

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3  
Form N-CSRS  
July 07, 2006

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-10345  
-----

Nuveen Dividend Advantage Municipal Fund 3  
-----

(Exact name of registrant as specified in charter)

Nuveen Investments  
333 West Wacker Drive  
Chicago, IL 60606  
-----

(Address of principal executive offices) (Zip code)

Jessica R. Droeger  
Nuveen Investments  
333 West Wacker Drive  
Chicago, IL 60606  
-----

(Name and address of agent for service)

Registrant's telephone number, including area code: (312) 917-7700  
-----

Date of fiscal year end: October 31  
-----

Date of reporting period: April 30, 2006  
-----

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

# Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

ITEM 1. REPORTS TO STOCKHOLDERS.

SEMIANNUAL REPORT April 30, 2006

Nuveen Investments  
Municipal Exchange-Traded  
Closed-End Funds

NUVEEN PERFORMANCE  
PLUS MUNICIPAL  
FUND, INC.  
NPP

NUVEEN MUNICIPAL  
ADVANTAGE FUND, INC.  
NMA

NUVEEN MUNICIPAL  
MARKET OPPORTUNITY  
FUND, INC.  
NMO

NUVEEN DIVIDEND  
ADVANTAGE  
MUNICIPAL FUND  
NAD

NUVEEN DIVIDEND  
ADVANTAGE  
MUNICIPAL FUND 2  
NXZ

NUVEEN DIVIDEND  
ADVANTAGE  
MUNICIPAL FUND 3  
NZF

Photo of: Man, woman and child at the beach.

Photo of: A child.

DEPENDABLE,  
TAX-FREE INCOME BECAUSE  
IT'S NOT WHAT YOU EARN,  
IT'S WHAT YOU KEEP. (R)

Logo: NUVEEN Investments

Photo of: Woman

Photo of: Man and child

Photo of: Woman

NOW YOU CAN RECEIVE YOUR NUVEEN FUND REPORTS FASTER.

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

NO MORE WAITING.

SIGN UP TODAY TO RECEIVE NUVEEN FUND INFORMATION BY E-MAIL.

It only takes a minute to sign up for E-Reports. Once enrolled, you'll receive an e-mail as soon as your Nuveen Investments Fund information is ready -- no more waiting for delivery by regular mail. Just click on the link within the e-mail to see the report, and save it on your computer if you wish.

-----  
DELIVERY DIRECT TO  
YOUR E-MAIL INBOX  
-----

IT'S FAST, EASY & FREE:

[WWW.INVESTORDELIVERY.COM](http://WWW.INVESTORDELIVERY.COM)

if you get your Nuveen Fund dividends  
and statements from your financial  
advisor or brokerage account.

OR

[WWW.NUVEEN.COM/ACCOUNTACCESS](http://WWW.NUVEEN.COM/ACCOUNTACCESS)

if you get your Nuveen Fund dividends  
and statements directly from Nuveen.

(Be sure to have the address sheet that  
accompanied this report handy. You'll need  
it to complete the enrollment process.)

Logo: NUVEEN Investments

Photo: Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

CHAIRMAN'S  
LETTER TO SHAREHOLDERS

Once again, I am pleased to report that over the six-month period covered by this report your Fund continued to provide you with attractive monthly tax-free income. For more details about the management strategy and performance of your Fund, please read the Portfolio Manager's Comments, the Dividend and Share Price Information, and the Performance Overview sections of this report.

"PORTFOLIO DIVERSIFICATION IS A RECOGNIZED WAY TO TRY TO REDUCE SOME OF THE RISK THAT COMES WITH INVESTING."

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Municipal bonds can be an important building block in a well balanced investment portfolio. In addition to providing attractive tax-free monthly income, a municipal bond investment like your Fund may help you achieve and benefit from greater portfolio diversification. Portfolio diversification is a recognized way to try to reduce some of the risk that comes with investing. I encourage you to contact your personal financial advisor who may help explain this important investment strategy.

Nuveen Investments is pleased to offer you choices when it comes to receiving your fund reports. In addition to mailed print copies, you can also sign up to receive future Fund reports and other Fund information by e-mail and the Internet. Not only will you receive the information faster, but this also may help lower your Fund's expenses. The inside front cover of this report contains information on how you can sign up.

We are grateful that you have chosen us as a partner as you pursue your financial goals, and we look forward to continuing to earn your trust in the months and years ahead. At Nuveen Investments, our mission continues to be to assist you and your financial advisor by offering investment services and products that can help you to secure your financial objectives.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

June 12, 2006

Nuveen Investments Municipal Exchange-Traded Closed-End Funds  
NPP, NMA, NMO, NAD, NXZ, NZF

### PORTFOLIO MANAGER'S COMMENTS

Portfolio manager Tom Spalding reviews key investment strategies and the six-month performance of these six Funds. With 29 years of investment experience at Nuveen, Tom has managed NXZ since its inception in 2001 and NPP, NMA, NMO, NAD, and NZF since 2003.

WHAT KEY STRATEGIES WERE USED TO MANAGE THESE FUNDS DURING THE SIX MONTHS ENDED APRIL 30, 2006?

During this reporting period, we saw a general increase in interest rates, although rates at the longer end of the yield curve remained more stable than those at the short end throughout much of the period. Between November 1, 2005 and April 30, 2006, the Federal Reserve implemented four increases of 0.25% each in the fed funds rate, raising this short-term target by 100 basis points--from 3.75% to 4.75%. (On May 10, 2006, the fed funds rate was increased by another 25 basis points to 5%, marking the Fed's 16th consecutive quarter-point hike since June 2004.) In contrast, the yield on the benchmark 10-year U.S. Treasury note ended April 2006 at 5.06%, up from 4.55% six months earlier, while the yield on the Bond Buyer 25 Revenue Bond Index, a widely followed measure of longer-term municipal market rates, was 5.22% at the end of April 2006, an increase of just two basis points from the beginning of November 2005. As interest rates increased, bond valuations generally declined, and the yield curve flattened as

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

short-term rates approached the levels of longer-term rates.

In this environment, one of our key strategies continued to be careful duration management, part of which included efforts to more closely align the duration and yield curve positioning of these Funds. Depending on the needs of the individual Fund, our purchase activity focused on attractively priced bonds maturing in 10 to 15 years in Funds that were close to their duration target and in 20 years and longer in Funds where the duration needed lengthening. As the yield curve continued to flatten, we believed that bonds in these parts of the curve generally offered better value and reward opportunities more commensurate with their risk levels. As the period progressed, we started to see more opportunities to add value at the longer end of the curve, and we began to slightly extend the Funds' durations.

In looking for potential purchase candidates, we kept an opportunistic eye toward all types of issuance that we believed could add value to the Funds' portfolios and keep the Funds well diversified geographically. Overall, portfolio activity was relatively light during this period. This was due in part to the fact that these Funds entered the reporting period fully invested and with routine call exposure. Another factor was the 5.5% decline in municipal supply during this six-month period compared with the same period 12 months earlier (November 2004-April 2005). The decrease in supply was even more evident

- 1 Duration is a measure of a bond's price sensitivity as interest rates change, with longer duration bonds displaying more sensitivity to these changes than bonds with shorter durations.

4

during the first four months of 2006, when new issuance dropped almost 25% from the levels of January-April 2005. At the same time, demand for municipal bonds continued to be diverse and broad-based, with retail investors, property and casualty insurance companies, and third-party investors--such as hedge funds and arbitrage accounts--all participating in the market.

In general, much of the new supply was highly rated and/or insured, and the majority of our new purchases during this time were higher-rated credits. While we continued to emphasize maintaining the Funds' weightings of bonds rated BBB or lower and nonrated bonds, tighter supply and declining relative valuations meant fewer opportunities to find additional lower-rated issues that we believed represented value for shareholders. One of the few lower quality areas where we did find opportunities to add value was the tobacco sector, and we purchased selected tobacco issues to maintain our portfolios' overall exposure to this sector.

### HOW DID THE FUNDS PERFORM?

Individual results for these Funds, as well as relevant index and peer group information, are presented in the accompanying table.

TOTAL RETURNS ON NET ASSET VALUE\*  
For periods ended 4/30/06

6-MONTH	1-YEAR	5-YEAR	10-YEAR
-----	-----	-----	-----

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

NPP	1.58%	2.52%	7.06%	6.67%
NMA	1.74%	3.00%	7.56%	6.94%
NMO	1.99%	3.01%	6.74%	6.20%
NAD	1.94%	3.55%	8.24%	NA
NXZ	2.66%	4.87%	8.88%	NA
NZF	2.44%	4.11%	NA	NA
Lehman Brothers Municipal Bond Index <sup>2</sup>				
	1.56%	2.16%	5.40%	5.90%
Lipper General Leveraged Municipal Debt Funds Average <sup>3</sup>				
	2.60%	3.86%	7.34%	6.68%

\* Six-month returns are cumulative; returns for one year, five years, and ten years are annualized.

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares.

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

- 2 The Lehman Brothers Municipal Bond Index is an unleveraged, unmanaged national index comprising a broad range of investment-grade municipal bonds. Results for the Lehman index do not reflect any expenses.
- 3 The Lipper General Leveraged Municipal Debt Funds category average is calculated using the returns of all closed-end exchange-traded funds in this category for each period as follows: 6 months, 56; 1 year, 56; 5 years, 45; and 10 years, 39. Fund and Lipper returns assume reinvestment of dividends.

For the six months ended April 30, 2006, the cumulative returns on net asset value (NAV) for all six of the Funds in this report exceeded or performed in line with the return on their Lehman Brothers municipal benchmark. NXZ also slightly outperformed the average return for the Funds' Lipper peer group for this period, NZF slightly underperformed the peer group, while NPP, NMA, NMO, and NAD underperformed this average.

One of the factors that, on balance, benefited the six-month performance of these Funds relative to that of the unleveraged Lehman Brothers Municipal Bond Index was the Funds' use of financial leverage. While leveraging can add volatility to a Fund's NAV and share price, this strategy can also provide opportunities for additional income and total return for common shareholders.

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

The benefits of leveraging are tied in part to the short-term rates leveraged Funds pay their MuniPreferred(R) shareholders. During periods of low short-term rates, leveraged Funds generally pay lower dividends to their MuniPreferred shareholders, which can leave more earnings to support common share dividends. Conversely, when short-term interest rates rise, as they did during this reporting period, the Funds' borrowing costs also rise, which can impact the Funds' income streams and total returns. However, as long as short-term yields are lower than those of the long-term bonds in the Funds' portfolios, the income received by the common shareholders of leveraged Funds will be higher than it would be if the Funds were unleveraged. Despite the impact of rising interest rates on bond valuations, the extra income, or yield advantage, resulting from leveraging during this period remained strong enough to help the Funds' total returns outperform or perform in line with the return on the Lehman index for this six months. Over the long term, we believe the use of financial leverage will continue to work to the benefit of the Funds, as demonstrated by the five-year and ten-year return performances--both absolute and relative--of the Funds in this report.

During this reporting period, positive contributors to the Funds' returns included yield curve and duration positioning, exposure to lower-rated credits, and pre-refunding activity.

As the yield curve continued to flatten over the course of this period, yield curve and duration positioning played important roles in the Funds' performances. On the whole, shorter maturity bonds were the most impacted by recent changes in the yield curve. As a result, these bonds generally underperformed both intermediate and long bonds, with credits having the longest durations posting the best returns for this period. Yield curve positioning or, more specifically, greater exposure to those parts of the yield curve that performed well helped the performances of these Funds during this period. As previously mentioned, we continued to work to more closely align the yield curve positioning of all of these Funds.

With bonds rated BBB or lower and nonrated bonds generally outperforming other credit quality sectors during this period, all of these Funds benefited from their allocations of lower-quality credits. The performance of this sector was largely the result of investor

6

demand for the higher yields typically associated with lower-quality bonds, which drove up their value and kept credit spreads narrow. As of April 30, 2006, allocations of bonds rated BBB or lower and nonrated bonds accounted for 11% of NMO's portfolio, 13% of NPP, 13% of NZF, 16% of NAD, 19% of NMA, and 21% of NXZ. As Dividend Advantage Funds, NAD, NXZ, and NZF can also invest a higher portion of their portfolios in bonds rated BB or lower, and NXZ's allocation of 8% to this category gave a boost to its six-month performance.

Among the lower-rated holdings making contributions to the Funds' cumulative returns for this period were health care bonds (including hospitals) and tobacco credits backed by the 1998 master tobacco settlement agreement. As mentioned earlier, we continued to purchase uninsured tobacco bonds during this period.

We also continued to see a number of advance refundings<sup>4</sup> during this period, which benefited the Funds through price appreciation and enhanced credit quality. However, as the yield curve flattened, more lower coupon bonds were being pre-refunded, which meant that, in general, the positive impact from refinancings was less than in the previous reporting period.

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

While advance refundings generally enhanced total return performance for this six-month period, the rising interest rate environment--especially at the short end of the yield curve--meant that the Funds' holdings of older, previously pre-refunded bonds tended to underperform the general municipal market, due primarily to the shorter effective maturities of these bonds. This was especially true in the four older Funds--NPP, NMA, NMO, and NAD--which had significantly larger allocations of pre-refunded bonds than the more recently established NXZ and NZF.

HOW WERE THE FUNDS POSITIONED IN TERMS OF CREDIT QUALITY AND BOND CALLS AS OF APRIL 30, 2006?

We continued to believe that maintaining strong credit quality was an important requirement. As of April 30, 2006, all six of these Funds continued to offer excellent credit quality, with allocations of bonds rated AAA/U.S. guaranteed and AA ranging from 68% in NXZ to 79% in NMA to 82% in NAD, 83% in NPP, 84% in NMO, and 85% in NZF.

As of April 30, 2006, potential call exposure for the period May 2006 through the end of 2007 ranged from 7% in NXZ, 8% in NMO, and 10% in NZF to 17% in NAD and NPP and 18% in NMA. We continued to watch the market for opportunities to reinvest proceeds from bonds with shorter call dates into bonds with maturities of at least 15 years. The number of actual bond calls in all of these Funds depends largely on future market interest rates.

- 4 Advance refundings, also known as pre-refundings or refinancings, occur when an issuer sells new bonds and uses the proceeds to fund principal and interest payments of older existing bonds. This process often results in lower borrowing costs for bond issuers.

7

### Dividend and Share Price INFORMATION

As previously noted, all of the Funds in this report use leverage to potentially enhance opportunities for additional income for common shareholders. During periods of rising short-term interest rates, as was the case during this reporting period, the Funds' borrowing costs also rise, reducing the extent of the benefits of leveraging. This resulted in one monthly dividend reduction in NPP, NMA, NMO, and NXZ and two in NAD over the six-month period ended April 30, 2006. The dividend of NZF remained stable throughout this reporting period.

Due to capital gains generated by normal portfolio activity, common shareholders of the following Funds received capital gains and net ordinary income distributions at the end of December 2005, as follows:

	LONG-TERM CAPITAL GAINS (PER SHARE)	ORDINARY INCOME (PER SHARE)
NPP	\$0.0174	\$0.0001
NMA	\$0.0116	\$0.0030



# Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

NMO

--

\$0.0036

All of the Funds in this report seek to pay stable dividends at rates that reflect each Fund's past results and projected future performance. During certain periods, each Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds the excess in reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if a Fund has cumulatively paid dividends in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. Each Fund will, over time, pay all of its net investment income as dividends to shareholders. As of April 30, 2006, all of the Funds in this report had a positive UNII balance for financial statement purposes and a positive UNII balance, based upon our best estimate, for tax purposes.

At the end of the reporting period, the Funds' share prices were trading at premiums or discounts to their NAVs as shown in the accompanying chart:

	4/30/06 PREMIUM/DISCOUNT	6-MONTH AVERAGE DISCOUNT
NPP	-5.16%	-5.21%
NMA	-2.07%	-1.71%
NMO	-6.13%	-5.79%
NAD	-4.76%	-3.98%
NXZ	+3.12%	-2.64%
NZF	-0.85%	-2.36%

8

Nuveen Performance Plus Municipal Fund, Inc.  
NPP

PERFORMANCE  
OVERVIEW As of April 30, 2006

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

AAA/U.S. Guaranteed	74%
AA	9%
A	4%
BBB	9%
BB or Lower	2%
N/R	2%

Bar Chart:

2005-2006 MONTHLY TAX-FREE DIVIDENDS PER SHARE(2)

May 0.0780

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Jun	0.0780
Jul	0.0780
Aug	0.0780
Sep	0.0745
Oct	0.0745
Nov	0.0745
Dec	0.0745
Jan	0.0745
Feb	0.0745
Mar	0.0705
Apr	0.0705

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

5/01/05	14.31
	14.33
	14.4
	14.45
	14.39
	14.45
	14.47
	14.43
	14.37
	14.37
	14.41
	14.43
	14.49
	14.5
	14.45
	14.51
	14.51
	14.49
	14.51
	14.59
	14.65
	14.64
	14.7
	14.76
	14.76
	14.8
	14.8
	14.75
	14.75
	14.61
	14.62
	14.69
	14.69
	14.7
	14.68
	14.77
	14.78
	14.76
	14.79
	14.81
	14.9
	14.94
	14.98
	14.91
	14.91
	14.98

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

15.07  
15.17  
15.2  
15.26  
15.18  
15.13  
15.19  
14.98  
15.1  
15.1  
15.01  
15.13  
15.1  
15.23  
15.24  
15.26  
15.2  
15.2  
15.23  
15.29  
15.2  
15.24  
15.11  
15.09  
15.11  
15.19  
15.08  
15.16  
15.17  
15.13  
15.09  
15.03  
15.05  
15.06  
15.09  
15.09  
15.13  
15.14  
15.21  
15.28  
15.33  
15.37  
15.41  
15.46  
15.38  
15.39  
15.44  
15.39  
15.29  
15.2  
15  
15.05  
15.08  
15.14  
15.16  
14.95  
14.95  
14.78  
14.79  
14.93  
14.97  
15.03

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

15.05  
15.08  
15.08  
15.05  
15.04  
15.02  
15.04  
14.74  
14.64  
14.54  
14.46  
14.37  
14.43  
14.42  
14.53  
14.58  
14.58  
14.48  
14.46  
14.45  
14.43  
14.5  
14.48  
14.44  
14.45  
14.44  
14.48  
14.33  
14.09  
14.07  
13.85  
13.93  
14.01  
14.05  
14.09  
14.08  
14.06  
14.01  
14.03  
14.18  
14.13  
14.15  
14.18  
14.2  
14.2  
14.21  
14.23  
14.29  
14.36  
14.45  
14.26  
14.2  
14.24  
14.19  
14.18  
14.14  
14.13  
14.21  
14.3  
14.38  
14.42  
14.49

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

14.7  
14.7  
14.79  
14.9  
14.96  
14.91  
15  
15.12  
15.11  
15.11  
15.13  
15.08  
15.04  
15.06  
15.03  
15.05  
14.98  
14.99  
14.97  
15.11  
15.15  
15.22  
15.14  
15.13  
15.15  
15.08  
15.12  
15.04  
15.06  
15.02  
14.91  
14.93  
14.94  
15.01  
15.11  
15.16  
15.25  
15.21  
15.22  
15.23  
15.24  
15.22  
15.23  
15.1  
15  
14.96  
14.96  
15.11  
15.04  
15.05  
15.08  
15.02  
15.18  
15.1  
15.21  
15.35  
15.45  
15.38  
15.34  
15.21  
15.14  
15.21

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	15.07
	15.08
	15.13
	15.1
	14.98
	14.93
	14.87
	14.82
	14.62
	14.65
	14.64
	14.54
	14.53
	14.5
	14.44
	14.35
	14.4
	14.36
	14.43
	14.45
	14.51
4/30/06	14.51

FUND SNAPSHOT

Common Share Price	\$14.51
Common Share Net Asset Value	\$15.30
Premium/(Discount) to NAV	-5.16%
Market Yield	5.83%
Taxable-Equivalent Yield <sup>1</sup>	8.10%
Net Assets Applicable to Common Shares (\$000)	\$916,920
Average Effective Maturity on Securities (Years)	14.95
Leverage-Adjusted Duration	8.28

AVERAGE ANNUAL TOTAL RETURN  
(Inception 6/22/89)

	ON SHARE PRICE	ON NAV
6-Month (Cumulative)	3.69%	1.58%
1-Year	8.27%	2.52%
5-Year	7.39%	7.06%
10-Year	6.40%	6.67%

STATES

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

(as a % of total investments)

Illinois	14.2%
California	9.2%
New York	8.6%
New Jersey	4.9%
Louisiana	4.7%
Michigan	4.6%
Indiana	4.5%
Florida	3.9%
Colorado	3.7%
Texas	3.6%
Utah	2.9%
Massachusetts	2.8%
South Carolina	2.8%
Washington	2.8%
Ohio	2.6%
Pennsylvania	2.3%
Georgia	2.1%
Minnesota	2.1%
Nevada	1.6%
Wisconsin	1.5%
Other	14.6%

### INDUSTRIES

(as a % of total investments)

U.S. Guaranteed	26.6%
Tax Obligation/Limited	14.2%
Tax Obligation/General	14.2%
Utilites	10.1%
Transportation	9.4%
Health Care	8.0%
Consumer Staples	5.5%

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Other 12.0%  
-----

- 1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 The Fund paid shareholders capital gains and net ordinary income distributions in December 2005 of \$0.0175 per share.

9

Nuveen Municipal Advantage Fund, Inc.  
NMA

PERFORMANCE  
OVERVIEW As of April 30, 2006

Pie Chart:  
CREDIT QUALITY  
(as a % of total investments)

AAA/U.S. Guaranteed	69%
AA	10%
A	2%
BBB	16%
BB or Lower	3%

Bar Chart:  
2005-2006 MONTHLY TAX-FREE DIVIDENDS PER SHARE (2)

May	0.083
Jun	0.083
Jul	0.083
Aug	0.083
Sep	0.0795
Oct	0.0795
Nov	0.0795
Dec	0.0795
Jan	0.0795
Feb	0.0795
Mar	0.0755
Apr	0.0755

Line Chart:  
SHARE PRICE PERFORMANCE  
Weekly Closing Price  
Past performance is not predictive of future results.

