interest.

Beneficial Ownership of Securities. As of the May 31, 2011, the portfolio manager beneficially owned the following dollar range of equity securities issued by the Registrant and other Nuveen Funds managed by NAM's municipal investment team.

Name of Portfolio Manager	Fund	Dollar range of equity securities beneficially owned in Fund	Dollar range of equity securities beneficially owned in the remainder of Nuveen funds managed by NAM's municipal investment team
Michael Hamilton	Nuveen Connecticut Dividend Advantage Municipal Fund	\$0	\$0

PORTFOLIO MANAGER BIO:

Michael Hamilton, Senior Vice President of NAM, manages several municipal funds. He joined NAM on January 1, 2011 in connection with Nuveen Fund Advisors acquiring a portion of the asset management business of FAF Advisors. He began working in the financial industry when he joined FAF Advisors in 1989, as a fixed-income fund manager and trader. He became a portfolio manager in 1992. He received a B.A. from Albertson's College of Idaho and an M.B.A. from Western Washington University. He is a member of the Portland Society of Financial Analysts. Currently, he manages investments for 17 Nuveen-sponsored investment companies.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board implemented after the registrant last provided disclosure in response to this item.

ITEM 11. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90

days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (17 CFR 240.13a-15(b) or 240.15d-15(b)).

- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

File the exhibits listed below as part of this Form. Letter or number the exhibits in the sequence indicated.

- (a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable because the code is posted on registrant's website at www.nuveen.com/CEF/Info/Shareholder and there were no amendments during the period covered by this report. (To view the code, click on Fund Governance and then Code of Conduct.)
- (a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)) in the exact form set forth below:
Ex-99.CERT Attached hereto.
- (a)(3) Any written solicitation to purchase securities under Rule 23c-1 under the 1940 Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons. Not applicable.
- (b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the 1940 Act (17 CFR 270.30a-2(b)); Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed "filed" for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.
Ex-99.906 CERT attached hereto.
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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Nuveen Connecticut Dividend Advantage Municipal Fund

By (Signature and Title) /s/ Kevin J. McCarthy

Kevin J. McCarthy

Vice President and Secretary

Date: August 5, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Gifford R. Zimmerman

Gifford R. Zimmerman

Chief Administrative Officer

(principal executive officer)

Date: August 5, 2011

By (Signature and Title) /s/ Stephen D. Foy

Stephen D. Foy

Vice President and Controller

(principal financial officer)

Date: August 5, 2011