5/01/05	15.17
	15.23
	15.28
	15.33
	15.28
	15.26
	15.39
	15.28
	15.26
	15.32



15.24  
15.17  
15.28  
15.33  
15.29  
15.31  
15.25  
15.22  
15.21  
15.31  
15.32  
15.38  
15.45  
15.46  
15.5  
15.55  
15.49  
15.5  
15.41  
15.34  
15.33  
15.31  
15.4  
15.37  
15.39  
15.46  
15.48  
15.57  
15.59  
15.69  
15.68  
15.67  
15.67  
15.7  
15.69  
15.78  
15.75  
15.83  
15.85  
15.91  
15.8  
15.77  
15.71  
15.56  
15.63  
15.66  
15.61  
15.6  
15.66  
15.65  
15.68  
15.81  
15.72  
15.72  
15.78  
15.89  
15.77  
15.72  
15.65  
15.65  
15.57  
15.63

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

15.58  
15.66  
15.68  
15.77  
15.7  
15.78  
15.77  
15.75  
15.8  
15.82  
15.77  
15.8  
15.82  
15.81  
15.84  
15.88  
15.93  
15.97  
15.95  
15.94  
16.01  
16.06  
16.01  
15.89  
15.71  
15.66  
15.64  
15.7  
15.76  
15.68  
15.6  
15.51  
15.58  
15.66  
15.75  
15.84  
15.84  
15.84  
15.81  
15.72  
15.76  
15.85  
15.75  
15.55  
15.44  
15.38  
15.39  
15.34  
15.3  
15.24  
15.19  
15.2  
15.19  
15.05  
15.13  
15.17  
15.19  
15.27  
15.2  
15.24  
15.2  
15.21

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

15.25  
15.22  
15.19  
15.23  
15.09  
15.08  
15.08  
15.12  
15.12  
15.01  
14.99  
15  
15.03  
15.09  
15.13  
15.05  
15.1  
15.14  
15.12  
15.22  
15.21  
15.27  
15.45  
15.38  
15.14  
15.19  
15.07  
15.06  
14.98  
15.02  
15.03  
15.01  
15.18  
15.2  
15.18  
15.35  
15.38  
15.38  
15.42  
15.45  
15.7  
15.65  
15.7  
15.77  
15.81  
15.72  
15.43  
15.64  
15.71  
15.89  
15.92  
15.85  
15.91  
15.95  
15.94  
15.98  
16.05  
16.02  
16.01  
16  
15.66  
15.63

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

15.68  
15.69  
15.68  
15.79  
15.6  
15.63  
15.61  
15.77  
15.77  
15.8  
15.75  
15.95  
15.82  
15.86  
15.92  
15.93  
15.94  
15.7  
15.45  
15.38  
15.46  
15.55  
15.58  
15.49  
15.46  
15.43  
15.57  
15.52  
15.5  
15.5  
15.47  
15.49  
15.46  
15.47  
15.55  
15.49  
15.45  
15.46  
15.51  
15.53  
15.46  
15.47  
15.35  
15.25  
15.13  
15.17  
15.29  
15.15  
15.22  
15.23  
15.14  
15.15  
15.17  
15.12  
15.17  
15.15  
15.17  
15.17

4/30/06

FUND SNAPSHOT

-----

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Common Share Price	\$15.17
-----	
Common Share Net Asset Value	\$15.49
-----	
Premium/(Discount) to NAV	-2.07%
-----	
Market Yield	5.97%
-----	
Taxable-Equivalent Yield <sup>1</sup>	8.29%
-----	
Net Assets Applicable to Common Shares (\$000)	\$667,274
-----	
Average Effective Maturity on Securities (Years)	16.36
-----	
Leverage-Adjusted Duration	7.62
-----	

### AVERAGE ANNUAL TOTAL RETURN (Inception 12/19/89)

	ON SHARE PRICE	ON NAV
-----		
6-Month (Cumulative)	3.02%	1.74%
-----		
1-Year	6.21%	3.00%
-----		
5-Year	8.61%	7.56%
-----		
10-Year	7.05%	6.94%
-----		

### STATES

(as a % of total investments)

Illinois	11.4%
-----	
Texas	11.3%
-----	
New York	10.9%
-----	
Washington	9.5%
-----	
California	7.5%
-----	
Wisconsin	5.1%
-----	
Louisiana	5.0%
-----	
Tennessee	3.5%
-----	
Ohio	3.0%
-----	
Colorado	2.9%
-----	
South Carolina	2.7%
-----	
Nevada	2.4%
-----	

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Indiana	2.4%
-----	-----
Alabama	2.1%
-----	-----
New Jersey	2.1%
-----	-----
North Carolina	1.9%
-----	-----
Oklahoma	1.5%
-----	-----
Other	14.8%
-----	-----

### INDUSTRIES

(as a % of total investments)

U.S. Guaranteed	26.6%
-----	-----
Utilites	15.1%
-----	-----
Health Care	13.5%
-----	-----
Transportation	10.3%
-----	-----
Tax Obligation/General	8.3%
-----	-----
Tax Obligation/Limited	7.8%
-----	-----
Housing/Single Family	5.6%
-----	-----
Consumer Staples	5.5%
-----	-----
Other	7.3%
-----	-----

- 1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
  
- 2 The Fund paid shareholders capital gains and net ordinary income distributions in December 2005 of \$0.0146 per share.

10

Nuveen Municipal Market Opportunity Fund, Inc.  
NMO

### PERFORMANCE

OVERVIEW As of April 30, 2006

#### Pie Chart:

#### CREDIT QUALITY

(as a % of total municipal bonds)

AAA/U.S. Guaranteed	76%
AA	8%

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

A	5%
BBB	7%
BB or Lower	3%
N/R	1%

Bar Chart:

2005-2006 MONTHLY TAX-FREE DIVIDENDS PER SHARE (2)

May	0.076
Jun	0.076
Jul	0.076
Aug	0.076
Sep	0.0725
Oct	0.0725
Nov	0.0725
Dec	0.0725
Jan	0.0725
Feb	0.0725
Mar	0.0685
Apr	0.0685

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

5/01/05	13.97
	14.01
	14.04
	14.13
	13.97
	14
	14.1
	14.11
	14.08
	14.07
	14.08
	14.11
	14.16
	14.18
	14.15
	14.17
	14.23
	14.24
	14.17
	14.29
	14.32
	14.45
	14.6
	14.45
	14.5
	14.47
	14.41
	14.39
	14.44
	14.27
	14.29
	14.26
	14.39
	14.39
	14.39
	14.39
	14.43
	14.48
	14.54

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

14.68  
14.79  
14.74  
14.87  
14.92  
14.88  
14.92  
14.95  
14.94  
14.97  
14.98  
15.03  
14.99  
15.01  
14.95  
14.84  
14.84  
14.85  
14.72  
14.75  
14.78  
14.9  
14.98  
14.96  
14.94  
14.94  
14.92  
14.96  
14.95  
14.94  
14.87  
14.88  
14.84  
14.92  
14.89  
14.9  
14.79  
14.87  
14.8  
14.74  
14.75  
14.81  
14.83  
14.88  
14.87  
14.79  
14.82  
14.88  
14.86  
14.94  
14.95  
14.93  
14.92  
14.98  
14.94  
14.96  
14.9  
14.86  
14.65  
14.62  
14.6  
14.55



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

14.59  
14.46  
14.46  
14.25  
14.33  
14.44  
14.47  
14.51  
14.5  
14.48  
14.46  
14.44  
14.39  
14.37  
14.41  
14.22  
14.01  
14.05  
14  
14.06  
14.05  
14  
14.11  
14.15  
14.18  
14.11  
14.13  
14.14  
14.19  
14.17  
14.18  
14.15  
14.21  
14.28  
14.26  
13.96  
13.83  
13.8  
13.53  
13.53  
13.69  
13.76  
13.65  
13.69  
13.65  
13.65  
13.64  
13.7  
13.76  
13.82  
13.86  
13.91  
13.98  
14.04  
14.01  
14.04  
14.04  
14.04  
13.77  
13.81  
13.87  
13.84

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

13.82  
13.86  
13.88  
13.94  
13.97  
14.18  
14.18  
14.32  
14.47  
14.47  
14.51  
14.59  
14.72  
14.59  
14.77  
14.66  
14.6  
14.6  
14.53  
14.4  
14.52  
14.65  
14.64  
14.59  
14.54  
14.48  
14.58  
14.59  
14.63  
14.69  
14.76  
14.72  
14.67  
14.54  
14.52  
14.51  
14.6  
14.54  
14.46  
14.47  
14.48  
14.61  
14.59  
14.67  
14.72  
14.68  
14.77  
14.79  
14.84  
14.78  
14.74  
14.64  
14.57  
14.54  
14.52  
14.53  
14.49  
14.55  
14.46  
14.5  
14.62  
14.65

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	14.51
	14.55
	14.6
	14.55
	14.53
	14.5
	14.58
	14.6
	14.53
	14.65
	14.65
	14.65
	14.53
	14.43
	14.36
	14.22
	14.1
	14.04
	14.11
	13.96
	14.1
	14.1
	14.13
	14.05
	14.12
	13.98
	14.03
	14.11
	14.09
4/30/06	14.09

FUND SNAPSHOT

-----	
Common Share Price	\$14.09
-----	
Common Share Net Asset Value	\$15.01
-----	
Premium/(Discount) to NAV	-6.13%
-----	
Market Yield	5.83%
-----	
Taxable-Equivalent Yield <sup>1</sup>	8.10%
-----	
Net Assets Applicable to Common Shares (\$000)	\$683,394
-----	
Average Effective Maturity on Securities (Years)	14.11
-----	
Leverage-Adjusted Duration	8.26
-----	

AVERAGE ANNUAL TOTAL RETURN  
(Inception 3/21/90)

-----		
	ON SHARE PRICE	ON NAV
-----		
6-Month (Cumulative)	2.29%	1.99%

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

1-Year	7.42%	3.01%
5-Year	6.37%	6.74%
10-Year	6.01%	6.20%

STATES  
(as a % of total municipal bonds)

Texas	16.6%
Washington	11.6%
New York	10.6%
Illinois	7.5%
Minnesota	5.2%
South Carolina	4.9%
California	4.5%
Nevada	3.9%
Colorado	3.5%
New Jersey	3.2%
Georgia	3.0%
Massachusetts	3.0%
North Dakota	2.8%
Pennsylvania	2.5%
Puerto Rico	1.9%
Ohio	1.7%
Other	13.6%

INDUSTRIES  
(as a % of total investments)

U.S. Guaranteed	31.8%
Transportation	18.3%
Tax Obligation/General	15.0%
Tax Obligation/Limited	7.5%
Utilities	6.8%
Health Care	6.2%
Consumer Staples	5.0%

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

-----  
 Other 9.4%  
 -----

- 1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 The Fund paid shareholders a net ordinary income distribution in December 2005 of \$0.0036 per share.

11

Nuveen Dividend Advantage Municipal Fund  
 NAD

PERFORMANCE  
 OVERVIEW As of April 30, 2006

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

AAA/U.S. Guaranteed	71%
AA	11%
A	2%
BBB	8%
BB or Lower	5%
N/R	3%

Bar Chart:

2005-2006 MONTHLY TAX-FREE DIVIDENDS PER SHARE

May	0.0825
Jun	0.0825
Jul	0.0825
Aug	0.0825
Sep	0.079
Oct	0.079
Nov	0.079
Dec	0.075
Jan	0.075
Feb	0.075
Mar	0.0715
Apr	0.0715

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

5/01/05	14.62
	14.63
	14.7
	14.77
	14.67
	14.82
	14.88

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

14.82  
14.87  
14.81  
14.83  
14.88  
14.85  
14.9  
14.87  
14.85  
14.83  
14.82  
14.81  
14.87  
14.94  
14.97  
15.07  
15.01  
15.07  
15.09  
15.15  
15.15  
15.15  
15  
15  
14.98  
15  
14.97  
14.97  
15.03  
15.12  
15.15  
15.2  
15.25  
15.22  
15.32  
15.43  
15.42  
15.43  
15.43  
15.48  
15.52  
15.49  
15.55  
15.54  
15.53  
15.48  
15.3  
15.52  
15.5  
15.43  
15.46  
15.48  
15.45  
15.54  
15.59  
15.55  
15.55  
15.5  
15.57  
15.55  
15.59  
15.49

15.44  
15.44  
15.49  
15.41  
15.38  
15.39  
15.38  
15.33  
15.35  
15.44  
15.4  
15.46  
15.46  
15.53  
15.55  
15.58  
15.58  
15.64  
15.65  
15.74  
15.79  
15.72  
15.78  
15.8  
15.75  
15.67  
15.59  
15.5  
15.45  
15.42  
15.45  
15.57  
15.47  
15.38  
15.21  
15.2  
15.24  
15.28  
15.28  
15.32  
15.31  
15.26  
15.15  
15.1  
15.03  
15.12  
14.89  
14.77  
14.7  
14.58  
14.53  
14.62  
14.58  
14.65  
14.67  
14.63  
14.57  
14.51  
14.53  
14.58  
14.56  
14.57

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

14.63  
14.65  
14.64  
14.69  
14.55  
14.47  
14.48  
14.38  
14.3  
14.38  
14.39  
14.36  
14.37  
14.35  
14.38  
14.42  
14.49  
14.5  
14.56  
14.68  
14.6  
14.64  
14.6  
14.51  
14.5  
14.41  
14.37  
14.19  
14.25  
14.29  
14.22  
14.17  
14.18  
14.11  
14.2  
14.28  
14.25  
14.43  
14.56  
14.6  
14.6  
14.66  
14.77  
14.91  
15.09  
15.13  
15.15  
15.09  
15.06  
15.09  
15.02  
15.04  
15.04  
15.01  
15.12  
15.13  
15.15  
15.14  
15.2  
15.19  
15.25  
15.22



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

15.16  
15.13  
15.1  
15.17  
15.09  
15.13  
15.1  
14.94  
14.86  
14.85  
14.87  
14.9  
15  
15.05  
15.15  
15.16  
15.2  
15.28  
15.27  
15.24  
15.22  
15.03  
15.05  
15.07  
15.07  
15.04  
14.91  
14.77  
14.79  
14.86  
14.89  
14.83  
14.78  
14.65  
14.66  
14.67  
14.67  
14.73  
14.77  
14.79  
14.84  
14.83  
14.85  
14.75  
14.61  
14.46  
14.44  
14.28  
14.34  
14.33  
14.3  
14.33  
14.39  
14.34  
14.37  
14.47  
14.46  
14.41  
14.36  
14.41  
14.41

4/30/06

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

### FUND SNAPSHOT

Common Share Price	\$14.41
Common Share Net Asset Value	\$15.13
Premium/(Discount) to NAV	-4.76%
Market Yield	5.95%
Taxable-Equivalent Yield <sup>1</sup>	8.26%
Net Assets Applicable to Common Shares (\$000)	\$594,021
Average Effective Maturity on Securities (Years)	15.30
Leverage-Adjusted Duration	8.14

### AVERAGE ANNUAL TOTAL RETURN (Inception 5/26/99)

	ON SHARE PRICE	ON NAV
6-Month (Cumulative)	1.85%	1.94%
1-Year	5.44%	3.55%
5-Year	6.16%	8.24%
Since Inception	5.98%	7.35%

### STATES

(as a % of total investments)

Illinois	24.8%
Texas	10.2%
New York	8.6%
Washington	7.6%
Florida	5.4%
Wisconsin	4.6%
New Jersey	4.4%
Pennsylvania	3.3%
Ohio	2.8%
Louisiana	2.7%

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Indiana	2.6%
Colorado	2.5%
Michigan	2.4%
Rhode Island	2.2%
California	1.8%
Other	14.1%

INDUSTRIES

(as a % of total investments)

U.S. Guaranteed	19.3%
Tax Obligation/General	16.1%
Tax Obligation/Limited	13.8%
Health Care	13.1%
Transportation	11.9%
Utilities	7.6%
Consumer Staples	6.3%
Other	11.9%

- 1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

12

Nuveen Dividend Advantage Municipal Fund 2  
NXZ

PERFORMANCE

OVERVIEW As of April 30, 2006

Pie Chart:

CREDIT QUALITY

(as a % of total municipal bonds)

AAA/U.S. Guaranteed	61%
AA	7%
A	11%
BBB	11%
BB or Lower	8%
N/R	2%

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

### Bar Chart:

2005-2006 MONTHLY TAX-FREE DIVIDENDS PER SHARE

May	0.086
Jun	0.086
Jul	0.086
Aug	0.086
Sep	0.086
Oct	0.086
Nov	0.086
Dec	0.086
Jan	0.086
Feb	0.086
Mar	0.082
Apr	0.082

### Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

5/01/05	15.38
	15.42
	15.4
	15.43
	15.39
	15.39
	15.52
	15.39
	15.45
	15.5
	15.53
	15.52
	15.55
	15.5
	15.41
	15.47
	15.5
	15.51
	15.54
	15.59
	15.62
	15.69
	15.77
	15.72
	15.76
	15.86
	15.9
	15.84
	15.84
	15.65
	15.64
	15.7
	15.89
	15.84
	15.81
	15.82
	15.84
	15.94
	16
	15.92
	15.84
	15.96
	16.05

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

15.98  
15.92  
16  
16.05  
16.08  
16.16  
16.22  
16.1  
16.04  
16.06  
15.83  
16.01  
15.99  
15.94  
15.99  
15.87  
15.82  
15.97  
16  
16  
16  
16.01  
16.07  
16.14  
16.12  
16.03  
16.01  
15.99  
16.02  
15.94  
16  
16.03  
15.99  
15.97  
16  
16.07  
16.11  
16.29  
16.24  
16.29  
16.32  
16.22  
16.2  
16.39  
16.59  
16.64  
16.68  
16.7  
16.85  
16.79  
16.85  
16.6  
16.33  
16.31  
16.46  
16.45  
16.32  
16.4  
16.39  
16.15  
16.14  
16.09

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

16.15  
16.19  
16.25  
16.27  
16.24  
16.22  
16.19  
16.27  
16.21  
16.3  
16.01  
15.64  
15.6  
15.67  
15.58  
15.49  
15.5  
15.82  
15.55  
15.56  
15.45  
15.5  
15.45  
15.64  
15.58  
15.71  
15.74  
15.8  
15.86  
15.99  
15.96  
15.8  
15.84  
15.74  
15.68  
15.74  
15.95  
15.9  
15.95  
16.01  
15.95  
16  
16.15  
16.3  
16.18  
16.21  
16.03  
16.02  
16.07  
16.12  
16.3  
16.18  
16.3  
15.95  
15.84  
16.12  
15.75  
15.88  
16.09  
16.11  
16.1  
16.13

16.4  
16.39  
16.43  
16.47  
16.47  
16.54  
16.52  
16.55  
16.72  
16.75  
16.75  
16.57  
16.62  
16.5  
16.38  
16.53  
16.68  
16.8  
16.8  
16.82  
16.8  
16.88  
16.95  
17.2  
17.15  
17.01  
16.92  
16.75  
16.66  
16.7  
16.66  
16.13  
16.17  
16  
15.95  
15.95  
16.05  
16.14  
16.05  
16.15  
16.13  
16.19  
16.29  
16.3  
16.22  
16.25  
16.19  
16.19  
16.09  
16.13  
16.15  
16.15  
16.23  
16.15  
16.22  
16.38  
16.32  
16.38  
16.29  
16.27  
16.6  
16.55

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	16.6
	16.56
	16.62
	16.56
	16.62
	16.68
	16.62
	16.65
	16.6
	16.4
	16.3
	16.16
	16.15
	16.08
	16.09
	16.19
	16.19
	16.15
	16.13
	16.36
	16.22
	16.05
	16.14
	16.2
	16.2
4/30/06	15.64

FUND SNAPSHOT

-----  
Common Share Price \$16.20  
-----

Common Share  
Net Asset Value \$15.71  
-----

Premium/(Discount) to NAV 3.12%  
-----

Market Yield 6.07%  
-----

Taxable-Equivalent Yield<sup>1</sup> 8.43%  
-----

Net Assets Applicable to  
Common Shares (\$000) \$460,507  
-----

Average Effective Maturity  
on Securities (Years) 21.76  
-----

Leverage-Adjusted Duration 6.85  
-----

AVERAGE ANNUAL TOTAL RETURN  
(Inception 3/27/01)

	ON SHARE PRICE	ON NAV
6-Month (Cumulative)	6.82%	2.66%
1-Year	12.82%	4.87%
5-Year	8.48%	8.88%

-----  
Since



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Inception	8.33%	8.53%
-----------	-------	-------

STATES

(as a % of total municipal bonds)

Texas	16.9%
Michigan	9.7%
California	7.4%
Illinois	7.3%
New York	4.4%
Colorado	4.1%
Washington	4.1%
New Mexico	3.7%
Florida	3.4%
Missouri	3.4%
Indiana	3.3%
Louisiana	2.9%
Alabama	2.9%
Nevada	2.8%
Massachusetts	2.7%
Kansas	2.6%
Oregon	2.6%
Pennsylvania	2.5%
Other	13.3%

INDUSTRIES

(as a % of total investments)

Health Care	17.8%
Tax Obligation/Limited	15.6%
U.S. Guaranteed	13.6%
Transportation	13.4%
Water and Sewer	8.8%
Utilities	7.0%
Tax Obligation/General	6.1%

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Consumer Staples	5.5%
Other	12.2%

1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

13

Nuveen Dividend Advantage Municipal Fund 3  
NZF

PERFORMANCE

OVERVIEW As of April 30, 2006

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

AAA/U.S. Guaranteed	76%
AA	9%
A	2%
BBB	6%
BB or Lower	2%
N/R	5%

Bar Chart:

2005-2006 MONTHLY TAX-FREE DIVIDENDS PER SHARE

May	0.0805
Jun	0.0805
Jul	0.0805
Aug	0.0805
Sep	0.077
Oct	0.077
Nov	0.077
Dec	0.077
Jan	0.077
Feb	0.077
Mar	0.077
Apr	0.077

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

5/01/05	14.35
	14.44
	14.44
	14.41
	14.3
	14.39
	14.47
	14.35

14.41  
14.41  
14.48  
14.45  
14.48  
14.48  
14.47  
14.49  
14.52  
14.56  
14.56  
14.61  
14.67  
14.69  
14.78  
14.77  
14.78  
14.85  
14.85  
14.9  
14.91  
14.77  
14.76  
14.71  
14.75  
14.68  
14.72  
14.75  
14.82  
14.86  
14.92  
14.86  
14.82  
14.9  
14.99  
15  
15.05  
15.13  
15.15  
15.19  
15.26  
15.31  
15.25  
15.24  
15.18  
14.95  
15.04  
14.95  
14.94  
14.98  
14.98  
14.98  
15  
15.05  
15.1  
15.1  
15.14  
15.13  
15.12  
15.11  
15.03  
15

15.03  
15.09  
15.05  
15.06  
15.08  
15.12  
15.06  
15.11  
15.17  
15.13  
15.06  
15.08  
15.13  
15.17  
15.18  
15.2  
15.26  
15.35  
15.42  
15.47  
15.3  
15.32  
15.41  
15.4  
15.21  
15.08  
14.91  
14.9  
14.91  
14.94  
14.93  
14.56  
14.47  
14.4  
14.35  
14.51  
14.5  
14.53  
14.5  
14.5  
14.45  
14.49  
14.48  
14.45  
14.53  
14.33  
14.08  
14.1  
14.1  
14.05  
14.09  
14.09  
14.33  
14.35  
14.38  
14.3  
14.36  
14.37  
14.41  
14.5  
14.52  
14.52

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

14.55  
14.66  
14.61  
14.67  
14.53  
14.53  
14.49  
14.37  
14.54  
14.45  
14.5  
14.41  
14.43  
14.44  
14.42  
14.54  
14.52  
14.43  
14.46  
14.48  
14.55  
14.61  
14.48  
14.5  
14.66  
14.69  
14.46  
14.47  
14.4  
14.4  
14.39  
14.41  
14.42  
14.49  
14.61  
14.52  
14.71  
14.82  
14.91  
14.91  
14.99  
15.01  
15.15  
15.3  
15.3  
15.4  
15.25  
15.35  
15.26  
15.2  
15.16  
15.24  
15.28  
15.29  
15.38  
15.38  
15.31  
15.37  
15.4  
15.49  
15.45  
15.4

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

15.38  
15.37  
15.4  
15.4  
15.41  
15.43  
15.35  
15.32  
15.33  
15.4  
15.35  
15.34  
15.15  
15.1  
15.15  
15.2  
15.21  
15.24  
15.15  
15.13  
15.17  
15.1  
15.12  
15.13  
15.19  
15.17  
15.19  
15.3  
15.34  
15.32  
15.33  
15.29  
15.35  
15.49  
15.45  
15.48  
15.45  
15.4  
15.28  
15.26  
15.35  
15.35  
15.4  
15.38  
15.32  
15.26  
15.29  
15.2  
15.25  
15.02  
15.08  
15.09  
15.05  
14.95  
15  
15.03  
15  
15.15  
15.1  
15.1

4/30/06

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

### FUND SNAPSHOT

Common Share Price	\$15.10
Common Share Net Asset Value	\$15.23
Premium/(Discount) to NAV	-0.85%
Market Yield	6.12%
Taxable-Equivalent Yield <sup>1</sup>	8.50%
Net Assets Applicable to Common Shares (\$000)	\$613,899
Average Effective Maturity on Securities (Years)	17.47
Leverage-Adjusted Duration	6.73

### AVERAGE ANNUAL TOTAL RETURN (Inception 9/25/01)

	ON SHARE PRICE	ON NAV
6-Month (Cumulative)	8.03%	2.44%
1-Year	12.23%	4.11%
Since Inception	6.78%	7.75%

### STATES

(as a % of total investments)

Illinois	12.4%
Texas	12.1%
Washington	10.7%
California	7.2%
Michigan	6.1%
Nevada	5.3%
Colorado	5.1%
Iowa	4.0%
Indiana	3.9%
Wisconsin	3.0%
New York	2.9%
Louisiana	2.3%

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Kentucky	2.1%
Missouri	1.7%
Oregon	1.7%
New Jersey	1.6%
Georgia	1.6%
Ohio	1.5%
Other	14.8%

INDUSTRIES  
(as a % of total investments)

Transportation	18.0%
Health Care	16.3%
U.S. Guaranteed	15.9%
Tax Obligation/General	13.0%
Utilities	7.3%
Water and Sewer	6.6%
Education and Civic Organizations	5.8%
Tax Obligation/Limited	4.9%
Other	12.2%

1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

Nuveen Performance Plus Municipal Fund, Inc. (NPP)  
Portfolio of  
INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
------------------------	-----------------	------------------------------

ALABAMA - 1.2% (0.8% OF TOTAL INVESTMENTS)

Jefferson County, Alabama, Sewer Revenue Refunding Warrants,



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	Series 1997A:		
\$	3,640	5.625%, 2/01/22 (Pre-refunded 2/01/07) - FGIC Insured	2/07 at 101.00
	3,820	5.375%, 2/01/27 (Pre-refunded 2/01/07) - FGIC Insured	2/07 at 100.00

	Jefferson County, Alabama, Sewer Revenue Refunding Warrants, Series 1997A:		
	1,435	5.625%, 2/01/22 - FGIC Insured	2/07 at 101.00
	1,505	5.375%, 2/01/27 - FGIC Insured	2/07 at 100.00

-----  
 10,400 Total Alabama  
 -----

ARIZONA - 1.3% (0.9% OF TOTAL INVESTMENTS)

	1,000	Arizona State Transportation Board, Highway Revenue Bonds, Series 2002B, 5.250%, 7/01/22 (Pre-refunded 7/01/12)	7/12 at 100.00
	Phoenix, Arizona, Civic Improvement Corporation, Senior Lien Airport Revenue Bonds, Series 2002B:		
	5,365	5.750%, 7/01/15 - FGIC Insured (Alternative Minimum Tax)	7/12 at 100.00
	5,055	5.750%, 7/01/16 - FGIC Insured (Alternative Minimum Tax)	7/12 at 100.00

-----  
 11,420 Total Arizona  
 -----

ARKANSAS - 0.7% (0.5% OF TOTAL INVESTMENTS)

	5,080	Independence County, Arkansas, Hydroelectric Power Revenue Bonds, Series 2003, 5.350%, 5/01/28 - ACA Insured	5/13 at 100.00
	1,000	Washington County, Arkansas, Hospital Revenue Bonds, Washington Regional Medical Center, Series 2005A, 5.000%, 2/01/35	2/15 at 100.00

-----  
 6,080 Total Arkansas  
 -----

CALIFORNIA - 13.7% (9.2% OF TOTAL INVESTMENTS)

	3,500	Alameda Corridor Transportation Authority, California, Subordinate Lien Revenue Bonds, Series 2004A, 0.000%, 10/01/25 - AMBAC Insured	10/17 at 100.00
	11,000	Anaheim Public Finance Authority, California, Subordinate Lease Revenue Bonds, Public Improvement Project, Series 1997C, 0.000%, 9/01/20 - FSA Insured	No Opt. Call
	California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A:		
	4,000	6.000%, 5/01/15 (Pre-refunded 5/01/12)	5/12 at 101.00
	3,175	5.375%, 5/01/22 (Pre-refunded 5/01/12)	5/12 at 101.00
	3,000	California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A, 5.000%, 3/01/33	3/13 at 100.00
	2,380	California Infrastructure Economic Development Bank, Revenue	10/11 at 101.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	Bonds, J. David Gladstone Institutes, Series 2001, 5.250%, 10/01/34	
5,300	California, General Obligation Bonds, Series 2004, 5.100%, 2/01/34	2/09 at 100.00
5,000	California, General Obligation Bonds, Series 2005, 5.000%, 3/01/31	3/16 at 100.00
6,435	California, General Obligation Refunding Bonds, Series 2002, 6.000%, 4/01/16 - AMBAC Insured	No Opt. Call
3,935	East Bay Municipal Utility District, Alameda and Contra Costa Counties, California, Water System Subordinated Revenue Refunding Bonds, Series 1996, 4.750%, 6/01/21 (Pre-refunded 6/01/06) - FGIC Insured	6/06 at 100.00
2,990	East Bay Municipal Utility District, Alameda and Contra Costa Counties, California, Water System Subordinated Revenue Refunding Bonds, Series 1996, 4.750%, 6/01/21 - FGIC Insured	6/06 at 100.00
10,000	Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2003A-1, 6.750%, 6/01/39	6/13 at 100.00
8,000	Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A, 5.000%, 6/01/45	6/15 at 100.00

15

Nuveen Performance Plus Municipal Fund, Inc. (NPP) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
-----		
	CALIFORNIA (continued)	
\$ 1,000	Mt. Diablo Hospital District, California, Insured Hospital Revenue Bonds, Series 1993A, 5.125%, 12/01/23 - AMBAC Insured (ETM)	6/06 at 100.00
13,450	Ontario Redevelopment Financing Authority, San Bernardino County, California, Revenue Refunding Bonds, Redevelopment Project 1, Series 1995, 7.200%, 8/01/17 - MBIA Insured	No Opt. Call
14,535	Palmdale Community Redevelopment Agency, California, Residential Mortgage Revenue Refunding Bonds, Series 1991A, 7.150%, 2/01/10 (ETM)	No Opt. Call
2,325	Palmdale Community Redevelopment Agency, California, Restructured Single Family Mortgage Revenue Bonds, Series 1986D, 8.000%, 4/01/16 (Alternative Minimum Tax) (ETM)	No Opt. Call
2,000	San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 1999, Issue 23B, 5.125%, 5/01/30 - FGIC Insured	5/09 at 101.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

2,000	San Francisco Airports Commission, California, Revenue Refunding Bonds, San Francisco International Airport, Second Series 2001, Issue 27B, 5.125%, 5/01/26 - FGIC Insured	5/11 at 100.00
3,000	San Joaquin Hills Transportation Corridor Agency, Orange County, California, Toll Road Revenue Refunding Bonds, Series 1997A, 0.000%, 1/15/35 - MBIA Insured	No Opt. Call
15,745	Walnut Valley Unified School District, Los Angeles County, California, General Obligation Refunding Bonds, Series 1997A, 7.200%, 2/01/16 - MBIA Insured	8/11 at 103.00
-----		
122,770	Total California	
-----		

COLORADO - 5.6% (3.7% OF TOTAL INVESTMENTS)

3,000	Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Peak-to-Peak Charter School, Series 2004, 5.250%, 8/15/34 - XLCA Insured	8/14 at 100.00
5,860	Colorado Health Facilities Authority, Revenue Refunding Bonds, Catholic Health Initiatives, Series 2001, 5.250%, 9/01/21	9/11 at 100.00
7,575	Denver City and County, Colorado, Airport System Revenue Bonds, Series 1997E, 5.250%, 11/15/23 - MBIA Insured	11/07 at 101.00
20,000	Denver Convention Center Hotel Authority, Colorado, Senior Revenue Bonds, Convention Center Hotel, Series 2003A, 5.000%, 12/01/33 (Pre-refunded 12/01/13) - XLCA Insured	12/13 at 100.00
10,615	E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 1997B, 0.000%, 9/01/21 - MBIA Insured	No Opt. Call
10,000	E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 2000B, 0.000%, 9/01/32 - MBIA Insured	No Opt. Call
755	Jefferson County School District R1, Colorado, General Obligation Bonds, Series 2004, 5.000%, 12/15/22 - FSA Insured	12/14 at 100.00
4,125	Municipal Subdistrict Northern Colorado Water District, Revenue Bonds, Series 1997G, 5.250%, 12/01/15 - AMBAC Insured	12/07 at 101.00
-----		
61,930	Total Colorado	
-----		

DISTRICT OF COLUMBIA - 2.0% (1.4% OF TOTAL INVESTMENTS)

6,110	District of Columbia Tobacco Settlement Corporation, Tobacco Settlement Asset-Backed Bonds, Series 2001, 6.250%, 5/15/24	5/11 at 101.00
5,590	District of Columbia, General Obligation Bonds, Series 1999B, 5.500%, 6/01/13 - FSA Insured	6/09 at 101.00
6,000	Washington Convention Center Authority, District of Columbia, Senior Lien Dedicated Tax Revenue Bonds, Series 1998,	10/08 at 101.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

5.250%, 10/01/10 - AMBAC Insured

---

17,700	Total District of Columbia	
--------	----------------------------	--

---

FLORIDA - 5.8% (3.9% OF TOTAL INVESTMENTS)

Broward County Housing Finance Authority, Florida, Multifamily Housing Revenue Bonds, Venice Homes Apartments, Series 2001A:		
1,545	5.700%, 1/01/32 - FSA Insured (Alternative Minimum Tax)	7/11 at 100.00
1,805	5.800%, 1/01/36 - FSA Insured (Alternative Minimum Tax)	7/11 at 100.00
2,505	Florida Housing Finance Corporation, Homeowner Mortgage Revenue Bonds, Series 2000-11, 5.850%, 1/01/22 - FSA Insured (Alternative Minimum Tax)	1/10 at 100.00

16

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
FLORIDA (continued)		
\$ 10,050	Florida State Board of Education, Full Faith and Credit Public Education Capital Outlay Refunding Bonds, Series 1999D, 5.750%, 6/01/22	6/10 at 101.00
7,000	Hillsborough County Aviation Authority, Florida, Revenue Bonds, Tampa International Airport, Series 2003A, 5.250%, 10/01/17 - MBIA Insured (Alternative Minimum Tax)	10/13 at 100.00
10,000	JEA, Florida, Electric System Revenue Bonds, Series 2006-3A, 5.000%, 10/01/41 - FSA Insured	4/15 at 100.00
10,750	Martin County Industrial Development Authority, Florida, Industrial Development Revenue Bonds, Indiantown Cogeneration LP, Series 1994A, 7.875%, 12/15/25 (Alternative Minimum Tax)	6/06 at 101.00
2,570	Miami-Dade County Housing Finance Authority, Florida, Multifamily Mortgage Revenue Bonds, Country Club Villas II Project, Series 2001-1A, 5.850%, 1/01/37 - FSA Insured (Alternative Minimum Tax)	6/11 at 100.00
3,500	Miami-Dade County, Florida, Aviation Revenue Bonds, Miami International Airport, Series 2005A, 5.000%, 10/01/37 - XLCA Insured (Alternative Minimum Tax)	10/15 at 100.00
1,700	Miami-Dade County, Florida, Beacon Tradeport Community Development District, Special Assessment Bonds, Commercial Project, Series 2002A, 5.625%, 5/01/32 - RAAI Insured	5/12 at 102.00
51,425	Total Florida	

---

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

GEORGIA - 3.2% (2.1% OF TOTAL INVESTMENTS)

4,920	Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series 2000A, 5.600%, 1/01/30 (Pre-refunded 1/01/10) - FGIC Insured	1/10 at 101.00
5,000	Atlanta, Georgia, Water and Wastewater Revenue Bonds, Series 1999A, 5.500%, 11/01/22 - FGIC Insured	No Opt. Call
2,000	George L. Smith II World Congress Center Authority, Atlanta, Georgia, Revenue Refunding Bonds, Domed Stadium Project, Series 2000, 5.500%, 7/01/20 - MBIA Insured (Alternative Minimum Tax)	7/10 at 101.00
15,000	Private Colleges and Universities Authority, Georgia, Revenue Bonds, Emory University, Series 1999A, 5.500%, 11/01/25 (Pre-refunded 11/01/09)	11/09 at 101.00

-----  
 26,920 Total Georgia  
 -----

IDAHO - 0.1% (0.1% OF TOTAL INVESTMENTS)

775	Idaho Housing and Finance Association, Single Family Mortgage Bonds, Series 2000D, 6.200%, 7/01/14 (Alternative Minimum Tax)	1/10 at 100.00
490	Idaho Housing and Finance Association, Single Family Mortgage Bonds, Series 2000G-2, 5.950%, 7/01/25 (Alternative Minimum Tax)	7/10 at 100.00

-----  
 1,265 Total Idaho  
 -----

ILLINOIS - 21.2% (14.2% OF TOTAL INVESTMENTS)

10,000	Chicago Board of Education, Illinois, Unlimited Tax General Obligation Bonds, Dedicated Tax Revenues, Series 1998B-1, 0.000%, 12/01/19 - FGIC Insured	No Opt. Call
10,000	Chicago Board of Education, Illinois, Unlimited Tax General Obligation Bonds, Dedicated Tax Revenues, Series 1999A, 0.000%, 12/01/20 - FGIC Insured	No Opt. Call
32,170	Chicago, Illinois, General Obligation Bonds, City Colleges of Chicago Capital Improvement Project, Series 1999: 0.000%, 1/01/21 - FGIC Insured	No Opt. Call
32,670	Chicago, Illinois, General Obligation Bonds, City Colleges of Chicago Capital Improvement Project, Series 1999: 0.000%, 1/01/22 - FGIC Insured	No Opt. Call
3,000	Chicago, Illinois, General Obligation Bonds, Library Projects, Series 1997, 5.750%, 1/01/17 (Pre-refunded 1/01/08) - FGIC Insured	1/08 at 102.00
9,145	Chicago, Illinois, Revenue Bonds, Midway Airport, Series 1996A, 5.500%, 1/01/29 - MBIA Insured	1/07 at 101.00
1,665	Chicago, Illinois, Third Lien General Airport Revenue Bonds, O'Hare International Airport, Series 2005A, 5.000%, 1/01/33 -	1/16 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

FGIC Insured

	DuPage County Forest Preserve District, Illinois, General Obligation Bonds, Series 2000:		
8,000	0.000%, 11/01/18		No Opt. Call
15,285	0.000%, 11/01/19		No Opt. Call
4,000	Illinois Health Facilities Authority, FHA-Insured Mortgage Revenue Refunding Bonds, Sinai Health System, Series 2003, 5.150%, 2/15/37		8/13 at 100.00

17

Nuveen Performance Plus Municipal Fund, Inc. (NPP) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
-----		
	ILLINOIS (continued)	
\$ 1,090	Illinois Health Facilities Authority, Revenue Bonds, Lake Forest Hospital, Series 2002A, 5.750%, 7/01/29	7/12 at 100.00
3,000	Illinois Health Facilities Authority, Revenue Bonds, Lake Forest Hospital, Series 2003, 6.000%, 7/01/33	7/13 at 100.00
4,580	Illinois Health Facilities Authority, Revenue Bonds, Midwest Care Center IX Inc., Series 2000, 6.250%, 8/20/35	8/10 at 102.00
2,955	Illinois Health Facilities Authority, Revenue Bonds, Silver Cross Hospital and Medical Centers, Series 1999, 5.250%, 8/15/15 (Mandatory put 4/01/08)	8/09 at 101.00
4,415	Illinois Health Facilities Authority, Revenue Refunding Bonds, Proctor Community Hospital, Series 1991, 7.375%, 1/01/23	7/06 at 100.00
7,250	Kane, Kendall, LaSalle, and Will Counties, Illinois, Community College District 516, General Obligation Bonds, Series 2005E, 0.000%, 12/15/24 - FGIC Insured	12/13 at 57.71
5,000	Kane, McHenry, Cook and DeKalb Counties Community Unit School District 300, Carpentersville, Illinois, General Obligation Bonds, Series 2000, 5.500%, 12/01/19 (Pre-refunded 12/01/11) - MBIA Insured	12/11 at 100.00
3,700	Libertyville, Illinois, Affordable Housing Revenue Bonds, Liberty Towers Project, Series 1999A, 7.000%, 11/01/29 (Alternative Minimum Tax)	11/09 at 100.00
6,000	McHenry County Conservation District, Illinois, General Obligation Bonds, Series 2001A, 5.625%, 2/01/21 (Pre-refunded 2/01/11) - FGIC Insured	2/11 at 100.00
10,650	Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Hospitality Facility, Series 1996A, 7.000%, 7/01/26 (ETM)	No Opt. Call

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1996A:		
9,400	0.000%, 12/15/18 - MBIA Insured		No Opt. Call
16,570	0.000%, 12/15/20 - MBIA Insured		No Opt. Call
23,550	0.000%, 12/15/22 - MBIA Insured		No Opt. Call
13,000	0.000%, 12/15/24 - MBIA Insured		No Opt. Call
5,100	Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1998A, 5.500%, 12/15/23 - FGIC Insured		No Opt. Call
5,180	Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1998A, 5.500%, 12/15/23 - FGIC Insured (ETM)		No Opt. Call
17,865	Regional Transportation Authority, Cook, DuPage, Kane, Lake, McHenry and Will Counties, Illinois, General Obligation Bonds, Series 1999, 5.750%, 6/01/23 - FSA Insured		No Opt. Call
6,090	Sherman, Illinois, GNMA Mortgage Revenue Refunding Bonds, Villa Vianney, Series 1999A, 6.450%, 10/01/29	10/09 at 102.00	
10,000	Will County Community High School District 210 Lincoln-Way, Illinois, General Obligation Bonds, Series 2006, 0.000%, 1/01/23 (WI/DD, Settling 5/08/06) - FSA Insured		No Opt. Call
-----			
281,330	Total Illinois		
-----			

INDIANA - 6.8% (4.5% OF TOTAL INVESTMENTS)

2,465	Danville Multi-School Building Corporation, Indiana, First Mortgage Refunding Bonds, Series 2001, 5.250%, 7/15/18 - AMBAC Insured	7/11 at 100.00	
14,000	Indiana Health Facility Financing Authority, Hospital Revenue Bonds, Clarian Health Obligated Group, Series 2000A, 5.500%, 2/15/30 (Pre-refunded 8/15/10) - MBIA Insured	8/10 at 101.50	
2,500	Indiana Health Facility Financing Authority, Hospital Revenue Refunding Bonds, Columbus Regional Hospital, Series 1993, 7.000%, 8/15/15 - FSA Insured		No Opt. Call
	Indiana Health Facility Financing Authority, Revenue Bonds, Ancilla Systems Inc. Obligated Group, Series 1997:		
15,380	5.250%, 7/01/17 - MBIA Insured (ETM)	7/07 at 101.00	
4,320	5.250%, 7/01/22 - MBIA Insured (ETM)	7/07 at 101.00	
2,250	5.250%, 7/01/22 - MBIA Insured (ETM)	7/07 at 101.00	
2,000	Indiana Health Facility Financing Authority, Revenue Bonds, Community Hospitals of Indiana, Series 2005A, 5.000%, 5/01/35 - AMBAC Insured	5/15 at 100.00	

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

---

INDIANA (continued)			
\$	6,715	Indiana Transportation Finance Authority, Highway Revenue Bonds, Series 2000, 5.375%, 12/01/25	12/10 at 100.00
	1,285	Indiana Transportation Finance Authority, Highway Revenue Bonds, Series 2000, 5.375%, 12/01/25 (Pre-refunded 12/01/10)	12/10 at 100.00
	3,105	Indiana University, Student Fee Revenue Bonds, Series 20030, 5.250%, 8/01/20 - FGIC Insured	8/13 at 100.00
	1,000	Marion County Convention and Recreational Facilities Authority, Indiana, Excise Taxes Lease Rental Revenue Refunding Senior Bonds, Series 2001A, 5.000%, 6/01/21 - MBIA Insured	6/11 at 100.00
	2,395	Shelbyville Central Renovation School Building Corporation, Indiana, First Mortgage Bonds, Series 2005, 4.375%, 7/15/26 - MBIA Insured	7/15 at 100.00
	1,800	Sunman Dearborn High School Building Corporation, Indiana, First Mortgage Bonds, Series 2005, 5.000%, 7/15/25 - MBIA Insured	1/15 at 100.00
	59,215	Total Indiana	

---

IOWA - 0.6% (0.4% OF TOTAL INVESTMENTS)			
	5,000	Iowa Tobacco Settlement Authority, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2001B, 5.600%, 6/01/35 (Pre-refunded 6/01/11)	6/11 at 101.00

---

KANSAS - 1.3% (0.9% OF TOTAL INVESTMENTS)			
	3,790	Kansas Department of Transportation, Highway Revenue Bonds, Series 2004A, 5.000%, 3/01/23	3/14 at 100.00
	5,790	Sedgwick County Unified School District 259, Wichita, Kansas, General Obligation Bonds, Series 2000, 3.500%, 9/01/17	9/10 at 100.00
	3,200	Wyandotte County Unified School District 500, Kansas, General Obligation Bonds, Series 2001, 4.000%, 9/01/21 - FSA Insured	9/11 at 100.00
	12,780	Total Kansas	

---

KENTUCKY - 0.4% (0.2% OF TOTAL INVESTMENTS)			
	3,700	Louisville and Jefferson County Metropolitan Sewer District, Kentucky, Sewer and Drainage System Revenue Bonds, Series 1997A, 6.250%, 5/15/26 (Pre-refunded 5/15/07) - MBIA Insured	5/07 at 101.00

---



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

LOUISIANA - 6.9% (4.7% OF TOTAL INVESTMENTS)

1,090	East Baton Rouge Mortgage Finance Authority, Louisiana, GNMA/FNMA Mortgage-Backed Securities Program Single Family Mortgage Revenue Refunding Bonds, Series 1997B-1, 5.750%, 10/01/26	10/07 at 102.00
4,000	Lafayette City and Parish, Louisiana, Utilities Revenue Bonds, Series 2004, 5.250%, 11/01/25 - MBIA Insured	11/14 at 100.00
4,650	Louisiana Public Facilities Authority, Revenue Bonds, Baton Rouge General Hospital, Series 2004, 5.250%, 7/01/33 - MBIA Insured	7/14 at 100.00
35,700	Louisiana Stadium and Exposition District, Hotel Occupancy Tax Bonds, Series 1996, 5.750%, 7/01/26 (Pre-refunded 7/01/06) - FGIC Insured	7/06 at 102.00
	Tobacco Settlement Financing Corporation, Louisiana, Tobacco Settlement Asset-Backed Bonds, Series 2001B:	
10,000	5.500%, 5/15/30	5/11 at 101.00
6,380	5.875%, 5/15/39	5/11 at 101.00
-----		
61,820	Total Louisiana	
-----		

MAINE - 0.6% (0.4% OF TOTAL INVESTMENTS)

5,680	Portland, Maine, Airport Revenue Bonds, Series 2003A, 5.000%, 7/01/32 - FSA Insured	7/13 at 100.00
-------	---	----------------

MARYLAND - 1.7% (1.2% OF TOTAL INVESTMENTS)

7,720	Maryland Transportation Authority, Airport Parking Revenue Bonds, Baltimore-Washington International Airport Passenger Facility, Series 2002B, 5.125%, 3/01/20 - AMBAC Insured (Alternative Minimum Tax)	3/12 at 101.00
7,090	Takoma Park, Maryland, Hospital Facilities Revenue Refunding and Improvement Bonds, Washington Adventist Hospital, Series 1995, 6.500%, 9/01/12 - FSA Insured (ETM)	No Opt. Call

-----  
 14,810 Total Maryland  
 -----

19

Nuveen Performance Plus Municipal Fund, Inc. (NPP) (continued)  
 Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
---------------------------	-----------------	---------------------------------

-----

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

MASSACHUSETTS - 4.2% (2.8% OF TOTAL INVESTMENTS)

		Massachusetts Development Finance Authority, Revenue Bonds, 100 Cambridge Street Redevelopment, M/SRBC Project, Series 2002A:	
\$	4,000	5.125%, 8/01/28 - MBIA Insured	2/12 at 100.00
	5,625	5.125%, 2/01/34 - MBIA Insured	2/12 at 100.00
	1,190	Massachusetts Educational Finance Authority, Student Loan Revenue Refunding Bonds, Series 2000G, 5.700%, 12/01/11 - MBIA Insured (Alternative Minimum Tax)	12/09 at 101.00
	4,365	Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Berkshire Health System, Series 2005F, 5.000%, 10/01/19 - AGC Insured	10/15 at 100.00
	1,530	Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Southcoast Health System Obligated Group, Series 1998A, 4.750%, 7/01/27 - MBIA Insured	7/08 at 101.00
	5,745	Massachusetts Industrial Finance Agency, Resource Recovery Revenue Refunding Bonds, Ogden Haverhill Project, Series 1998A, 5.600%, 12/01/19 (Alternative Minimum Tax)	12/08 at 102.00
	890	Massachusetts, General Obligation Bonds, Consolidated Loan, Series 2002C, 5.250%, 11/01/30 (Pre-refunded 11/01/12) Massachusetts, General Obligation Bonds, Consolidated Loan, Series 2002E:	11/12 at 100.00
	1,255	5.250%, 1/01/22 (Pre-refunded 1/01/13) - FGIC Insured	1/13 at 100.00
	3,745	5.250%, 1/01/22 (Pre-refunded 1/01/13) - FGIC Insured	1/13 at 100.00
	8,500	Route 3 North Transportation Improvements Association, Massachusetts, Lease Revenue Bonds, Series 2000, 5.375%, 6/15/33 (Pre-refunded 6/15/10) - MBIA Insured	6/10 at 100.00
-----			
	36,845	Total Massachusetts	
-----			

MICHIGAN - 6.8% (4.6% OF TOTAL INVESTMENTS)

	17,000	Birmingham City School District, Oakland County, Michigan, School Building and Site Bonds, Series 1998, 4.750%, 11/01/24 - FSA Insured	11/07 at 100.00
	5,000	Detroit, Michigan, Second Lien Sewerage Disposal System Revenue Bonds, Series 2005A, 5.000%, 7/01/35 - MBIA Insured	7/15 at 100.00
	3,000	Detroit, Michigan, Senior Lien Water Supply System Revenue Bonds, Series 1997A, 5.000%, 7/01/21 (Pre-refunded 7/01/07) - MBIA Insured	7/07 at 101.00
	4,030	Hancock Hospital Finance Authority, Michigan, FHA-Insured Mortgage Hospital Revenue Bonds, Portage Health System Inc., Series 1998, 5.450%, 8/01/47 - MBIA Insured	8/08 at 100.00
	1,500	Michigan State Building Authority, Revenue Bonds, Facilities Program, Series 2001I, 5.000%, 10/15/24	10/11 at 100.00
	5,000	Michigan State Building Authority, Revenue Refunding Bonds,	10/13 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	Facilities Program, Series 2003II, 5.000%, 10/15/29 - MBIA Insured	
7,115	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Henry Ford Health System, Series 2003A, 5.500%, 3/01/16	3/13 at 100.00
5,000	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Sisters of Mercy Health Corporation, Series 1993P, 5.375%, 8/15/14 - MBIA Insured (ETM)	No Opt. Call
3,000	Michigan Strategic Fund, Collateralized Limited Obligation Pollution Control Revenue Refunding Bonds, Detroit Edison Company, Series 1999A, 5.550%, 9/01/29 - MBIA Insured (Alternative Minimum Tax)	9/09 at 102.00
10,000	Wayne County, Michigan, Airport Revenue Bonds, Detroit Metropolitan Wayne County Airport, Series 1998A, 5.375%, 12/01/16 - MBIA Insured (Alternative Minimum Tax)	12/08 at 101.00

---

60,645	Total Michigan	
--------	----------------	--

---

MINNESOTA - 3.1% (2.1% OF TOTAL INVESTMENTS)

3,000	Minneapolis-St. Paul Metropolitan Airports Commission, Minnesota, Subordinate Airport Revenue Bonds, Series 2001C, 5.250%, 1/01/26 - FGIC Insured	1/11 at 100.00
20,770	St. Paul Housing and Redevelopment Authority, Minnesota, Sales Tax Revenue Refunding Bonds, Civic Center Project, Series 1996, 7.100%, 11/01/23 - FSA Insured	11/15 at 103.00

---

23,770	Total Minnesota	
--------	-----------------	--

---

20

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
MISSISSIPPI - 1.3% (0.9% OF TOTAL INVESTMENTS)		
\$ 9,750	Mississippi Business Finance Corporation, Pollution Control Revenue Refunding Bonds, System Energy Resources Inc. Project, Series 1998, 5.875%, 4/01/22	10/06 at 100.00
2,475	Mississippi Hospital Equipment and Facilities Authority, Revenue Bonds, Baptist Memorial Healthcare, Series 2004B-1, 5.000%, 9/01/24	9/14 at 100.00
12,225	Total Mississippi	

---

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

MISSOURI - 1.6% (1.1% OF TOTAL INVESTMENTS)

6,350	Kansas City, Missouri, Airport Revenue Bonds, General Improvement Projects, Series 2003B, 5.250%, 9/01/17 - FGIC Insured	9/12 at 100.00
1,845	Missouri Health and Educational Facilities Authority, Revenue Bonds, BJC Health System, Series 2003, 5.250%, 5/15/18	5/13 at 100.00
3,815	Missouri Health and Educational Facilities Authority, Revenue Bonds, SSM Healthcare System, Series 2001A, 5.250%, 6/01/28 (Pre-refunded 6/01/11) - AMBAC Insured	6/11 at 101.00
2,000	Missouri-Illinois Metropolitan District Bi-State Development Agency, Mass Transit Sales Tax Appropriation Bonds, Metrolink Cross County Extension Project, Series 2002B, 5.000%, 10/01/32 - FSA Insured	10/13 at 100.00

---

14,010 Total Missouri

---

MONTANA - 0.7% (0.5% OF TOTAL INVESTMENTS)

670	Montana Board of Housing, Single Family Mortgage Bonds, Series 1997A-1, 6.150%, 6/01/30 (Alternative Minimum Tax)	6/07 at 101.50
740	Montana Board of Housing, Single Family Mortgage Bonds, Series 2000A-2, 6.450%, 6/01/29 (Alternative Minimum Tax)	12/09 at 100.00
4,795	Montana Higher Education Student Assistance Corporation, Student Loan Revenue Bonds, Subordinate Series 1998B, 5.500%, 12/01/31 (Alternative Minimum Tax)	12/08 at 101.00

---

6,205 Total Montana

---

NEBRASKA - 0.2% (0.1% OF TOTAL INVESTMENTS)

1,430	Nebraska Investment Finance Authority, Single Family Housing Revenue Bonds, Series 2000E, 5.850%, 9/01/20 (Alternative Minimum Tax)	9/10 at 100.00
-------	---	----------------

---

NEVADA - 2.4% (1.6% OF TOTAL INVESTMENTS)

10,900	Clark County School District, Nevada, General Obligation Bonds, Series 2002C, 5.500%, 6/15/19 (Pre-refunded 6/15/12) - MBIA Insured	6/12 at 100.00
5,000	Clark County, Nevada, General Obligation Bank Bonds, Southern Nevada Water Authority Loan, Series 2001, 5.300%, 6/01/19 - FGIC Insured	6/11 at 100.00
4,980	Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, First Tier, Series 2000, 5.375%, 1/01/40 - AMBAC Insured	1/10 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

20,880	Total Nevada	
NEW HAMPSHIRE - 1.6% (1.1% OF TOTAL INVESTMENTS)		
3,265	New Hampshire Health and Education Facilities Authority, Revenue Bonds, Southern New Hampshire University, Series 2005, 5.000%, 1/01/30 - ACA Insured	1/15 at 100.00
3,725	New Hampshire Housing Finance Authority, FHLMC Multifamily Housing Remarketed Revenue Bonds, Countryside LP, Series 1994: 6.000%, 7/01/18 (Alternative Minimum Tax)	7/10 at 101.00
6,945	6.100%, 7/01/24 (Alternative Minimum Tax)	7/10 at 101.00
13,935	Total New Hampshire	

NEW JERSEY - 7.2% (4.9% OF TOTAL INVESTMENTS)		
3,000	New Jersey Economic Development Authority, Transportation Sublease Revenue Bonds, Light Rail Transit System, Series 1999A, 5.250%, 5/01/17 (Pre-refunded 5/01/09) - FSA Insured	5/09 at 100.00
2,590	New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, Series 2000A, 6.000%, 6/01/13 - MBIA Insured (Alternative Minimum Tax)	6/10 at 101.00

21

Nuveen Performance Plus Municipal Fund, Inc. (NPP) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
NEW JERSEY (continued)		
\$ 8,750	New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 1996B, 5.250%, 6/15/16 (Pre-refunded 6/15/07)	6/07 at 102.00
4,500	New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2001C, 5.500%, 12/15/18 - FSA Insured	No Opt. Call
9,250	New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2003C, 5.500%, 6/15/23 (Pre-refunded 6/15/13)	6/13 at 100.00
10,000	New Jersey Turnpike Authority, Revenue Bonds, Series 2003A, 5.000%, 1/01/20 - FSA Insured	7/13 at 100.00
13,775	Tobacco Settlement Financing Corporation, New Jersey, Tobacco	6/12 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	Settlement Asset-Backed Bonds, Series 2002, 5.750%, 6/01/32	
4,300	Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2003, 6.750%, 6/01/39	6/13 at 100.00
	West Deptford Township, Gloucester County, New Jersey, General Obligation Bonds, Series 2000:	
3,150	5.500%, 9/01/21 (Pre-refunded 9/01/10) - FGIC Insured	9/10 at 100.00
3,335	5.500%, 9/01/22 (Pre-refunded 9/01/10) - FGIC Insured	9/10 at 100.00
-----		
62,650	Total New Jersey	
-----		

NEW YORK - 12.9% (8.6% OF TOTAL INVESTMENTS)

5,500	Dormitory Authority of the State of New York, FHA-Insured Mortgage Revenue Bonds, Kaleida Health, Series 2004, 5.050%, 2/15/25	2/14 at 100.00
35	Dormitory Authority of the State of New York, Improvement Revenue Bonds, Mental Health Services Facilities, Series 1996B, 5.375%, 2/15/26 - MBIA Insured	2/08 at 100.00
2,070	Dormitory Authority of the State of New York, Insured Revenue Bonds, 853 Schools Program, Gateway-Longview Inc., Series 1998A, 5.500%, 7/01/18 - AMBAC Insured	7/08 at 101.00
2,250	Dormitory Authority of the State of New York, Lease Revenue Bonds, State University Dormitory Facilities, Series 1999C, 5.500%, 7/01/29 (Pre-refunded 7/01/09) - MBIA Insured	7/09 at 101.00
	Dormitory Authority of the State of New York, Revenue Bonds, Marymount Manhattan College, Series 1999:	
1,580	6.375%, 7/01/13 - RAAI Insured	7/09 at 101.00
9,235	6.125%, 7/01/21 - RAAI Insured	7/09 at 101.00
1,500	Dormitory Authority of the State of New York, Revenue Bonds, St. Barnabas Hospital, Series 1997, 5.450%, 8/01/35 - AMBAC Insured	8/07 at 101.00
3,000	Dormitory Authority of the State of New York, Third General Resolution Consolidated Revenue Bonds, City University System, Series 1997-1, 5.375%, 7/01/24 (Pre-refunded 1/01/08) - FSA Insured	1/08 at 102.00
17,000	Dormitory Authority of the State of New York, Third General Resolution Consolidated Revenue Bonds, City University System, Series 1999-1, 5.500%, 7/01/29 (Pre-refunded 7/01/09) - FSA Insured	7/09 at 101.00
1,500	Hempstead Industrial Development Agency, New York, Resource Recovery Revenue Refunding Bonds, American Ref-Fuel Company of Hempstead LP, Series 2001, 5.000%, 12/01/10 (Mandatory put 6/01/10)	12/10 at 100.00
13,220	Metropolitan Transportation Authority, New York, Dedicated Tax Fund Bonds, Series 2002A, 5.500%, 11/15/26 - FSA Insured	11/12 at 100.00
7,270	New York City Municipal Water Finance Authority, New York, Water and Sewerage System Revenue Bonds, Fiscal	6/06 at 101.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	Series 1996B, 5.750%, 6/15/26 (Pre-refunded 6/15/06) - MBIA Insured	
13,380	New York City Municipal Water Finance Authority, New York, Water and Sewerage System Revenue Bonds, Fiscal Series 1996B, 5.750%, 6/15/26 - MBIA Insured	6/06 at 101.00
3,495	New York City Municipal Water Finance Authority, New York, Water and Sewerage System Revenue Bonds, Fiscal Series 1997A, 5.500%, 6/15/24 (Pre-refunded 6/15/06) - MBIA Insured	6/06 at 101.00
1,380	New York City Municipal Water Finance Authority, New York, Water and Sewerage System Revenue Bonds, Fiscal Series 1997A, 5.500%, 6/15/24 - MBIA Insured	6/06 at 101.00
10,000	New York City Municipal Water Finance Authority, New York, Water and Sewerage System Revenue Bonds, Fiscal Series 2000A, 5.750%, 6/15/30 (Pre-refunded 6/15/09)	6/09 at 101.00

22

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
	NEW YORK (continued)	
\$ 7,810	New York City Transitional Finance Authority, New York, Future Tax Secured Bonds, Fiscal Series 2000A, 5.750%, 8/15/24 (Pre-refunded 8/15/09)	8/09 at 101.00
5	New York City, New York, General Obligation Bonds, Fiscal Series 1987D, 8.500%, 8/01/08	8/06 at 100.00
6,300	New York City, New York, General Obligation Bonds, Fiscal Series 2000A, 6.250%, 5/15/26 - FSA Insured	5/10 at 101.00
3,000	New York State Energy Research and Development Authority, Pollution Control Revenue Bonds, Rochester Gas and Electric Corporation, Series 1998A, 5.950%, 9/01/33 - MBIA Insured (Alternative Minimum Tax)	9/08 at 102.00
2,320	New York State Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed and State Contingency Contract-Backed Bonds, Series 2003A-1, 5.500%, 6/01/16	6/10 at 100.00
111,850	Total New York	
	NORTH CAROLINA - 0.8% (0.5% OF TOTAL INVESTMENTS)	
4,900	Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 5.000%, 1/15/45	1/15 at 100.00
2,000	North Carolina Municipal Power Agency 1, Catawba Electric	1/08 at 102.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Revenue Bonds, Series 1998A, 5.000%, 1/01/20 - MBIA Insured

6,900	Total North Carolina	
OHIO - 3.9% (2.6% OF TOTAL INVESTMENTS)		
7,500	Cleveland, Ohio, Airport System Revenue Bonds, Series 2000A, 5.000%, 1/01/31 - FSA Insured	1/10 at 101.00
3,650	Montgomery County, Ohio, Revenue Bonds, Catholic Health Initiatives, Series 2004A, 5.000%, 5/01/30	5/14 at 100.00
3,495	Ohio Housing Finance Agency, GNMA Mortgage-Backed Securities Program Residential Mortgage Revenue Bonds, Series 1999C, 5.750%, 9/01/30 (Alternative Minimum Tax)	7/09 at 100.00
6,600	Ohio Water Development Authority, Solid Waste Disposal Revenue Bonds, Bay Shore Power, Series 1998A, 5.875%, 9/01/20 (Alternative Minimum Tax)	9/08 at 102.00
13,600	Ohio Water Development Authority, Solid Waste Disposal Revenue Bonds, Bay Shore Power, Series 1998B, 6.625%, 9/01/20 (Alternative Minimum Tax)	9/09 at 102.00
34,845	Total Ohio	
OKLAHOMA - 0.4% (0.1% OF TOTAL INVESTMENTS)		
3,400	Tulsa Municipal Airport Trust, Oklahoma, Revenue Refunding Bonds, American Airlines Inc., Series 2000B, 6.000%, 6/01/35 (Mandatory put 12/01/08) (Alternative Minimum Tax)	6/09 at 100.00
OREGON - 1.0% (0.7% OF TOTAL INVESTMENTS)		
9,150	Port of St. Helens, Oregon, Pollution Control Revenue Bonds, Portland General Electric Company, Series 1985B, 4.800%, 6/01/10	No Opt. Call
PENNSYLVANIA - 3.4% (2.3% OF TOTAL INVESTMENTS)		
Bethlehem Authority, Northampton and Lehigh Counties, Pennsylvania, Guaranteed Water Revenue Bonds, Series 1998:		
3,125	0.000%, 5/15/22 - FSA Insured	No Opt. Call
3,125	0.000%, 5/15/23 - FSA Insured	No Opt. Call
3,135	0.000%, 5/15/24 - FSA Insured	No Opt. Call
3,155	0.000%, 5/15/26 - FSA Insured	No Opt. Call
4,145	0.000%, 11/15/26 - FSA Insured	No Opt. Call
2,800	0.000%, 5/15/28 - FSA Insured	No Opt. Call
3,000	0.000%, 11/15/28 - FSA Insured	No Opt. Call
3,415	Carbon County Industrial Development Authority, Pennsylvania, Resource Recovery Revenue Refunding Bonds, Panther Creek	No Opt. Call



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Partners Project, Series 2000, 6.650%, 5/01/10 (Alternative Minimum Tax)

23

Nuveen Performance Plus Municipal Fund, Inc. (NPP) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
PENNSYLVANIA (continued)		
\$ 11,000	Delaware County Authority, Pennsylvania, Revenue Bonds, Catholic Health East, Series 1998A, 4.875%, 11/15/18 - AMBAC Insured	11/08 at 102.00
	Pennsylvania Economic Development Financing Authority, Senior Lien Resource Recovery Revenue Bonds, Northampton Generating Project, Series 1994A:	
2,100	6.400%, 1/01/09 (Alternative Minimum Tax)	7/06 at 100.00
4,500	6.500%, 1/01/13 (Alternative Minimum Tax)	7/06 at 100.00
25	Pennsylvania Economic Development Financing Authority, Senior Lien Resource Recovery Revenue Bonds, Northampton Generating Project, Series 1994B, 6.750%, 1/01/07 (Alternative Minimum Tax)	No Opt. Call
600	Pennsylvania Economic Development Financing Authority, Subordinate Resource Recovery Revenue Bonds, Northampton Generating Project, Series 1994C, 6.875%, 1/01/11 (Alternative Minimum Tax)	7/06 at 100.00
44,125	Total Pennsylvania	
PUERTO RICO - 0.1% (0.1% OF TOTAL INVESTMENTS)		
1,250	Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2000B, 5.875%, 7/01/21 (Pre-refunded 7/01/10) - MBIA Insured	7/10 at 101.00
RHODE ISLAND - 1.2% (0.8% OF TOTAL INVESTMENTS)		
2,000	Kent County Water Authority, Rhode Island, General Revenue Bonds, Series 2002A, 5.000%, 7/15/23 - MBIA Insured	7/12 at 100.00
	Rhode Island Health and Educational Building Corporation, Revenue Refunding Bonds, Salve Regina University, Series 2002:	
1,260	5.250%, 3/15/17 - RAAI Insured	3/12 at 101.00
1,080	5.250%, 3/15/18 - RAAI Insured	3/12 at 101.00
7,000	Rhode Island Housing and Mortgage Finance Corporation, Homeownership Opportunity Bond Program, Series 50A,	10/14 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

4.650%, 10/01/34

---

11,340	Total Rhode Island	
--------	--------------------	--

---

SOUTH CAROLINA - 4.2% (2.8% OF TOTAL INVESTMENTS)

2,625	Medical University Hospital Authority, South Carolina, FHA-Insured Mortgage Revenue Bonds, Series 2004A, 5.250%, 2/15/25 - MBIA Insured	8/14 at 100.00
22,855	Piedmont Municipal Power Agency, South Carolina, Electric Revenue Bonds, Series 2004A-2, 0.000%, 1/01/31 - AMBAC Insured	No Opt. Call
6,925	South Carolina, General Obligation Bonds, Series 1999A, 4.000%, 10/01/14	10/09 at 101.00
21,000	Tobacco Settlement Revenue Management Authority, South Carolina, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 6.000%, 5/15/22	5/11 at 101.00

---

53,405	Total South Carolina	
--------	----------------------	--

---

TENNESSEE - 1.3% (0.9% OF TOTAL INVESTMENTS)

2,860	Johnson City Health and Educational Facilities Board, Tennessee, Hospital Revenue Refunding and Improvement Bonds, Johnson City Medical Center, Series 1998C, 5.125%, 7/01/25 (Pre-refunded 7/01/23) - MBIA Insured	7/23 at 100.00
1,700	Memphis-Shelby County Airport Authority, Tennessee, Airport Revenue Bonds, Series 1999D, 6.000%, 3/01/24 - AMBAC Insured (Alternative Minimum Tax)	3/10 at 101.00
6,000	Metropolitan Government of Nashville-Davidson County Health and Educational Facilities Board, Tennessee, Revenue Refunding and Improvement Bonds, Meharry Medical College, Series 1996, 6.000%, 12/01/19 - AMBAC Insured	12/17 at 100.00
500	Tennessee Housing Development Agency, Homeownership Program Bonds, Series 2000-1, 6.375%, 7/01/25 (Alternative Minimum Tax)	7/10 at 101.00

---

11,060	Total Tennessee	
--------	-----------------	--

---

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
------------------------	-----------------	------------------------------

---

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

TEXAS - 5.4% (3.6% OF TOTAL INVESTMENTS)

\$	3,975	Bell County Health Facilities Development Corporation, Texas, Revenue Bonds, Scott and White Memorial Hospital and Scott, Sherwood and Brindley Foundation, Series 2000A, 6.125%, 8/15/23 - MBIA Insured	2/10 at 101.00
		Central Texas Regional Mobility Authority, Travis and Williamson Counties, Toll Road Revenue Bonds, Series 2005:	
	4,000	5.000%, 1/01/35 - FGIC Insured	1/15 at 100.00
	3,000	5.000%, 1/01/45 - FGIC Insured	1/15 at 100.00
	1,000	Fort Worth, Texas, Water and Sewerage Revenue Bonds, Series 1998, 5.250%, 2/15/15 (Pre-refunded 2/15/08)	2/08 at 100.00
	1,000	Harlingen Independent School District, Cameron County, Texas, Unlimited Tax School Building Bonds, Series 1999, 5.650%, 8/15/29 (Pre-refunded 8/15/09)	8/09 at 100.00
	1,625	Harris County Health Facilities Development Corporation, Texas, Revenue Bonds, Christus Health, Series 1999A, 5.375%, 7/01/24 (Pre-refunded 7/01/09) - MBIA Insured	7/09 at 101.00
	4,000	Houston Community College, Texas, Limited Tax General Obligation Bonds, Series 2003, 5.000%, 2/15/27 - AMBAC Insured	2/13 at 100.00
	3,885	Houston Independent School District, Public Facility Corporation, No Opt. Call Harris County, Texas, Lease Revenue Bonds, Cesar E. Chavez High School, Series 1998A, 0.000%, 9/15/19 - AMBAC Insured	
		Leander Independent School District, Williamson and Travis Counties, Texas, Unlimited Tax School Building and Refunding Bonds, Series 1998:	
	4,930	0.000%, 8/15/20	8/06 at 46.47
	3,705	0.000%, 8/15/22	8/06 at 41.33
	320	Lubbock Housing Finance Corporation, Texas, GNMA Mortgage-Backed Securities Program Single Family Mortgage Revenue Refunding Bonds, Series 1997A, 6.125%, 12/01/17	6/07 at 102.00
	3,480	Pearland, Texas, General Obligation Bonds, Series 2002, 5.000%, 3/01/27 - FGIC Insured	3/12 at 100.00
	6,835	San Antonio, Texas, Electric and Gas System Revenue Refunding Bonds, New Series 1998A, 4.500%, 2/01/21	2/09 at 100.00
	6,000	Spring Branch Independent School District, Harris County, Texas, Limited Tax Schoolhouse and Refunding Bonds, Series 2001, 5.125%, 2/01/26	2/11 at 100.00
	4,000	Tarrant Regional Water District, Texas, Water Revenue Refunding and Improvement Bonds, Series 1999, 5.000%, 3/01/22 - FSA Insured	3/13 at 100.00
	1,740	Texas, General Obligation Bonds, Water Financial Assistance, State Participation Program, Series 1999C, 5.500%, 8/01/29 - MBIA Insured	8/09 at 100.00
	1,690	Webb County, Laredo, Texas, Combination Tax and Sewer System, Revenue Certificates of Obligation, Series 1998A,	2/08 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

4.500%, 2/15/18 - MBIA Insured

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
55,185	Total Texas	
	UTAH - 4.4% (2.9% OF TOTAL INVESTMENTS)	
2,000	Intermountain Power Agency, Utah, Power Supply Revenue Bonds, Special Obligation Crossover, Sixth Series 1996B, 6.000%, 7/01/16 (Pre-refunded 7/01/06) - MBIA Insured	7/06 at 102.00
3,315	Intermountain Power Agency, Utah, Power Supply Revenue Refunding Bonds, Series 1997B, 5.750%, 7/01/19 (Pre-refunded 7/01/07) - MBIA Insured	7/07 at 102.00
6,685	Intermountain Power Agency, Utah, Power Supply Revenue Refunding Bonds, Series 1997B, 5.750%, 7/01/19 - MBIA Insured	7/07 at 102.00
	Utah County, Utah, Hospital Revenue Bonds, IHC Health Services Inc., Series 1997:	
12,885	5.250%, 8/15/21 - MBIA Insured (ETM)	8/07 at 101.00
3,900	5.250%, 8/15/26 - MBIA Insured (ETM)	8/07 at 101.00
3,670	Utah Housing Corporation, Single Family Mortgage Bonds, Series 2002A-1, 5.300%, 7/01/18 (Alternative Minimum Tax)	1/12 at 100.00
20	Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 2000B, 6.250%, 7/01/22 (Alternative Minimum Tax)	1/10 at 100.00

25

Nuveen Performance Plus Municipal Fund, Inc. (NPP) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
	UTAH (continued)	
\$ 1,875	Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 2000D-1, 6.050%, 7/01/14 (Alternative Minimum Tax)	7/10 at 100.00
685	Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 2000E-1, Class II, 6.150%, 1/01/27 (Alternative Minimum Tax)	7/10 at 100.00
2,230	Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 2000E-1, Class III, 6.000%, 1/01/15 (Alternative Minimum Tax)	7/10 at 100.00
955	Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 2001A-2, 5.650%, 7/01/27 (Alternative Minimum Tax)	7/11 at 100.00
780	Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 2001B-1, 5.750%, 7/01/19 (Alternative Minimum Tax)	1/11 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

39,000	Total Utah	
VIRGIN ISLANDS - 0.8% (0.6% OF TOTAL INVESTMENTS)		
4,700	Virgin Islands Public Finance Authority, Gross Receipts Taxes Loan Note, Series 2003, 5.000%, 10/01/33 - RAAI Insured	10/14 at 100.00
2,500	Virgin Islands Public Finance Authority, Revenue Bonds, Refinery Project - Hovensa LLC, Series 2003, 6.125%, 7/01/22 (Alternative Minimum Tax)	1/14 at 100.00
7,200	Total Virgin Islands	
WASHINGTON - 4.1% (2.8% OF TOTAL INVESTMENTS)		
12,235	Chelan County Public Utility District 1, Washington, Columbia River-Rock Island Hydro-Electric System Revenue Refunding Bonds, Series 1997A, 0.000%, 6/01/26 - MBIA Insured	No Opt. Call
3,100	Cowlitz County Public Utilities District 1, Washington, Electric Production Revenue Bonds, Series 2004, 5.000%, 9/01/28 - FGIC Insured	9/14 at 100.00
5,000	Energy Northwest, Washington, Electric Revenue Refunding Bonds, Nuclear Project 1, Series 2003A, 5.500%, 7/01/16	7/13 at 100.00
2,015	Port of Seattle, Washington, Special Facility Revenue Bonds, Terminal 18, Series 1999A, 6.000%, 9/01/29 (Pre-refunded 3/01/10) - MBIA Insured	3/10 at 101.00
4,685	Washington State Healthcare Facilities Authority, Revenue Bonds, Providence Services, Series 1999, 5.375%, 12/01/19 - MBIA Insured	12/09 at 101.00
5,000	Washington State Housing Finance Commission, Non-Profit Housing Revenue Bonds, Kline Galland Center, Series 1999, 6.000%, 7/01/29 - RAAI Insured	7/09 at 101.00
12,000	Washington, Motor Vehicle Fuel Tax General Obligation Bonds, Series 2001D, 5.250%, 1/01/26	1/11 at 100.00
44,035	Total Washington	
WEST VIRGINIA - 0.6% (0.4% OF TOTAL INVESTMENTS)		
5,000	Mason County, West Virginia, Pollution Control Revenue Bonds, Appalachian Power Company, Series 2003L, 5.500%, 10/01/22	10/11 at 100.00
WISCONSIN - 2.2% (1.5% OF TOTAL INVESTMENTS)		

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

11,620 Wisconsin Health and Educational Facilities Authority, Revenue 2/10 at 101.00  
 Bonds, Marshfield Clinic, Series 1999, 6.250%, 2/15/29 -  
 RAAI Insured

26

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
-----		
	WISCONSIN (continued)	
\$ 7,490	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Millennium Housing Foundation Inc., Series 1998, 6.100%, 1/01/28	7/08 at 103.00
-----		
19,110	Total Wisconsin	
-----		
\$ 1,463,695	Total Investments (cost \$1,290,078,842) - 148.9%	
=====		
	Other Assets Less Liabilities - 3.3%	
-----		
	Preferred Shares, at Liquidation Value - (52.2)%	
-----		
	Net Assets Applicable to Common Shares - 100%	
=====		

- (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: 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: Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
  - (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.
- N/R Not rated.
- WI/DD Purchased on a when-issued or delayed delivery basis.
- (ETM) Escrowed to maturity.

See accompanying notes to financial statements.

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

27

Nuveen Municipal Advantage Fund, Inc. (NMA)

Portfolio of  
INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
-----		
	ALABAMA - 3.2% (2.1% OF TOTAL INVESTMENTS)	
\$ 10,000	Jefferson County, Alabama, Sewer Revenue Capital Improvement Warrants, Series 1999A, 5.375%, 2/01/36 (Pre-refunded 2/01/09) - FGIC Insured	2/09 at 101.00
5,075	Lauderdale County and Florence Healthcare Authority, Alabama, Revenue Bonds, Coffee Health Group, Series 1999A, 5.250%, 7/01/24 - MBIA Insured	7/09 at 101.00
5,155	Phenix City Industrial Development Board, Alabama, Environmental Improvement Revenue Bonds, MeadWestvaco Corporation, Series 2002A, 6.350%, 5/15/35 (Alternative Minimum Tax)	5/12 at 100.00
-----		
20,230	Total Alabama	
-----		
	ALASKA - 0.4% (0.2% OF TOTAL INVESTMENTS)	
	Alaska Housing Finance Corporation, General Housing Purpose Bonds, Series 2005A:	
1,125	5.250%, 12/01/34 - FGIC Insured	12/14 at 100.00
1,280	5.250%, 12/01/41 - FGIC Insured	12/14 at 100.00
-----		
2,405	Total Alaska	
-----		
	ARIZONA - 0.8% (0.5% OF TOTAL INVESTMENTS)	
5,000	Maricopa County Pollution Control Corporation, Arizona, Remarketed Revenue Refunding Bonds, Public Service Company of New Mexico, Series 1992A, 5.750%, 11/01/22	5/06 at 101.00
-----		
	CALIFORNIA - 11.4% (7.5% OF TOTAL INVESTMENTS)	
2,500	Alameda Corridor Transportation Authority, California, Subordinate Lien Revenue Bonds, Series 2004A, 0.000%, 10/01/25 - AMBAC Insured	10/17 at 100.00
	Calexico Unified School District, Imperial County, California, General Obligation Bonds, Series 2005B:	

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

4,070	0.000%, 8/01/32 - FGIC Insured	No Opt. Call
6,410	0.000%, 8/01/34 - FGIC Insured	No Opt. Call
3,000	California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A, 5.000%, 3/01/33	3/13 at 100.00
7,500	California State Public Works Board, Lease Revenue Bonds, Department of Mental Health, Coalinga State Hospital, Series 2004A, 5.125%, 6/01/29	6/14 at 100.00
9,955	Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District, Series 2005, 0.000%, 9/01/31 - FGIC Insured	No Opt. Call
	Colton Joint Unified School District, San Bernardino County, California, General Obligation Bonds, Series 2006C:	
3,800	0.000%, 2/01/33 - FGIC Insured	2/15 at 38.73
3,795	0.000%, 2/01/37 - FGIC Insured	No Opt. Call
7,535	Contra Costa County, California, GNMA Mortgage-Backed Securities Program Home Mortgage Revenue Bonds, Series 1989, 7.750%, 5/01/22 (Alternative Minimum Tax) (ETM)	No Opt. Call
8,145	Cupertino Union School District, Santa Clara County, California, General Obligation Bonds, Series 2003B, 0.000%, 8/01/25 - FGIC Insured	8/13 at 55.54
2,990	East Bay Municipal Utility District, Alameda and Contra Costa Counties, California, Water System Subordinated Revenue Refunding Bonds, Series 1996, 4.750%, 6/01/21 - FGIC Insured	6/06 at 100.00
2,000	Folsom Cordova Unified School District, Sacramento County, California, General Obligation Bonds, School Facilities Improvement District 1, Series 2004B, 0.000%, 10/01/28 - MBIA Insured	No Opt. Call
3,360	Folsom Cordova Unified School District, Sacramento County, California, General Obligation Bonds, School Facilities Improvement District 2, Series 2002A, 0.000%, 7/01/27 - MBIA Insured	No Opt. Call
2,315	Gateway Unified School District, California, General Obligation Bonds, Series 2004B, 0.000%, 8/01/32 - FGIC Insured	No Opt. Call
3,000	Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A, 0.000%, 6/01/26 - FSA Insured	No Opt. Call

28

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
---------------------------	-----------------	---------------------------------

---

CALIFORNIA (continued)



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

\$	1,275	Madera Unified School District, Madera County, California, General Obligation Bonds, Series 2002, 5.250%, 8/01/23 - FSA Insured	8/12 at 100.00
		North Orange County Community College District, California, General Obligation Bonds, Series 2003B:	
	7,735	0.000%, 8/01/25 - FGIC Insured	No Opt. Call
	4,000	0.000%, 8/01/26 - FGIC Insured	No Opt. Call
	5,000	Palmdale Community Redevelopment Agency, California, Residential Mortgage Revenue Refunding Bonds, Series 1991B, 7.375%, 2/01/12 (ETM)	No Opt. Call
	5,000	Palmdale Community Redevelopment Agency, California, Single Family Restructured Mortgage Revenue Bonds, Series 1986A, 8.000%, 3/01/16 (Alternative Minimum Tax) (ETM)	No Opt. Call
	9,315	Perris, California, GNMA Mortgage-Backed Securities Program Single Family Mortgage Revenue Bonds, Series 1989A, 7.600%, 1/01/23 (Alternative Minimum Tax) (ETM)	No Opt. Call
	23,000	San Joaquin Hills Transportation Corridor Agency, Orange County, California, Toll Road Revenue Refunding Bonds, Series 1997A, 0.000%, 1/15/35 - MBIA Insured	No Opt. Call
	7,250	San Jose-Evergreen Community College District, Santa Clara County, California, General Obligation Bonds, Series 2005A, 0.000%, 9/01/29 - MBIA Insured	9/15 at 100.00

---

132,950 Total California

---

COLORADO - 4.3% (2.9% OF TOTAL INVESTMENTS)

	8,350	Colorado Health Facilities Authority, Remarketed Revenue Bonds, Kaiser Permanente System, Series 1994A, 5.350%, 11/01/16 (ETM)	7/06 at 102.00
	2,000	Denver Convention Center Hotel Authority, Colorado, Senior Revenue Bonds, Convention Center Hotel, Series 2006, 4.750%, 12/01/35 (WI/DD, Settling 5/02/06) - XLCA Insured	11/16 at 100.00
		E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 1997B:	
	2,650	0.000%, 9/01/16 - MBIA Insured	No Opt. Call
	8,160	0.000%, 9/01/26 - MBIA Insured	No Opt. Call
	1,000	E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 2000A, 5.750%, 9/01/35 - MBIA Insured	9/10 at 102.00
		E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 2000B:	
	7,500	0.000%, 9/01/29 - MBIA Insured	No Opt. Call
	10,000	0.000%, 9/01/32 - MBIA Insured	No Opt. Call
		Platte River Power Authority, Colorado, Power Revenue Refunding Bonds, Series 2002EE:	
	2,000	5.375%, 6/01/17	6/12 at 100.00
	5,000	5.375%, 6/01/18	6/12 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

46,660	Total Colorado	
DISTRICT OF COLUMBIA - 0.4% (0.3% OF TOTAL INVESTMENTS)		
355	District of Columbia Housing Finance Agency, GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 1988F-1, 6.375%, 6/01/26 (Alternative Minimum Tax)	6/06 at 102.00
2,165	District of Columbia Housing Finance Agency, GNMA/FNMA Single Family Mortgage Revenue Bonds, Series 1997B, 5.900%, 12/01/28 (Alternative Minimum Tax)	6/07 at 102.00
2,520	Total District of Columbia	
FLORIDA - 1.9% (1.3% OF TOTAL INVESTMENTS)		
2,770	Florida Housing Finance Corporation, Housing Revenue Bonds, Stratford Point Apartments, Series 20000-1, 5.850%, 12/01/31 - FSA Insured (Alternative Minimum Tax)	12/10 at 100.00
10,130	Tampa, Florida, Healthcare System Revenue Bonds, Allegany Health System - St. Mary's Hospital, Series 1993, 5.125%, 12/01/23 - MBIA Insured (ETM)	6/06 at 100.00
12,900	Total Florida	
GEORGIA - 0.6% (0.4% OF TOTAL INVESTMENTS)		
4,000	Augusta, Georgia, Water and Sewerage Revenue Bonds, Series 2004, 5.250%, 10/01/39 - FSA Insured	10/14 at 100.00

29

Nuveen Municipal Advantage Fund, Inc. (NMA) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
HAWAII - 0.5% (0.3% OF TOTAL INVESTMENTS)		
\$ 2,215	Hawaii Housing and Community Development Corporation, GNMA Collateralized Multifamily Housing Revenue Bonds, Sunset Villas, Series 2000, 5.700%, 7/20/31	7/10 at 102.00
825	Hawaii Housing Finance and Development Corporation, Single Family Mortgage Purchase Revenue Bonds, Series 1997A,	7/07 at 102.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

5.750%, 7/01/30 (Alternative Minimum Tax)

-----		
3,040	Total Hawaii	
-----		
ILLINOIS - 17.3% (11.4% OF TOTAL INVESTMENTS)		
12,500	Chicago Board of Education, Illinois, Unlimited Tax General Obligation Bonds, Dedicated Tax Revenues, Series 1997A, 5.250%, 12/01/27 - AMBAC Insured	12/07 at 102.00
4,000	Chicago Board of Education, Illinois, Unlimited Tax General Obligation Bonds, Dedicated Tax Revenues, Series 1997, 5.750%, 12/01/20 (Pre-refunded 12/01/07) - AMBAC Insured	12/07 at 102.00
2,175	Chicago Board of Education, Illinois, Unlimited Tax General Obligation Bonds, Dedicated Tax Revenues, Series 1998B-1, 0.000%, 12/01/28 - FGIC Insured	No Opt. Call
2,250	Chicago Board of Education, Illinois, Unlimited Tax General Obligation Bonds, Dedicated Tax Revenues, Series 1999A, 0.000%, 12/01/31 - FGIC Insured	No Opt. Call
5,865	Chicago, Illinois, General Obligation Bonds, Neighborhoods Alive 21 Program, Series 2000A, 6.500%, 1/01/35 (Pre-refunded 7/01/10) - FGIC Insured	7/10 at 101.00
5,000	Chicago, Illinois, Second Lien Passenger Facility Charge Revenue Bonds, O'Hare International Airport, Series 2001A, 5.375%, 1/01/32 - AMBAC Insured (Alternative Minimum Tax)	1/11 at 101.00
5,000	Chicago, Illinois, Second Lien Wastewater Transmission Revenue Bonds, Series 1997, 5.250%, 1/01/28 (Pre-refunded 1/01/08) - AMBAC Insured	1/08 at 102.00
6,000	Illinois Health Facilities Authority, Revenue Bonds, Condell Medical Center, Series 2002, 5.750%, 5/15/22	5/12 at 100.00
6,165	Illinois Health Facilities Authority, Revenue Bonds, Sarah Bush Lincoln Health Center, Series 1996B, 5.750%, 2/15/22	2/07 at 102.00
4,210	Illinois Health Facilities Authority, Revenue Bonds, Victory Health Services, Series 1997A, 5.375%, 8/15/16	8/07 at 101.00
10,115	Illinois Health Facilities Authority, Revenue Refunding Bonds, Rush-Presbyterian-St. Luke's Medical Center Obligated Group, Series 1996A, 6.250%, 11/15/20 - MBIA Insured	11/06 at 102.00
10,740	Lake and McHenry Counties Community Unit School District 118, Wauconda, Illinois, General Obligation Bonds, Series 2005B, 0.000%, 1/01/23 - FSA Insured	1/15 at 66.94
	Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Series 1999A:	
13,455	5.500%, 12/15/24 - FGIC Insured	12/09 at 101.00
10,430	5.250%, 12/15/28 - FGIC Insured	12/09 at 101.00
2,025	Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Series 2002A, 0.000%, 6/15/41 - MBIA Insured	No Opt. Call

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

6,000	Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1996A, 0.000%, 6/15/24 - MBIA Insured	No Opt. Call
4,600	Regional Transportation Authority, Cook, DuPage, Kane, Lake, McHenry and Will Counties, Illinois, General Obligation Bonds, Series 1990A, 7.200%, 11/01/20 - AMBAC Insured	No Opt. Call
1,940	University of Illinois, Auxiliary Facilities Systems Revenue Bonds, Series 2003A, 5.000%, 4/01/23 - AMBAC Insured	4/13 at 100.00
7,500	Valley View Public Schools, Community Unit School District 365U of Will County, Illinois, General Obligation Bonds, Series 2005, 0.000%, 11/01/25 - MBIA Insured	No Opt. Call
23,125	Will County Community High School District 210 Lincoln-Way, Illinois, General Obligation Bonds, Series 2006, 0.000%, 1/01/24 (WI/DD, Settling 5/08/06) - FSA Insured	No Opt. Call

-----  
 143,095 Total Illinois  
 -----

INDIANA - 3.6% (2.4% OF TOTAL INVESTMENTS)

5,205	Indiana Health Facility Financing Authority, Hospital Revenue Bonds, Clarian Health Obligated Group, Series 2000A, 5.500%, 2/15/30 (Pre-refunded 8/15/10) - MBIA Insured	8/10 at 101.50
-------	--	----------------

30

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
------------------------	-----------------	------------------------------

-----

INDIANA (continued)

\$ 9,000	Indiana Health Facility Financing Authority, Hospital Revenue Refunding and Improvement Bonds, Community Hospitals of Indiana, Series 1995, 5.700%, 5/15/22 - MBIA Insured	5/06 at 102.00
6,075	LaGrange County Jail Building Corporation, Indiana, First Mortgage Jail Bonds, Series 1998, 5.400%, 10/01/21 (Pre-refunded 10/01/09)	10/09 at 101.00
2,725	St. Joseph County Hospital Authority, Indiana, Revenue Bonds, Madison Center Inc., Series 1999, 5.450%, 2/15/12	2/09 at 102.00

-----  
 23,005 Total Indiana  
 -----

KANSAS - 1.8% (1.2% OF TOTAL INVESTMENTS)

5,000	Burlington, Kansas, Environmental Improvement Revenue	9/15 at 100.00
-------	---	----------------

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Bonds, Kansas City Power and Light Company Project,  
Series 1998A, 4.750%, 9/01/15 (Mandatory put 10/01/07)

4,935	Kansas Department of Transportation, Highway Revenue Bonds, Series 2004A, 5.000%, 3/01/22	3/14 at 100.00
1,750	Wamego, Kansas, Pollution Control Revenue Bonds, Kansas Gas and Electric Company, Series 2004, 5.300%, 6/01/31 - MBIA Insured	6/14 at 100.00

---

11,685 Total Kansas

---

KENTUCKY - 1.6% (1.1% OF TOTAL INVESTMENTS)

5,500	Louisville and Jefferson County Metropolitan Sewer District, Kentucky, Sewer and Drainage System Revenue Bonds, Series 1997A, 5.250%, 5/15/27 - MBIA Insured	5/07 at 101.00
4,950	Louisville and Jefferson County Metropolitan Sewer District, Kentucky, Sewer and Drainage System Revenue Bonds, Series 1997B, 5.200%, 5/15/25 - MBIA Insured	11/07 at 101.00

---

10,450 Total Kentucky

---

LOUISIANA - 7.6% (5.0% OF TOTAL INVESTMENTS)

13,500	DeSoto Parish, Louisiana, Pollution Control Revenue Refunding Bonds, Cleco Utility Group Inc. Project, Series 1999, 5.875%, 9/01/29 - AMBAC Insured	9/09 at 102.00
8,720	Louisiana Public Facilities Authority, Extended Care Facilities Revenue Bonds, Comm-Care Corporation Project, Series 1994, 11.000%, 2/01/14	No Opt. Call
6,650	Louisiana Public Facilities Authority, Revenue Bonds, Baton Rouge General Hospital, Series 2004, 5.250%, 7/01/33 - MBIA Insured	7/14 at 100.00
6,000	Tobacco Settlement Financing Corporation, Louisiana, Tobacco Settlement Asset-Backed Bonds, Series 2001B: 5.500%, 5/15/30	5/11 at 101.00
11,750	5.875%, 5/15/39	5/11 at 101.00

---

46,620 Total Louisiana

---

MASSACHUSETTS - 1.9% (1.3% OF TOTAL INVESTMENTS)

1,750	Massachusetts Health and Educational Facilities Authority, Revenue Bonds, UMass Memorial Healthcare, Series 1998A, 5.000%, 7/01/28 - AMBAC Insured	1/09 at 101.00
955	Massachusetts Housing Finance Agency, Single Family Housing Revenue Bonds, Series 77, 5.950%, 6/01/25 - FSA Insured	12/09 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

(Alternative Minimum Tax)

10,000	Massachusetts Turnpike Authority, Metropolitan Highway System Revenue Bonds, Senior Series 1997A, 5.000%, 1/01/37 - MBIA Insured	1/07 at 102.00
--------	--	----------------

---

12,705	Total Massachusetts	
--------	---------------------	--

---

MICHIGAN - 1.6% (1.1% OF TOTAL INVESTMENTS)

Michigan State Hospital Finance Authority, Hospital Revenue Bonds, Detroit Medical Center Obligated Group, Series 1998A:		
4,995	5.250%, 8/15/23	8/08 at 101.00
3,000	5.250%, 8/15/28	8/08 at 101.00
Michigan State Hospital Finance Authority, Revenue Refunding Bonds, Detroit Medical Center Obligated Group, Series 1993A, 6.500%, 8/15/18		
3,275		8/06 at 100.00

---

11,270	Total Michigan	
--------	----------------	--

---

31

Nuveen Municipal Advantage Fund, Inc. (NMA) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
------------------------	-----------------	------------------------------

---

MINNESOTA - 1.7% (1.1% OF TOTAL INVESTMENTS)

\$ 5,000	Minneapolis-St. Paul Metropolitan Airports Commission, Minnesota, Subordinate Airport Revenue Bonds, Series 2001C, 5.250%, 1/01/32 - FGIC Insured	1/11 at 100.00
3,865	Minnesota Housing Finance Agency, Single Family Mortgage Revenue Bonds, Series 2000C, 5.550%, 7/01/24 (Alternative Minimum Tax)	7/09 at 100.00
2,260	Minnesota Housing Finance Agency, Single Family Mortgage Revenue Bonds, Series 2000J, 5.400%, 1/01/23 (Alternative Minimum Tax)	1/10 at 100.00

---

11,125	Total Minnesota	
--------	-----------------	--

---

MISSOURI - 0.8% (0.5% OF TOTAL INVESTMENTS)

10,205	Kansas City Municipal Assistance Corporation, Missouri, Leasehold Revenue Bonds, Series 2004B-1, 0.000%, 4/15/29 - AMBAC Insured	No Opt. Call
--------	--	--------------

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

220	Missouri Housing Development Commission, Single Family Mortgage Revenue Bonds, Homeownership Loan Program, Series 2000A-1, 7.500%, 3/01/31 (Alternative Minimum Tax)	9/09 at 102.00
1,500	Missouri-Illinois Metropolitan District Bi-State Development Agency, Mass Transit Sales Tax Appropriation Bonds, Metrolink Cross County Extension Project, Series 2002B, 5.000%, 10/01/32 - FSA Insured	10/13 at 100.00
<hr/>		
11,925	Total Missouri	
<hr/>		
MONTANA - 1.1% (0.7% OF TOTAL INVESTMENTS)		
6,920	Montana Board of Housing, Single Family Mortgage Bonds, Series 1997A-1, 6.050%, 12/01/37	6/07 at 101.50
<hr/>		
NEVADA - 3.7% (2.4% OF TOTAL INVESTMENTS)		
7,310	Clark County, Nevada, Limited Tax General Obligation Bank Bonds, Series 2000, 5.500%, 7/01/19	7/10 at 100.00
7,500	Clark County, Nevada, Subordinate Lien Airport Revenue Bonds, Series 1999A, 6.000%, 7/01/29 (Pre-refunded 7/01/10) - MBIA Insured	7/10 at 101.00
7,910	Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, First Tier, Series 2000, 5.375%, 1/01/40 - AMBAC Insured	1/10 at 100.00
455	Nevada Housing Division, Single Family Mortgage Bonds, Senior Series 1997C-2, 5.750%, 4/01/29 (Alternative Minimum Tax)	4/07 at 102.00
<hr/>		
23,175	Total Nevada	
<hr/>		
NEW JERSEY - 3.1% (2.1% OF TOTAL INVESTMENTS)		
Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2002:		
15,025	5.750%, 6/01/32	6/12 at 100.00
5,000	6.125%, 6/01/42	6/12 at 100.00
<hr/>		
20,025	Total New Jersey	
<hr/>		
NEW MEXICO - 1.1% (0.8% OF TOTAL INVESTMENTS)		
7,500	Farmington, New Mexico, Pollution Control Revenue Refunding Bonds, Public Service Company of New Mexico - San Juan Project, Series 1997B, 5.800%, 4/01/22	10/06 at 101.00
<hr/>		

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

NEW YORK - 16.5% (10.9% OF TOTAL INVESTMENTS)

4,395	Dormitory Authority of the State of New York, Revenue Bonds, Mental Health Services Facilities Improvements, Series 1997B, 5.625%, 2/15/21	2/07 at 102.00
2,965	Dormitory Authority of the State of New York, Revenue Bonds, Mental Health Services Facilities Improvements, Series 1997B, 5.625%, 2/15/21 (Pre-refunded 2/15/07)	2/07 at 102.00
3,655	Dormitory Authority of the State of New York, Revenue Bonds, State University Educational Facilities, Series 1997, 5.125%, 5/15/27 (Pre-refunded 5/15/08)	5/08 at 101.00
7,000	Metropolitan Transportation Authority, New York, State Service Contract Refunding Bonds, Series 2002A, 5.125%, 1/01/29	7/12 at 100.00

32

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
-----		
NEW YORK (continued)		
	Nassau County, New York, General Obligation Improvement Bonds, Series 2000F:	
\$ 3,980	7.000%, 3/01/11 (Pre-refunded 3/01/10) - FSA Insured	3/10 at 100.00
4,070	7.000%, 3/01/12 (Pre-refunded 3/01/10) - FSA Insured	3/10 at 100.00
3,925	7.000%, 3/01/15 (Pre-refunded 3/01/10) - FSA Insured	3/10 at 100.00
4,975	New York City Industrial Development Agency, New York, Special Facilities Revenue Bonds, British Airways PLC, Series 1998, 5.250%, 12/01/32 (Alternative Minimum Tax)	12/08 at 102.00
3,000	New York City Industrial Development Agency, New York, Special Facilities Revenue Bonds, British Airways PLC, Series 2002, 7.625%, 12/01/32 (Alternative Minimum Tax)	12/12 at 101.00
5,000	New York City Municipal Water Finance Authority, New York, Water and Sewerage System Revenue Bonds, Fiscal Series 1997B, 5.750%, 6/15/29 (Pre-refunded 6/15/07) - FGIC Insured	6/07 at 101.00
9,850	New York City Municipal Water Finance Authority, New York, Water and Sewerage System Revenue Bonds, Fiscal Series 2000A, 5.750%, 6/15/31 (Pre-refunded 6/15/09) - FGIC Insured	6/09 at 101.00
10,000	New York City Municipal Water Finance Authority, New York, Water and Sewerage System Revenue Bonds, Fiscal Series 2005B, 5.000%, 6/15/36 - FSA Insured	12/14 at 100.00
10,000	New York City Transitional Finance Authority, New York, Future Tax Secured Bonds, Fiscal Series 2000B, 6.000%, 11/15/29 (Pre-refunded 5/15/10)	5/10 at 101.00



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

10,000	New York City, New York, General Obligation Bonds, Fiscal Series 1997G, 6.000%, 10/15/26 (Pre-refunded 10/15/07)	10/07 at 101.00
7,435	New York City, New York, General Obligation Bonds, Fiscal Series 2000A, 5.750%, 5/15/20 (Pre-refunded 5/15/10)	5/10 at 101.00
9,495	New York State Mortgage Agency, Homeowner Mortgage Revenue Bonds, Series 94, 5.800%, 10/01/20 (Alternative Minimum Tax)	4/10 at 100.00
5,000	New York State Urban Development Corporation, Service Contract Revenue Bonds, Correctional Facilities, Series 1999C, 6.000%, 1/01/29 (Pre-refunded 1/01/09) - AMBAC Insured	1/09 at 101.00

---

104,745	Total New York	
---------	----------------	--

---

NORTH CAROLINA - 2.9% (1.9% OF TOTAL INVESTMENTS)

1,175	North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 10A, 5.400%, 7/01/32 - AMBAC Insured (Alternative Minimum Tax)	7/10 at 100.00
7,520	North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 7A, 6.250%, 1/01/29 (Alternative Minimum Tax)	7/09 at 100.00
4,780	North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 8A, 5.950%, 1/01/27 (Alternative Minimum Tax)	1/10 at 100.00
5,690	North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 9A, 5.875%, 7/01/31 (Alternative Minimum Tax)	1/10 at 100.00

---

19,165	Total North Carolina	
--------	----------------------	--

---

NORTH DAKOTA - 0.5% (0.3% OF TOTAL INVESTMENTS)

2,450	North Dakota Housing Finance Agency, Home Mortgage Finance Program Bonds, Series 1998B, 5.500%, 7/01/29 - MBIA Insured (Alternative Minimum Tax)	7/08 at 102.00
-------	--	----------------

---

OHIO - 4.5% (3.0% OF TOTAL INVESTMENTS)

5,000	Akron, Bath and Copley Joint Township Hospital District, Ohio, Hospital Facilities Revenue Bonds, Summa Health System, Series 1998A, 5.375%, 11/15/18	11/09 at 101.00
6,000	Cuyahoga County, Ohio, Hospital Revenue Bonds, University Hospitals Health System, Series 1999, 5.500%, 1/15/30 - AMBAC Insured	7/09 at 101.00
	Montgomery County, Ohio, Hospital Facilities Revenue Bonds, Kettering Medical Center, Series 1999:	

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

7,840	6.750%, 4/01/18 (Pre-refunded 4/01/10)	4/10 at 101.00
5,000	6.750%, 4/01/22 (Pre-refunded 4/01/10)	4/10 at 101.00

33

Nuveen Municipal Advantage Fund, Inc. (NMA) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
-----		
	OHIO (continued)	
\$ 1,725	Ohio Housing Finance Agency, GNMA Mortgage-Backed Securities Program Residential Mortgage Revenue Bonds, Series 2000D, 5.450%, 9/01/31 (Alternative Minimum Tax)	8/10 at 100.00
2,650	Ohio, General Obligation Bonds, Higher Education, Series 2003A, 5.000%, 5/01/22	5/13 at 100.00
-----		
28,215	Total Ohio	
-----		
	OKLAHOMA - 2.3% (1.5% OF TOTAL INVESTMENTS)	
2,890	Oklahoma State Industries Authority, Health System Revenue Bonds, Integris Baptist Medical Center, Series 1999A, 5.750%, 8/15/29 - MBIA Insured	8/09 at 101.00
2,110	Oklahoma State Industries Authority, Health System Revenue Bonds, Integris Baptist Medical Center, Series 1999A, 5.750%, 8/15/29 (Pre-refunded 8/15/09) - MBIA Insured	8/09 at 101.00
10,000	Tulsa Municipal Airport Trust, Oklahoma, Revenue Refunding Bonds, American Airlines Inc., Series 2001B, 5.650%, 12/01/35 (Mandatory put 12/01/08) (Alternative Minimum Tax)	12/08 at 100.00
-----		
15,000	Total Oklahoma	
-----		
	PENNSYLVANIA - 1.2% (0.8% OF TOTAL INVESTMENTS)	
1,930	Carbon County Industrial Development Authority, Pennsylvania, Resource Recovery Revenue Refunding Bonds, Panther Creek Partners Project, Series 2000, 6.650%, 5/01/10 (Alternative Minimum Tax)	No Opt. Call
2,600	Pennsylvania Turnpike Commission, Turnpike Revenue Bonds, Series 2004A, 5.500%, 12/01/31 - AMBAC Insured	12/14 at 100.00
3,240	Washington County Authority, Pennsylvania, Capital Funding Revenue Bonds, Capital Projects and Equipment Acquisition Program, Series 1999, 6.150%, 12/01/29 - AMBAC Insured	No Opt. Call

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

---

7,770	Total Pennsylvania	
-------	--------------------	--

---

	PUERTO RICO - 1.4% (0.9% OF TOTAL INVESTMENTS)	
5,000	Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005RR, 5.000%, 7/01/26 - XLCA Insured	7/15 at 100.00
4,000	Puerto Rico, General Obligation Bonds, Series 2000B, 5.625%, 7/01/19 - MBIA Insured	7/10 at 100.00

---

9,000	Total Puerto Rico	
-------	-------------------	--

---

	RHODE ISLAND - 1.9% (1.3% OF TOTAL INVESTMENTS)	
1,235	Rhode Island Health and Educational Building Corporation, Hospital Financing Revenue Bonds, Lifespan Obligated Group, Series 1996, 5.500%, 5/15/16 - MBIA Insured	5/07 at 102.00
11,015	Rhode Island Health and Educational Building Corporation, Hospital Financing Revenue Bonds, Lifespan Obligated Group, Series 1996, 5.500%, 5/15/16 (Pre-refunded 5/15/07) - MBIA Insured	5/07 at 102.00

---

12,250	Total Rhode Island	
--------	--------------------	--

---

	SOUTH CAROLINA - 4.2% (2.7% OF TOTAL INVESTMENTS)	
10,000	Greenville County School District, South Carolina, Installment Purchase Revenue Bonds, Series 2002, 6.000%, 12/01/20 (Pre-refunded 12/01/12)	12/12 at 101.00
2,500	Lexington County Health Service District, South Carolina, Hospital Revenue Refunding and Improvement Bonds, Series 2003, 5.750%, 11/01/28	11/13 at 100.00
3,000	Myrtle Beach, South Carolina, Hospitality and Accommodation Fee Revenue Bonds, Series 2004A, 5.000%, 6/01/36 - FGIC Insured	6/14 at 100.00
1,220	Piedmont Municipal Power Agency, South Carolina, Electric Revenue Bonds, Series 2004A-2, 0.000%, 1/01/23 - FGIC Insured	No Opt. Call
2,125	South Carolina Public Service Authority, Revenue Refunding Bonds, Santee Cooper Electric System, Series 2003A, 5.000%, 1/01/21 - AMBAC Insured	7/13 at 100.00
7,500	Tobacco Settlement Revenue Management Authority, South Carolina, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 6.375%, 5/15/28	5/11 at 101.00

---

26,345	Total South Carolina	
--------	----------------------	--

---

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

34

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
-----		
TENNESSEE - 5.2% (3.5% OF TOTAL INVESTMENTS)		
\$ 6,000	Knox County Health, Educational and Housing Facilities Board, Tennessee, Hospital Revenue Bonds, Baptist Health System of East Tennessee Inc., Series 2002, 6.500%, 4/15/31	4/12 at 101.00
20,415	Knox County Health, Educational and Housing Facilities Board, Tennessee, Hospital Revenue Refunding Bonds, Covenant Health, Series 2002A, 0.000%, 1/01/18 - FSA Insured	1/13 at 75.87
14,385	Metropolitan Government of Nashville-Davidson County Health and Educational Facilities Board, Tennessee, Revenue Bonds, Ascension Health Credit Group, Series 1999A, 5.875%, 11/15/28 (Pre-refunded 11/15/09) - AMBAC Insured	11/09 at 101.00
1,750	Metropolitan Government of Nashville-Davidson County, Tennessee, Electric System Revenue Bonds, Series 2001A, 5.125%, 5/15/26	5/11 at 100.00
-----		
42,550	Total Tennessee	
-----		
TEXAS - 17.2% (11.3% OF TOTAL INVESTMENTS)		
11,810	Brazos River Authority, Texas, Pollution Control Revenue Refunding Bonds, TXU Electric Company, Series 2001C, 5.750%, 5/01/36 (Mandatory put 11/01/11) (Alternative Minimum Tax)	5/36 at 100.00
6,000	Brazos River Authority, Texas, Revenue Refunding Bonds, Houston Lighting and Power Company, Series 1998, 5.050%, 11/01/18 - AMBAC Insured (Alternative Minimum Tax)	No Opt. Call
10,000	Central Texas Regional Mobility Authority, Travis and Williamson Counties, Toll Road Revenue Bonds, Series 2005, 5.000%, 1/01/45 - FGIC Insured	1/15 at 100.00
4,250	Ennis Independent School District, Ellis County, Texas, General Obligation Bonds, Series 2006, 0.000%, 8/15/26	8/16 at 60.73
8,400	Gulf Coast Waste Disposal Authority, Texas, Waste Disposal Revenue Bonds, Valero Energy Corporation, Series 1999, 5.700%, 4/01/32 (Alternative Minimum Tax)	4/09 at 101.00
5,000	Harris County Health Facilities Development Corporation, Texas, Thermal Utility Revenue Bonds, TECO Project, Series 2003, 5.000%, 11/15/30 - MBIA Insured	11/13 at 100.00
1,540	Houston Community College, Texas, Limited Tax General Obligation Bonds, Series 2003, 5.000%, 2/15/28 -	2/13 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

AMBAC Insured

3,460	Houston Community College, Texas, Limited Tax General Obligation Bonds, Series 2003, 5.000%, 2/15/28 (Pre-refunded 2/15/13) - AMBAC Insured	2/13 at 100.00
13,110	Houston, Texas, Subordinate Lien Airport System Revenue Bonds, Series 2000B, 5.500%, 7/01/30 - FSA Insured	7/10 at 100.00
	Houston, Texas, Water Conveyance System Contract, Certificates of Participation, Series 1993A-J:	
5,490	6.800%, 12/15/10 - AMBAC Insured	No Opt. Call
2,000	6.800%, 12/15/11 - AMBAC Insured	No Opt. Call
9,345	Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation Bonds, Series 2005, 0.000%, 8/15/34 - FGIC Insured	8/15 at 35.34
16,305	Matagorda County Navigation District 1, Texas, Revenue Bonds, Reliant Energy Inc., Series 1999B, 5.950%, 5/01/30 (Alternative Minimum Tax)	5/09 at 101.00
3,425	Sabine River Authority, Texas, Pollution Control Revenue Refunding Bonds, TXU Electric Company, Series 2001A, 5.500%, 5/01/22 (Mandatory put 11/01/11)	5/22 at 100.00
4,700	Sam Rayburn Municipal Power Agency, Texas, Power Supply System Revenue Refunding Bonds, Series 2002A, 6.000%, 10/01/21	10/12 at 100.00
4,000	Texas, General Obligation Bonds, Water Financial Assistance, State Participation Program, Series 1999C, 5.500%, 8/01/35	8/09 at 100.00
6,840	Travis County Health Facilities Development Corporation, Texas, Revenue Bonds, Ascension Health Credit Group, Series 1999A, 5.875%, 11/15/24 (Pre-refunded 11/15/09) - AMBAC Insured	11/09 at 101.00
2,500	Trinity River Authority of Texas, Pollution Control Revenue Refunding Bonds, TXU Electric Company, Series 2001A, 5.000%, 5/01/27 (Mandatory put 11/01/06) (Alternative Minimum Tax)	5/27 at 100.00
245	Wood Glen Housing Finance Corporation, Texas, FHA-Insured Section 8 Assisted Mortgage Revenue Bonds, Copperwood I Project, Series 1990A, 7.625%, 1/01/10 - MBIA Insured (ETM)	7/06 at 100.00

35

Nuveen Municipal Advantage Fund, Inc. (NMA) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
---------------------------	-----------------	---------------------------------

---

TEXAS (continued)

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

\$	3,000	Wylie Independent School District, Taylor County, Texas, General Obligation Bonds, Series 2005, 0.000%, 8/15/21	8/15 at 74.57
----	-------	--	---------------

---

	121,420	Total Texas	
--	---------	-------------	--

---

UTAH - 0.4% (0.2% OF TOTAL INVESTMENTS)

	730	Intermountain Power Agency, Utah, Power Supply Revenue Refunding Bonds, Series 1997B, 5.750%, 7/01/19 (Pre-refunded 7/01/07) - MBIA Insured	7/07 at 102.00
	1,470	Intermountain Power Agency, Utah, Power Supply Revenue Refunding Bonds, Series 1997B, 5.750%, 7/01/19 - MBIA Insured	7/07 at 102.00

---

	2,200	Total Utah	
--	-------	------------	--

---

WASHINGTON - 14.4% (9.5% OF TOTAL INVESTMENTS)

	8,810	Chelan County Public Utility District 1, Washington, Hydro Consolidated System Revenue Bonds, Series 2001A, 5.600%, 1/01/36 - MBIA Insured (Alternative Minimum Tax)	7/11 at 101.00
	5,665	Chelan County Public Utility District 1, Washington, Hydro Consolidated System Revenue Bonds, Series 2002B, 5.250%, 7/01/37 - AMBAC Insured (Alternative Minimum Tax)	7/12 at 100.00
	10,730	Chelan County Public Utility District 1, Washington, Hydro Consolidated System Revenue Refunding Bonds, Series 2001C, 5.650%, 7/01/32 - MBIA Insured (Alternative Minimum Tax)	7/11 at 101.00
	10,730	Pierce County School District 320, Sumner, Washington, Unlimited Tax General Obligation Bonds, Series 2000, 6.250%, 12/01/17 (Pre-refunded 12/01/10) - FSA Insured	12/10 at 100.00
	10,550	Port of Seattle, Washington, Limited Tax General Obligation Bonds, Series 2000B, 5.750%, 12/01/25 (Alternative Minimum Tax)	12/10 at 100.00
	5,315	Port of Seattle, Washington, Revenue Bonds, Series 2000B, 6.000%, 2/01/10 - MBIA Insured (Alternative Minimum Tax)	No Opt. Call
	19,475	Port of Seattle, Washington, Special Facility Revenue Bonds, Terminal 18, Series 1999A, 6.000%, 9/01/29 (Pre-refunded 3/01/10) - MBIA Insured	3/10 at 101.00
	5,000	Port of Seattle, Washington, Special Facility Revenue Bonds, Terminal 18, Series 1999B, 6.000%, 9/01/20 - MBIA Insured (Alternative Minimum Tax)	3/10 at 101.00
	8,750	Washington Public Power Supply System, Revenue Refunding Bonds, Nuclear Project 3, Series 1998A, 5.125%, 7/01/18	7/08 at 102.00
	5,000	Washington State Healthcare Facilities Authority, Revenue Bonds, Providence Services, Series 1999, 5.375%, 12/01/19 - MBIA Insured	12/09 at 101.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

90,025	Total Washington	
WEST VIRGINIA - 0.8% (0.5% OF TOTAL INVESTMENTS)		
5,000	Mason County, West Virginia, Pollution Control Revenue Bonds, Appalachian Power Company, Series 2003L, 5.500%, 10/01/22	10/11 at 100.00
WISCONSIN - 7.7% (5.1% OF TOTAL INVESTMENTS)		
7,320	Badger Tobacco Asset Securitization Corporation, Wisconsin, Tobacco Settlement Asset-Backed Bonds, Series 2002, 6.125%, 6/01/27	6/12 at 100.00
2,250	Green Bay, Wisconsin, Water System Revenue Bonds, Series 2004, 5.000%, 11/01/29 - FSA Insured	11/14 at 100.00
5,000	Madison, Wisconsin, Industrial Development Revenue Refunding Bonds, Madison Gas and Electric Company Projects, Series 2002A, 5.875%, 10/01/34 (Alternative Minimum Tax)	4/12 at 100.00
3,000	Southeast Wisconsin Professional Baseball Park District, Sales Tax Revenue Refunding Bonds, Series 1998A, 5.500%, 12/15/19 - MBIA Insured	No Opt. Call

36

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
WISCONSIN (continued)		
	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Aurora Medical Group Inc., Series 1996:	
\$ 10,000	5.600%, 11/15/16 - FSA Insured	5/06 at 102.00
20,000	5.750%, 11/15/25 - FSA Insured	5/06 at 102.00
1,835	Wisconsin Housing and Economic Development Authority, Home Ownership Revenue Bonds, Series 2000B, 5.750%, 3/01/22 (Alternative Minimum Tax)	3/10 at 100.00
49,405	Total Wisconsin	
\$ 1,104,745	Total Investments (cost \$947,766,169) - 151.5%	
	Other Assets Less Liabilities - 2.2%	
	Preferred Shares, at Liquidation Value - (53.7)%	
	Net Assets Applicable to Common Shares - 100%	

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

- (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: 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: Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
- (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.

WI/DD Purchased on a when-issued or delayed delivery basis.

(ETM) Escrowed to maturity.

See accompanying notes to financial statements.

37

Nuveen Municipal Market Opportunity Fund, Inc. (NMO)  
 Portfolio of  
 INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
LONG-TERM MUNICIPAL BONDS - 153.5% (99.8% OF TOTAL INVESTMENTS)		
ALABAMA - 0.7% (0.4% OF TOTAL INVESTMENTS)		
Henry County Water Authority, Alabama, Water Revenue Bonds, Series 2006:		
\$ 1,935	5.000%, 1/01/36 - RAAI Insured	1/16 at 100.00
2,485	5.000%, 1/01/41 - RAAI Insured	1/16 at 100.00
4,420	Total Alabama	
ALASKA - 0.4% (0.2% OF TOTAL INVESTMENTS)		
Alaska Housing Finance Corporation, General Housing Purpose Bonds, Series 2005A:		
1,125	5.250%, 12/01/34 - FGIC Insured	12/14 at 100.00
1,275	5.250%, 12/01/41 - FGIC Insured	12/14 at 100.00



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

2,400	Total Alaska	
ARIZONA - 0.5% (0.3% OF TOTAL INVESTMENTS)		
3,000	Arizona State Transportation Board, Highway Revenue Bonds, Series 2001, 5.250%, 7/01/20 (Pre-refunded 7/01/11)	7/11 at 100.00
140	Pima County Industrial Development Authority, Arizona, FNMA/GNMA Single Family Mortgage Revenue Bonds, Series 1997A, 7.100%, 11/01/29 (Alternative Minimum Tax)	5/07 at 105.85
3,140	Total Arizona	
ARKANSAS - 1.8% (1.2% OF TOTAL INVESTMENTS)		
5,000	Arkansas Development Finance Authority, Hospital Revenue Bonds, Washington Regional Medical Center, Series 2000, 7.000%, 2/01/15 (Pre-refunded 2/01/10)	2/10 at 100.00
3,480	Cabot School District 4, Lonoke County, Arkansas, General Obligation Refunding Bonds, Series 2003, 5.000%, 2/01/27 - AMBAC Insured	8/08 at 100.00
2,865	University of Arkansas, Fayetteville, Various Facilities Revenue Bonds, Series 2002, 5.500%, 12/01/20 (Pre-refunded 12/01/12) - FGIC Insured	12/12 at 100.00
11,345	Total Arkansas	
CALIFORNIA - 6.9% (4.5% OF TOTAL INVESTMENTS)		
1,350	Antelope Valley Union High School District, Los Angeles County, California, General Obligation Bonds, Series 2004B, 0.000%, 8/01/29 - MBIA Insured	No Opt. Call
7,800	California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Los Angeles County Securitization Corporation, Series 2006A, 0.000%, 6/01/36 (Mandatory put 6/01/23)	12/18 at 100.00
1,000	California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A, 5.750%, 5/01/17 (Pre-refunded 5/01/12)	5/12 at 101.00
1,350	California Educational Facilities Authority, Revenue Refunding Bonds, Loyola Marymount University, Series 2001A, 0.000%, 10/01/39 - MBIA Insured	No Opt. Call
4,295	California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A, 5.000%, 3/01/33	3/13 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

10,445	Castaic Lake Water Agency, California, Revenue Certificates of Participation, Water System Improvement Project, Series 1999, 0.000%, 8/01/29 - AMBAC Insured	No Opt. Call
8,365	Cupertino Union School District, Santa Clara County, California, General Obligation Bonds, Series 2003B, 0.000%, 8/01/26 - FGIC Insured	8/13 at 52.66
5,000	Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2003B, 5.000%, 6/01/38 (Pre-refunded 6/01/13) - AMBAC Insured	6/13 at 100.00
3,500	Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A, 0.000%, 6/01/26 - FSA Insured	No Opt. Call

38

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
-----		
CALIFORNIA (continued)		
\$ 1,500	Lincoln Unified School District, Placer County, California, Community Facilities District 1, Special Tax Bonds, Series 2005, 0.000%, 9/01/26 - AMBAC Insured	No Opt. Call
490	Los Angeles Department of Water and Power, California, Community Facilities District 1, Series 1993, 4.750%, 10/15/20 (ETM)	10/06 at 100.00
995	Los Angeles Department of Water and Power, California, Electric Plant Revenue Bonds, Series 1994, 5.375%, 2/15/34 (ETM)	8/06 at 100.00
	Orange County, California, Recovery Certificates of Participation, Series 1996A:	
3,100	5.875%, 7/01/19 (Pre-refunded 7/01/06) - MBIA Insured	7/06 at 102.00
690	6.000%, 7/01/26 (Pre-refunded 7/01/06) - MBIA Insured	7/06 at 102.00
1,000	Pajaro Valley Unified School District, Santa Cruz County, California, General Obligation Bonds, Series 2005B, 0.000%, 8/01/29 - FSA Insured	No Opt. Call
6,000	Placentia-Yorba Linda Unified School District, Orange County, California, Certificates of Participation, Series 2006, 0.000%, 10/01/34 - FGIC Insured	No Opt. Call
	San Joaquin Hills Transportation Corridor Agency, Orange County, California, Toll Road Revenue Refunding Bonds, Series 1997A:	
5,000	0.000%, 1/15/17 - MBIA Insured	1/14 at 102.00
26,000	0.000%, 1/15/35 - MBIA Insured	No Opt. Call
5,000	San Jose-Evergreen Community College District, Santa Clara County, California, General Obligation Bonds, Series 2005A, 0.000%, 9/01/28 - MBIA Insured	9/15 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

4,825	Santa Monica Community College District, Los Angeles County, California, General Obligation Bonds, Series 2005C, 0.000%, 8/01/25 - MBIA Insured	No Opt. Call
-------	---	--------------

---

97,705	Total California	
--------	------------------	--

---

COLORADO - 5.3% (3.5% OF TOTAL INVESTMENTS)

1,085	Arkansas River Power Authority, Colorado, Power Revenue Bonds, Series 2006, 5.250%, 10/01/40 - XLCA Insured	10/16 at 100.00
3,000	Broomfield, Colorado, Master Facilities Lease Purchase Agreement, Certificates of Participation, Series 1999, 5.750%, 12/01/24 - AMBAC Insured	12/09 at 100.00
6,285	Broomfield, Colorado, Sales and Use Tax Revenue Refunding and Improvement Bonds, Series 2002A, 5.500%, 12/01/22 - AMBAC Insured	12/12 at 100.00
11,465	Denver City and County, Colorado, Airport System Revenue Refunding Bonds, Series 2000A, 6.000%, 11/15/18 - AMBAC Insured (Alternative Minimum Tax)	11/10 at 100.00
20,000	E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 2000B, 0.000%, 9/01/28 (Pre-refunded 9/01/10) - MBIA Insured	9/10 at 31.42
	E-470 Public Highway Authority, Colorado, Toll Revenue Bonds, Series 2004B:	
3,500	0.000%, 9/01/27 - MBIA Insured	9/20 at 67.94
13,300	0.000%, 9/01/31 - MBIA Insured	9/20 at 53.77
6,250	0.000%, 9/01/32 - MBIA Insured	9/20 at 50.83
8,000	0.000%, 3/01/36 - MBIA Insured	No Opt. Call

---

72,885	Total Colorado	
--------	----------------	--

---

DISTRICT OF COLUMBIA - 0.5% (0.3% OF TOTAL INVESTMENTS)

3,265	Washington Convention Center Authority, District of Columbia, Senior Lien Dedicated Tax Revenue Bonds, Series 1998, 4.750%, 10/01/28 - AMBAC Insured	10/08 at 100.00
-------	--	-----------------

---

GEORGIA - 4.6% (3.0% OF TOTAL INVESTMENTS)

15,000	Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series 2000A, 5.600%, 1/01/30 (Pre-refunded 1/01/10) - FGIC Insured	1/10 at 101.00
14,330	Fulton County Facilities Corporation, Georgia, Certificates of Participation, Public Purpose Project, Series 1999, 5.500%, 11/01/18 - AMBAC Insured	11/10 at 101.00

---

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

29,330 Total Georgia

39

Nuveen Municipal Market Opportunity Fund, Inc. (NMO) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
ILLINOIS - 11.6% (7.5% OF TOTAL INVESTMENTS)		
\$ 600	Bolingbrook, Illinois, General Obligation Refunding Bonds, Series 2002B, 0.000%, 1/01/32 - FGIC Insured	No Opt. Call
4,600	Chicago Board of Education, Illinois, Unlimited Tax General Obligation Bonds, Dedicated Tax Revenues, Series 1999A, 0.000%, 12/01/20 - FGIC Insured	No Opt. Call
4,000	Chicago, Illinois, Motor Fuel Tax Revenue Bonds, Series 2003A, 5.000%, 1/01/33 - AMBAC Insured	7/13 at 100.00
2,300	Chicago, Illinois, Motor Fuel Tax Revenue Refunding Bonds, Series 1993, 5.375%, 1/01/14 - AMBAC Insured	No Opt. Call
5,250	Chicago, Illinois, Revenue Bonds, Midway Airport, Series 1998B, 5.000%, 1/01/28 - MBIA Insured	1/09 at 101.00
5,210	Illinois Housing Development Authority, Section 8 Elderly Housing Revenue Bonds, Garden House of River Oaks West Development, Series 1992A, 6.875%, 1/01/20	7/06 at 100.00
38,645	Illinois, General Obligation Bonds, Illinois FIRST Program, Series 2000, 5.500%, 4/01/25 - MBIA Insured	4/10 at 100.00
Lake and McHenry Counties Community Unit School District 118, Wauconda, Illinois, General Obligation Bonds, Series 2005B:		
10,230	0.000%, 1/01/22 - FSA Insured	1/15 at 70.63
6,780	0.000%, 1/01/24 - FSA Insured	1/15 at 63.44
1,975	Lake County Community High School District 127, Grayslake, Illinois, General Obligation Bonds, Series 2002A, 9.000%, 2/01/13 - FGIC Insured	No Opt. Call
Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Series 2002A:		
3,250	5.600%, 6/15/25 - MBIA Insured	6/22 at 101.00
3,270	5.000%, 12/15/28 - MBIA Insured	6/12 at 101.00
2,130	0.000%, 6/15/37 - MBIA Insured	No Opt. Call
11,215	0.000%, 12/15/38 - MBIA Insured	No Opt. Call
3,650	0.000%, 6/15/39 - MBIA Insured	No Opt. Call
103,105	Total Illinois	

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

INDIANA - 1.1% (0.7% OF TOTAL INVESTMENTS)

4,695	Indiana Educational Facilities Authority, Revenue Bonds, Butler University, Series 2001, 5.500%, 2/01/26 - MBIA Insured	2/11 at 100.00
5,113	Indianapolis, Indiana, Special Facility Revenue Bonds, United Airlines Inc., Indianapolis Maintenance Center Project, Series 1995A, 6.500%, 11/15/31 (Alternative Minimum Tax) (7)	5/06 at 102.00
2,000	Petersburg, Indiana, Pollution Control Revenue Refunding Bonds, Indianapolis Power and Light Company, Series 1991, 5.750%, 8/01/21	8/11 at 102.00

---

11,808 Total Indiana

---

IOWA - 0.6% (0.4% OF TOTAL INVESTMENTS)

4,215	Iowa Finance Authority, Solid Waste Disposal Revenue Bonds, IPSCO Project, Series 1997, 6.000%, 6/01/27 (Mandatory put 6/01/07) (Alternative Minimum Tax)	6/27 at 100.00
-------	---	----------------

KANSAS - 0.5% (0.3% OF TOTAL INVESTMENTS)

2,500	Kansas Development Finance Authority, Water Pollution Control Revolving Fund Leveraged Bonds, Series 2002-II, 5.500%, 11/01/21	11/12 at 100.00
500	Salina, Kansas, Hospital Revenue Bonds, Salina Regional Medical Center, Series 2006, 4.625%, 10/01/31	4/16 at 100.00

---

3,000 Total Kansas

---

KENTUCKY - 1.6% (1.1% OF TOTAL INVESTMENTS)

	Jefferson County School District Finance Corporation, Kentucky, School Building Revenue Bonds, Series 2000A:	
3,045	5.250%, 7/01/17 - FSA Insured	1/10 at 101.00
7,490	5.250%, 7/01/20 - FSA Insured	1/10 at 101.00

---

10,535 Total Kentucky

---

PRINCIPAL		OPTIONAL CALL
AMOUNT (000)	DESCRIPTION (1)	PROVISIONS (2)

---

LOUISIANA - 1.6% (1.1% OF TOTAL INVESTMENTS)

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

\$	7,415	Louisiana Local Government Environmental Facilities and Community Development Authority, Revenue Bonds, Baton Rouge Community College Facilities Corporation, Series 2002, 5.000%, 12/01/32 - MBIA Insured	12/12 at 100.00
----	-------	--	-----------------

	3,350	Louisiana Public Facilities Authority, Revenue Bonds, Baton Rouge General Hospital, Series 2004, 5.250%, 7/01/33 - MBIA Insured	7/14 at 100.00
--	-------	---	----------------

---

	10,765	Total Louisiana	
--	--------	-----------------	--

---

MARYLAND - 1.6% (1.0% OF TOTAL INVESTMENTS)

Frederick County, Maryland, General Obligation Public Facilities Bonds, Series 2002:

	3,710	5.000%, 11/01/18 (Pre-refunded 11/01/12)	11/12 at 101.00
	3,890	5.000%, 11/01/19 (Pre-refunded 11/01/12)	11/12 at 101.00

	2,500	Maryland Department of Transportation, Consolidated Transportation Revenue Bonds, Series 2002, 5.500%, 2/01/16	No Opt. Call
--	-------	--	--------------

---

	10,100	Total Maryland	
--	--------	----------------	--

---

MASSACHUSETTS - 4.6% (3.0% OF TOTAL INVESTMENTS)

	1,100	Massachusetts Bay Transportation Authority, Assessment Bonds, Series 2000A, 5.250%, 7/01/30	7/10 at 100.00
--	-------	---	----------------

	4,150	Massachusetts Bay Transportation Authority, Assessment Bonds, Series 2000A, 5.250%, 7/01/30 (Pre-refunded 7/01/10)	7/10 at 100.00
--	-------	--	----------------

	8,315	Massachusetts Turnpike Authority, Metropolitan Highway System Revenue Bonds, Senior Series 1997A, 5.000%, 1/01/37 - MBIA Insured	1/07 at 102.00
--	-------	--	----------------

	10,000	Massachusetts Water Resources Authority, General Revenue Bonds, Series 2000A, 5.750%, 8/01/39 (Pre-refunded 8/01/10) - FGIC Insured	8/10 at 101.00
--	--------	---	----------------

	6,195	University of Massachusetts Building Authority, Facilities Revenue Bonds, Senior Series 2000A, 5.125%, 11/01/25 (Pre-refunded 11/01/10) - MBIA Insured	11/10 at 100.00
--	-------	--	-----------------

---

	29,760	Total Massachusetts	
--	--------	---------------------	--

---

MICHIGAN - 0.4% (0.2% OF TOTAL INVESTMENTS)

	2,090	Grand Rapids Building Authority, Kent County, Michigan, Limited Tax General Obligation Bonds, Series 2000, 5.375%, 8/01/17 - AMBAC Insured	8/10 at 100.00
--	-------	--	----------------

---

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

MINNESOTA - 8.0% (5.2% OF TOTAL INVESTMENTS)

930	Minnesota Agricultural and Economic Development Board, Healthcare System Revenue Bonds, Fairview Hospital and Healthcare Services, Series 2000A, 6.375%, 11/15/29	11/10 at 101.00
29,070	Minnesota Agricultural and Economic Development Board, Healthcare System Revenue Bonds, Fairview Hospital and Healthcare Services, Series 2000A, 6.375%, 11/15/29 (Pre-refunded 11/15/10)	11/10 at 101.00
2,680	Minnesota Housing Finance Agency, Single Family Remarketed Mortgage Bonds, Series 1998H-2, 6.050%, 7/01/31 (Alternative Minimum Tax)	1/11 at 101.00
13,675	Minnesota, General Obligation Bonds, Series 2000, 5.125%, 11/01/16	11/10 at 100.00
3,225	St. Paul Housing and Redevelopment Authority, Minnesota, Sales Tax Revenue Refunding Bonds, Civic Center Project, Series 1996, 7.100%, 11/01/23 - FSA Insured	11/15 at 103.00
-----		
49,580	Total Minnesota	
-----		

MISSISSIPPI - 1.0% (0.7% OF TOTAL INVESTMENTS)

5,900	Mississippi Business Finance Corporation, Pollution Control Revenue Refunding Bonds, System Energy Resources Inc. Project, Series 1998, 5.875%, 4/01/22	10/06 at 100.00
1,100	Mississippi Home Corporation, GNMA Mortgage-Backed Securities Program Single Family Mortgage Revenue Bonds, Series 1997D-5, 6.750%, 7/01/29 (Alternative Minimum Tax)	7/07 at 105.00
-----		
7,000	Total Mississippi	
-----		

41

Nuveen Municipal Market Opportunity Fund, Inc. (NMO) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
-----		
MISSOURI - 0.6% (0.4% OF TOTAL INVESTMENTS)		
	Kansas City Municipal Assistance Corporation, Missouri, Leasehold Revenue Bonds, Series 2004B-1:	
\$ 7,000	0.000%, 4/15/27 - AMBAC Insured	No Opt. Call
5,000	0.000%, 4/15/31 - AMBAC Insured	No Opt. Call
-----		
12,000	Total Missouri	
-----		

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

NEVADA - 6.0% (3.9% OF TOTAL INVESTMENTS)

9,555	Clark County, Nevada, General Obligation Bank Bonds, Southern Nevada Water Authority Loan, Series 2001, 5.300%, 6/01/20 - FGIC Insured	6/11 at 100.00
	Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, First Tier, Series 2000:	
6,125	0.000%, 1/01/17 - AMBAC Insured	No Opt. Call
8,500	0.000%, 1/01/26 - AMBAC Insured	No Opt. Call
5,315	0.000%, 1/01/27 - AMBAC Insured	No Opt. Call
21,000	5.375%, 1/01/40 - AMBAC Insured	1/10 at 100.00
2,135	Reno, Nevada, Capital Improvement Revenue Bonds, Series 2005B, 0.000%, 6/01/37 - FGIC Insured	6/15 at 33.61

---

52,630 Total Nevada

---

NEW JERSEY - 4.8% (3.1% OF TOTAL INVESTMENTS)

170	Camden County Pollution Control Financing Authority, New Jersey, Solid Waste Disposal and Resource Recovery System Revenue Bonds, Series 1991D, 7.250%, 12/01/10	6/06 at 100.00
18,000	New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2000B, 5.750%, 6/15/17 (Pre-refunded 6/15/10)	6/10 at 100.00
5,000	New Jersey Turnpike Authority, Revenue Bonds, Growth and Income Securities, Series 2004B, 0.000%, 1/01/35 - AMBAC Insured	1/17 at 100.00
3,000	Rahway Valley Sewerage Authority, New Jersey, Sewer Revenue Bonds, Series 2005A, 0.000%, 9/01/25 - MBIA Insured	No Opt. Call
3,165	Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2002, 6.125%, 6/01/42	6/12 at 100.00
	Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2003:	
2,100	6.375%, 6/01/32	6/13 at 100.00
2,925	6.750%, 6/01/39	6/13 at 100.00

---

34,360 Total New Jersey

---

NEW MEXICO - 1.8% (1.2% OF TOTAL INVESTMENTS)

5,925	New Mexico Hospital Equipment Loan Council, Hospital Revenue Bonds, Presbyterian Healthcare Services, Series 2001A, 5.500%, 8/01/21 (Pre-refunded 8/01/11)	8/11 at 101.00
5,675	University of New Mexico, Revenue Refunding Bonds,	No Opt. Call



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Bonds, Presbyterian Healthcare

11,600	Total New Mexico	
NEW YORK - 16.3% (10.6% OF TOTAL INVESTMENTS)		
245	Dormitory Authority of the State of New York, Improvement Revenue Bonds, Mental Health Services Facilities, Series 1997A, 5.750%, 2/15/27	2/07 at 102.00
465	Dormitory Authority of the State of New York, Improvement Revenue Bonds, Mental Health Services Facilities, Series 1997A: 5.750%, 2/15/27 (Pre-refunded 2/15/07)	2/07 at 102.00
19,290	5.750%, 2/15/27 (Pre-refunded 2/15/07)	2/07 at 102.00
3,000	Long Island Power Authority, New York, Electric System General Revenue Bonds, Series 2006B, 5.000%, 12/01/35	6/16 at 100.00
6,750	Nassau County Tobacco Settlement Corporation, New York, Tobacco Settlement Asset-Backed Bonds, Series 1999A, 6.400%, 7/15/33 (Pre-refunded 7/15/09)	7/09 at 101.00
17,870	New York City Transitional Finance Authority, New York, Future Tax Secured Bonds, Fiscal Series 2000A, 5.750%, 8/15/24 (Pre-refunded 8/15/09)	8/09 at 101.00
630	New York City, New York, General Obligation Bonds, Fiscal Series 1997H, 6.125%, 8/01/25	8/07 at 101.00

42

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
NEW YORK (continued)		
\$ 9,370	New York City, New York, General Obligation Bonds, Fiscal Series 1997H, 6.125%, 8/01/25 (Pre-refunded 8/01/07)	8/07 at 101.00
	New York City, New York, General Obligation Bonds, Fiscal Series 2002G:	
1,000	5.000%, 8/01/17	8/12 at 100.00
10,500	5.750%, 8/01/18	8/12 at 100.00
5,000	New York City, New York, General Obligation Bonds, Fiscal Series 2003A, 5.750%, 8/01/16	8/12 at 100.00
7,805	New York State Power Authority, General Revenue Bonds, Series 2002A, 5.000%, 11/15/21	11/12 at 100.00
5,400	New York State Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed and State Contingency Contract-Backed Bonds, Series 2003A-1, 5.500%, 6/01/16	6/10 at 100.00
10,000	Port Authority of New York and New Jersey, Special Project	12/07 at 102.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Bonds, JFK International Air Terminal LLC, Sixth Series 1997,  
5.750%, 12/01/22 - MBIA Insured (Alternative Minimum Tax)

8,000	TSASC Inc., New York, Tobacco Flexible Amortization Bonds, Series 1999-1, 6.250%, 7/15/34 (Mandatory put 7/15/24) (Pre-refunded 7/15/09)	7/09 at 101.00
-------	--	----------------

---

105,325 Total New York

---

NORTH CAROLINA - 1.4% (0.9% OF TOTAL INVESTMENTS)

1,900	Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 5.000%, 1/15/45	1/15 at 100.00
-------	---	----------------

7,500	North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.250%, 1/01/19 - MBIA Insured	1/13 at 100.00
-------	--	----------------

---

9,400 Total North Carolina

---

NORTH DAKOTA - 4.3% (2.8% OF TOTAL INVESTMENTS)

22,905	Fargo, North Dakota, Health System Revenue Bonds, MeritCare Obligated Group, Series 2000A, 5.625%, 6/01/31 - FSA Insured	6/10 at 101.00
--------	---	----------------

North Dakota Water Commission, Water Development and Management Program Bonds, Series 2000A:		
2,230	5.700%, 8/01/18 (Pre-refunded 8/01/10) - MBIA Insured	8/10 at 100.00
2,450	5.750%, 8/01/19 (Pre-refunded 8/01/10) - MBIA Insured	8/10 at 100.00

---

27,585 Total North Dakota

---

OHIO - 2.6% (1.7% OF TOTAL INVESTMENTS)

16,140	Montgomery County, Ohio, Hospital Facilities Revenue Bonds, Kettering Medical Center, Series 1999, 6.300%, 4/01/12	No Opt. Call
--------	---	--------------

OKLAHOMA - 0.0% (0.0% OF TOTAL INVESTMENTS)

300	Tulsa Municipal Airport Trust, Oklahoma, Revenue Refunding Bonds, American Airlines Inc., Series 2000B, 6.000%, 6/01/35 (Mandatory put 12/01/08) (Alternative Minimum Tax)	6/09 at 100.00
-----	--	----------------

OREGON - 2.4% (1.6% OF TOTAL INVESTMENTS)

5,000	Oregon Health Sciences University, Revenue Bonds, Series 2002A, 5.250%, 7/01/22 - MBIA Insured	1/13 at 100.00
-------	---	----------------

Portland, Oregon, Water System Revenue Bonds, Series 2000A:

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

6,780	5.375%, 8/01/18	8/10 at 100.00
3,880	5.500%, 8/01/20	8/10 at 100.00
<hr/>		
15,660	Total Oregon	
<hr/>		
PENNSYLVANIA - 3.9% (2.5% OF TOTAL INVESTMENTS)		
5,000	Delaware County Industrial Development Authority, Pennsylvania, Resource Recovery Revenue Refunding Bonds, Series 1997A, 6.200%, 7/01/19	1/08 at 102.00
5,000	Pennsylvania Higher Education Assistance Agency, Capital Acquisition Revenue Bonds, Series 2000, 5.875%, 12/15/30 (Pre-refunded 12/15/10) - MBIA Insured	12/10 at 100.00
15,050	Pennsylvania, General Obligation Bonds, Second Series 2001, 5.000%, 9/15/14	9/11 at 101.00
<hr/>		
25,050	Total Pennsylvania	
<hr/>		

43

Nuveen Municipal Market Opportunity Fund, Inc. (NMO) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
<hr/>		
PUERTO RICO - 2.9% (1.9% OF TOTAL INVESTMENTS)		
\$ 12,500	Puerto Rico Housing Finance Authority, Capital Fund Program Revenue Bonds, Series 2003, 4.500%, 12/01/23	No Opt. Call
7,640	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33	5/12 at 100.00
<hr/>		
20,140	Total Puerto Rico	
<hr/>		
SOUTH CAROLINA - 7.5% (4.9% OF TOTAL INVESTMENTS)		
24,730	Greenville County School District, South Carolina, Installment Purchase Revenue Bonds, Series 2002, 5.500%, 12/01/22 (Pre-refunded 12/01/12)	12/12 at 101.00
21,570	Piedmont Municipal Power Agency, South Carolina, Electric Revenue Bonds, Series 2004A-2, 0.000%, 1/01/30 - AMBAC Insured	No Opt. Call
3,560	South Carolina Public Service Authority, Revenue Refunding Bonds, Santee Cooper Electric System, Series 2003A,	7/13 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

5.000%, 1/01/20 - AMBAC Insured

1,045 Three Rivers Solid Waste Authority, South Carolina, Solid Waste Disposal Facilities Revenue Bonds, Series 1997, 5.300%, 1/01/27 - MBIA Insured 1/07 at 102.00

11,665 Tobacco Settlement Revenue Management Authority, South Carolina, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 6.375%, 5/15/28 5/11 at 101.00

-----  
62,570 Total South Carolina  
-----

TENNESSEE - 0.7% (0.5% OF TOTAL INVESTMENTS)

5,000 Knox County Health, Educational and Housing Facilities Board, Tennessee, Hospital Revenue Bonds, East Tennessee Children's Hospital, Series 2003A, 5.000%, 7/01/23 - RAAI Insured 7/13 at 100.00

-----  
TEXAS - 25.5% (16.6% OF TOTAL INVESTMENTS)

5,000 Alliance Airport Authority, Texas, Special Facilities Revenue Bonds, American Airlines Inc., Series 1990, 7.500%, 12/01/29 (Alternative Minimum Tax) 6/06 at 100.00

12,250 Austin, Texas, Subordinate Lien Hotel Occupancy Tax Revenue Refunding Bonds, Series 1999, 5.800%, 11/15/29 (Pre-refunded 11/15/09) - AMBAC Insured 11/09 at 100.00

11,255 Brazos River Authority, Texas, Pollution Control Revenue Refunding Bonds, TXU Electric Company, Series 2001C, 5.750%, 5/01/36 (Mandatory put 11/01/11) (Alternative Minimum Tax) 5/36 at 100.00

Brownsville Independent School District, Cameron County, Texas, General Obligation Bonds, Series 1999:

5,015 5.625%, 8/15/25 (Pre-refunded 8/15/09) 8/09 at 100.00

8,825 5.625%, 8/15/29 (Pre-refunded 8/15/09) 8/09 at 100.00

1,000 Cedar Hill Independent School District, Dallas County, Texas, General Obligation Bonds, Series 2002, 0.000%, 8/15/32 - FGIC Insured No Opt. Call

15,000 Central Texas Regional Mobility Authority, Travis and Williamson Counties, Toll Road Revenue Bonds, Series 2005, 5.000%, 1/01/45 - FGIC Insured 1/15 at 100.00

Clear Creek Independent School District, Galveston and Harris Counties, Texas, Unlimited Tax Schoolhouse and Refunding Bonds, Series 2000:

585 5.400%, 2/15/18 2/10 at 100.00

340 5.650%, 2/15/19 2/10 at 100.00

235 5.700%, 2/15/20 2/10 at 100.00

270 5.700%, 2/15/21 2/10 at 100.00

Clear Creek Independent School District, Galveston and Harris Counties, Texas, Unlimited Tax Schoolhouse and Refunding

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	Bonds, Series 2000:		
16,740	5.400%, 2/15/18 (Pre-refunded 2/15/10)		2/10 at 100.00
9,660	5.650%, 2/15/19 (Pre-refunded 2/15/10)		2/10 at 100.00
6,645	5.700%, 2/15/20 (Pre-refunded 2/15/10)		2/10 at 100.00
7,750	5.700%, 2/15/21 (Pre-refunded 2/15/10)		2/10 at 100.00
2,500	Comal Independent School District, Comal, Bexar, Guadalupe, Hays, and Kendall Counties, Texas, General Obligation Bonds, Series 2005A, 0.000%, 2/01/23		No Opt. Call
6,000	Dallas-Ft. Worth International Airport Facility Improvement Corporation, Texas, Revenue Bonds, American Airlines Inc., Series 1999, 6.375%, 5/01/35 (Alternative Minimum Tax)		11/09 at 101.00

44

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
-----		
	TEXAS (continued)	
\$ 11,750	Dallas-Ft. Worth International Airport Facility Improvement Corporation, Texas, Revenue Refunding Bonds, American Airlines Inc., Series 2000C, 6.150%, 5/01/29 (Mandatory put 11/01/07) (Alternative Minimum Tax)	11/07 at 100.00
	Ennis Independent School District, Ellis County, Texas, General Obligation Bonds, Series 2006:	
3,950	0.000%, 8/15/30	8/16 at 49.21
4,000	0.000%, 8/15/31	8/16 at 46.64
1,050	Houston, Texas, Hotel Occupancy Tax and Special Revenue Bonds, Convention and Entertainment Project, Series 2001B, 0.000%, 9/01/32 - AMBAC Insured	No Opt. Call
1,250	Houston, Texas, Junior Lien Water and Sewerage System Revenue Refunding Bonds, Series 2001A, 5.000%, 12/01/20 - FSA Insured	12/11 at 100.00
21,500	Houston, Texas, Subordinate Lien Airport System Revenue Bonds, Series 2000B, 5.500%, 7/01/30 - FSA Insured	7/10 at 100.00
9,350	Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation Bonds, Series 2005, 0.000%, 8/15/32 - FGIC Insured	8/15 at 39.49
15,000	San Antonio Independent School District, Bexar County, Texas, General Obligation Bonds, Series 1999, 5.800%, 8/15/29 (Pre-refunded 8/15/09)	8/09 at 100.00
5,000	White Settlement Independent School District, Tarrant County, Texas, General Obligation Bonds, Series 2005, 0.000%, 8/15/34	8/15 at 36.81
3,970	Wichita Falls, Wichita County, Texas, Priority Lien Water and Series 2001, 5.000%, 8/01/21 - AMBAC Insured	8/11 at 100.00
	Wylie Independent School District, Taylor County, Texas, General	

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	Obligation Bonds, Series 2005:	
3,000	0.000%, 8/15/23	8/15 at 67.10
2,000	0.000%, 8/15/24	8/15 at 63.56
-----		
190,890	Total Texas	
-----		

WASHINGTON - 17.9% (11.6% OF TOTAL INVESTMENTS)

5,500	Clark County Public Utility District 1, Washington, Generating System Revenue Refunding Bonds, Series 2000, 5.125%, 1/01/20 - FSA Insured	1/11 at 100.00
2,755	Cowlitz County, Washington, Special Sewerage Revenue Refunding Bonds, CSOB Wastewater Treatment Facilities, Series 2002, 5.500%, 11/01/16 - FGIC Insured	No Opt. Call
10,000	Energy Northwest, Washington, Electric Revenue Refunding Bonds, Nuclear Project 3, Series 2001A, 5.500%, 7/01/17 - FSA Insured	7/11 at 101.00
2,500	King County, Washington, Sewer Revenue Bonds, Series 2001, 5.000%, 1/01/23 - FGIC Insured	1/12 at 100.00
33,490	Port of Seattle, Washington, Revenue Bonds, Series 2000A, 5.625%, 2/01/30 - MBIA Insured	8/10 at 100.00
6,950	Port of Seattle, Washington, Revenue Bonds, Series 2000B, 5.625%, 2/01/24 - MBIA Insured (Alternative Minimum Tax)	8/10 at 100.00
	Seattle, Washington, General Obligation Refunding and Improvement Bonds, Series 2002:	
6,165	4.400%, 12/01/19	12/12 at 100.00
6,445	4.500%, 12/01/20	12/12 at 100.00
3,000	Spokane County School District 81, Spokane, Washington, General Obligation Bonds, Series 2005, 0.000%, 6/01/24 - MBIA Insured	6/15 at 100.00
6,630	Tacoma, Washington, Electric System Revenue Refunding Bonds, Series 2001A, 5.750%, 1/01/17 (Pre-refunded 1/01/11) - FSA Insured	1/11 at 101.00
3,520	Washington State Healthcare Facilities Authority, Revenue Bonds, Children's Hospital and Regional Medical Center, Series 2001, 5.000%, 10/01/21 (Pre-refunded 10/01/11) - AMBAC Insured	10/11 at 100.00
7,890	Washington State Higher Education Facilities Authority, Revenue Bonds, Pacific Lutheran University, Series 1999, 5.950%, 11/01/29 - RAAI Insured	11/09 at 101.00
12,185	Washington State Tobacco Settlement Authority, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2002, 6.500%, 6/01/26	6/13 at 100.00
9,000	Washington, Motor Vehicle Fuel Tax General Obligation Bonds, Series 2002C, 5.000%, 1/01/21 - FSA Insured	1/12 at 100.00
-----		

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

116,030 Total Washington

45

Nuveen Municipal Market Opportunity Fund, Inc. (NMO) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
WISCONSIN - 1.1% (0.7% OF TOTAL INVESTMENTS)		
\$ 4,180	Badger Tobacco Asset Securitization Corporation, Wisconsin, Tobacco Settlement Asset-Backed Bonds, Series 2002, 6.125%, 6/01/27	6/12 at 100.00
1,755	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Divine Savior Healthcare, Series 2006, 4.750%, 5/01/25	5/16 at 100.00
1,250	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, United Lutheran Program for the Aging Inc., Series 1998, 5.700%, 3/01/28	3/08 at 101.00
7,185	Total Wisconsin	
WYOMING - 0.5% (0.3% OF TOTAL INVESTMENTS)		
2,800	Jackson National Rural Utilities Cooperative Financing Corporation, Wyoming, Guaranteed Gas Supply Revenue Bonds, Lower Valley Power and Light Inc., Series 1997B, 5.875%, 5/01/26 (Alternative Minimum Tax)	5/07 at 101.00
\$ 1,181,113	Total Long-Term Municipal Bonds (cost \$991,174,819)	
SHORT-TERM MUNICIPAL BONDS - 0.1% (0.1% OF TOTAL INVESTMENTS)		
1,000	New Jersey Economic Development Authority, Dock Facility Revenue Refunding Bonds, Bayonne/IMTT Project, Variable Rate Demand Obligations, Series 1993C, 3.770%, 12/01/27 (5)	No Opt. Call
\$ 1,000	Total Short-Term Municipal Bonds (cost \$1,000,000)	
SHARES	DESCRIPTION (1)	
COMMON STOCKS - 0.1% (0.1% OF TOTAL INVESTMENTS)		
AIRLINES - 0.1% (0.1% OF TOTAL INVESTMENTS)		
14,752	UAL Corporation (6) (7) (8)	
Total Common Stocks (cost \$599,673)		

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

-----  
Total Investments (cost \$992,774,492) - 153.7%  
-----

Other Assets Less Liabilities - 1.9%  
-----

Preferred Shares, at Liquidation Value - (55.6)%  
-----

Net Assets Applicable to Common Shares - 100%  
=====

- (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: 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: Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
  - (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) Investment has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term investment. The rate disclosed that in effect at the end of the reporting period. This rate changes periodically based on market conditions or a specified market index.
  - (6) Non-income producing.
  - (7) On December 9, 2002, UAL Corporation ("UAL"), the holding company of United Air Lines, Inc. filed for federal bankruptcy protection. The Adviser determined that it was likely that United would not remain current on their interest payment obligations with respect to the bonds previously held and thus the Fund had stopped accruing interest on its UAL bonds.
  - (8) On February 1, 2006, UAL emerged from federal bankruptcy with the acceptance of its reorganization plan by the bankruptcy court. Under the settle agreement established to meet UAL's unsecured bond obligations, the bondholders, including the Fund, received a distribution of UAL common stock during the subsequent month, and the bankruptcy court dismissed all unsecured claims of bondholders, including those of the Fund. Subsequent to fiscal year-end, the Fund liquidated its UAL common stock holdings.
- N/R Not rated.
- (ETM) Escrowed to maturity.



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

See accompanying notes to financial statements.

46

Nuveen Dividend Advantage Municipal Fund (NAD)  
Portfolio of  
INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
ALABAMA - 0.3% (0.2% OF TOTAL INVESTMENTS)		
\$ 1,500	Alabama 21st Century Authority, Tobacco Settlement Revenue Bonds, Series 2000, 5.750%, 12/01/20	6/10 at 102.00
ALASKA - 0.1% (0.1% OF TOTAL INVESTMENTS)		
750	Alaska Housing Finance Corporation, General Housing Purpose Bonds, Series 2005A, 5.250%, 12/01/34 - FGIC Insured	12/14 at 100.00
CALIFORNIA - 2.7% (1.8% OF TOTAL INVESTMENTS)		
1,535	Alameda Corridor Transportation Authority, California, Senior Lien Revenue Bonds, Series 1999A, 0.000%, 10/01/37 - MBIA Insured	No Opt. Call
200	California, General Obligation Bonds, Series 1997, 5.000%, 10/01/18 - AMBAC Insured	10/07 at 101.00
2,195	California, General Obligation Bonds, Series 1997: 5.000%, 10/01/18 (Pre-refunded 10/01/07) - AMBAC Insured	10/07 at 101.00
210	5.000%, 10/01/18 (Pre-refunded 10/01/07) - AMBAC Insured	10/07 at 101.00
5,000	California, General Obligation Bonds, Series 2005, 5.000%, 3/01/31	3/16 at 100.00
3,500	Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A, 0.000%, 6/01/26 - FSA Insured	No Opt. Call
2,475	Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2001A-3, 5.375%, 7/01/20	7/06 at 100.00
17,000	San Joaquin Hills Transportation Corridor Agency, Orange County, California, Toll Road Revenue Refunding Bonds, Series 1997A, 0.000%, 1/15/35 - MBIA Insured	No Opt. Call
32,115	Total California	

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

COLORADO - 3.7% (2.5% OF TOTAL INVESTMENTS)

3,205	Denver City and County, Colorado, Airport Special Facilities Revenue Bonds, Rental Car Projects, Series 1999A, 6.000%, 1/01/12 - MBIA Insured (Alternative Minimum Tax)	1/09 at 101.00
10,250	Denver City and County, Colorado, Airport System Revenue Bonds, Series 1996D, 5.500%, 11/15/25 - MBIA Insured	11/06 at 101.00
2,950	Denver Convention Center Hotel Authority, Colorado, Senior Revenue Bonds, Convention Center Hotel, Series 2003A, 5.000%, 12/01/22 (Pre-refunded 12/01/13) - XLCA Insured	12/13 at 100.00
1,475	Denver, Colorado, FHA-Insured Multifamily Housing Revenue Bonds, Boston Lofts Project, Series 1997A, 5.750%, 10/01/27 (Alternative Minimum Tax)	10/07 at 102.00
8,515	E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 1997B, 0.000%, 9/01/25 - MBIA Insured	No Opt. Call
-----		
26,395	Total Colorado	
-----		

CONNECTICUT - 0.5% (0.3% OF TOTAL INVESTMENTS)

2,700	Connecticut Development Authority, Health Facilities Revenue Refunding Bonds, Alzheimer's Resource Center of Connecticut Inc., Series 1994A, 7.125%, 8/15/14	8/06 at 100.00
-------	--	----------------

DISTRICT OF COLUMBIA - 0.9% (0.6% OF TOTAL INVESTMENTS)

5,000	Washington Convention Center Authority, District of Columbia, Senior Lien Dedicated Tax Revenue Bonds, Series 1998, 5.250%, 10/01/13 - AMBAC Insured	10/08 at 101.00
-------	--	-----------------

FLORIDA - 8.0% (5.4% OF TOTAL INVESTMENTS)

1,630	Florida Housing Finance Agency, Housing Revenue Bonds, Mar Lago Village Apartments, Series 1997F, 5.800%, 12/01/17 - AMBAC Insured (Alternative Minimum Tax)	12/07 at 102.00
15,000	Florida State Board of Education, Public Education Capital Outlay Bonds, Series 2005E, 4.500%, 6/01/35	6/15 at 101.00

47

Nuveen Dividend Advantage Municipal Fund (NAD) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
------------------------	-----------------	------------------------------

FLORIDA (continued)

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

\$	14,350	JEA St. John's River Power Park System, Florida, Revenue Refunding Bonds, Issue 2, Series 2002-17, 5.250%, 10/01/13	10/11 at 100.00
	13,625	Martin County Industrial Development Authority, Florida, Industrial Development Revenue Bonds, Indiantown Cogeneration LP, Series 1994A, 7.875%, 12/15/25 (Alternative Minimum Tax)	6/06 at 101.00
	2,405	Venice, Florida, Revenue Bonds, Bon Secours System, Revenue Bonds, Series 1996, 5.600%, 8/15/16 (Pre-refunded 8/15/06) - MBIA Insured	8/06 at 102.00

---

47,010 Total Florida

---

GEORGIA - 1.4% (0.9% OF TOTAL INVESTMENTS)

	4,000	Forsyth County Water and Sewerage Authority, Georgia, Revenue Bonds, Series 2000, 6.000%, 4/01/25 (Pre-refunded 4/01/10)	4/10 at 101.00
	880	Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 1999, 5.500%, 5/15/29 - MBIA Insured	5/09 at 101.00
	2,620	Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 1999, 5.500%, 5/15/29 (Pre-refunded 5/15/09) - MBIA Insured	5/09 at 101.00

---

7,500 Total Georgia

---

IDAHO - 0.1% (0.1% OF TOTAL INVESTMENTS)

	330	Idaho Housing and Finance Association, Single Family Mortgage Bonds, Series 1999E, 5.750%, 1/01/21 (Alternative Minimum Tax)	7/09 at 101.00
	400	Idaho Housing and Finance Association, Single Family Mortgage Bonds, Series 2000D, 6.350%, 7/01/22 (Alternative Minimum Tax)	1/10 at 100.00
	555	Idaho Housing and Finance Association, Single Family Mortgage Bonds, Series 2000E, 5.950%, 7/01/20 (Alternative Minimum Tax)	7/10 at 100.00

---

1,285 Total Idaho

---

ILLINOIS - 36.7% (24.8% OF TOTAL INVESTMENTS)

	3,265	Channahon, Illinois, Revenue Refunding Bonds, Morris Hospital, Series 1999, 5.750%, 12/01/12	12/09 at 102.00
	7,250	Chicago Board of Education, Illinois, Unlimited Tax General Obligation Bonds, Dedicated Tax Revenues, Series 1999A,	No Opt. Call

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	5.500%, 12/01/26 - FGIC Insured	
	Chicago, Illinois, FHA/GNMA Multifamily Housing Revenue Bonds, Archer Court Apartments, Series 1999A:	
850	5.500%, 12/20/19 (Alternative Minimum Tax)	10/10 at 101.00
1,210	5.600%, 12/20/29 (Alternative Minimum Tax)	10/10 at 101.00
1,925	5.650%, 12/20/40 (Alternative Minimum Tax)	10/10 at 101.00
22,750	Chicago, Illinois, General Obligation Refunding Bonds, Emergency Telephone System, Series 1999, 5.500%, 1/01/23 - FGIC Insured	No Opt. Call
2,620	Chicago, Illinois, Motor Fuel Tax Revenue Refunding Bonds, Series 1993, 5.375%, 1/01/14 - AMBAC Insured	No Opt. Call
3,340	Chicago, Illinois, Third Lien General Airport Revenue Bonds, O'Hare International Airport, Series 2005A, 5.000%, 1/01/33 - FGIC Insured	1/16 at 100.00
1,145	Chicago, Illinois, Wastewater Transmission Revenue Bonds, Series 1995, 5.125%, 1/01/25 - FGIC Insured	1/08 at 100.00
190	DuPage County Community School District 200, Wheaton, Illinois, General Obligation Bonds, Series 2003B, 5.250%, 11/01/20 - FSA Insured	11/13 at 100.00
810	DuPage County Community School District 200, Wheaton, Illinois, General Obligation Bonds, Series 2003B, 5.250%, 11/01/20 (Pre-refunded 11/01/13) - FSA Insured	11/13 at 100.00
500	Hoffman Estates Park District, Cook County, Illinois, General Obligation Bonds, Series 1999, 5.375%, 12/01/29 - MBIA Insured	12/09 at 102.00
3,935	Illinois Development Finance Authority, Local Government Program Revenue Bonds, Lake County School District 116 - Round Lake, Series 1999, 0.000%, 1/01/15 - MBIA Insured	No Opt. Call

48

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
-----		
	ILLINOIS (continued)	
\$ 24,835	Illinois Development Finance Authority, Revenue Bonds, Presbyterian Home of Lake Forest, Series 1999, 5.625%, 9/01/31 - FSA Insured	9/07 at 102.00
5,570	Illinois Finance Authority, Revenue Bonds, University of Chicago, Series 2004A, 5.000%, 7/01/34	7/14 at 100.00
17,280	Illinois Health Facilities Authority, Converted Adjustable Rate Revenue Bonds, Highland Park Hospital, Series 1991A, 6.000%, 10/01/15 (Pre-refunded 10/01/07) - FGIC Insured	10/07 at 102.00
9,900	Illinois Health Facilities Authority, Remarketed Revenue Bonds, 8/11 at 103.00	

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	University of Chicago Project, Series 1985A, 5.500%, 8/01/20	
5,400	Illinois Health Facilities Authority, Revenue Bonds, Loyola University Health System, Series 1997A, 5.000%, 7/01/24 - MBIA Insured	7/07 at 101.00
5,490	Illinois Health Facilities Authority, Revenue Bonds, Sarah Bush Lincoln Health Center, Series 1996B, 5.500%, 2/15/16	2/07 at 102.00
7,245	Illinois Health Facilities Authority, Revenue Refunding Bonds, Proctor Community Hospital, Series 1991, 7.375%, 1/01/23	7/06 at 100.00
1,500	Illinois Housing Development Authority, Housing Finance Bonds, Series 2005E, 4.800%, 1/01/36 - FGIC Insured	1/15 at 100.00
5,000	Kane, McHenry, Cook and DeKalb Counties Community Unit School District 300, Carpentersville, Illinois, General Obligation Bonds, Series 2000, 5.500%, 12/01/19 (Pre-refunded 12/01/11) - MBIA Insured	12/11 at 100.00
11,345	Lake and McHenry Counties Community Unit School District 118, Wauconda, Illinois, General Obligation Bonds, Series 2005B, 0.000%, 1/01/25 - FSA Insured	1/15 at 60.14
3,000	Lombard Public Facilities Corporation, Illinois, First Tier Conference Center and Hotel Revenue Bonds, Series 2005A-1, 7.125%, 1/01/36	1/16 at 100.00
22,500	Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Series 1999A, 5.500%, 12/15/24 - FGIC Insured	12/09 at 101.00
	Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1996A:	
9,750	0.000%, 12/15/22 - MBIA Insured	No Opt. Call
13,000	0.000%, 12/15/23 - MBIA Insured	No Opt. Call
	Regional Transportation Authority, Cook, DuPage, Kane, Lake, McHenry and Will Counties, Illinois, General Obligation Bonds, Series 1999:	
22,650	5.750%, 6/01/19 - FSA Insured	No Opt. Call
3,500	5.750%, 6/01/23 - FSA Insured	No Opt. Call
1,300	Schaumburg, Illinois, General Obligation Bonds, Series 2004B, 5.250%, 12/01/34 - FGIC Insured	12/14 at 100.00
10,000	Will County Community High School District 210 Lincoln-Way, Illinois, General Obligation Bonds, Series 2006, 0.000%, 1/01/23 (WI/DD, Settling 5/08/06) - FSA Insured	No Opt. Call
4,500	Will County School District 122, New Lenox, Illinois, General Obligation Bonds, Series 2000B, 0.000%, 11/01/18 - FSA Insured	No Opt. Call
-----		
233,555	Total Illinois	
-----		

INDIANA - 3.8% (2.6% OF TOTAL INVESTMENTS)

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

8,755	Indiana Health Facility Financing Authority, Hospital Revenue Bonds, Charity Obligated Group, Series 1999D, 5.500%, 11/15/24 (Pre-refunded 11/15/09) - MBIA Insured	11/09 at 101.00
8,000	Indiana Health Facility Financing Authority, Hospital Revenue Bonds, Clarian Health Obligated Group, Series 2000A, 5.500%, 2/15/26 (Pre-refunded 8/15/10) - MBIA Insured	8/10 at 101.50
4,190	Indianapolis, Indiana, Economic Development Revenue Bonds, Park Tudor Foundation Inc., Project, Series 1999, 5.700%, 6/01/24 (Pre-refunded 6/01/09)	6/09 at 101.00

---

20,945	Total Indiana	
--------	---------------	--

---

IOWA - 1.2% (0.8% OF TOTAL INVESTMENTS)

7,000	Iowa Tobacco Settlement Authority, Asset Backed Settlement Revenue Bonds, Series 2005C, 5.625%, 6/01/46	6/15 at 100.00
-------	---	----------------

---

49

Nuveen Dividend Advantage Municipal Fund (NAD) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
------------------------	-----------------	------------------------------

---

KANSAS - 0.8% (0.5% OF TOTAL INVESTMENTS)

\$ 3,825	Wichita, Kansas, Water and Sewerage Utility Revenue Bonds, Series 1999, 4.000%, 10/01/18 - FGIC Insured	10/06 at 101.00
1,000	Wyandotte County-Kansas City Unified Government, Kansas, Sales Tax Special Obligation Bonds, Redevelopment Project Area B, Series 2005, 5.000%, 12/01/20	12/15 at 100.00

---

4,825	Total Kansas	
-------	--------------	--

---

KENTUCKY - 1.7% (1.1% OF TOTAL INVESTMENTS)

3,030	Hardin County School District Finance Corporation, Kentucky, School Building Revenue Bonds, Series 2000, 5.750%, 2/01/20 (Pre-refunded 2/01/10)	2/10 at 101.00
1,850	Kentucky Economic Development Finance Authority, Hospital System Revenue Refunding and Improvement Bonds, Appalachian Regional Healthcare Inc., Series 1997: 5.850%, 10/01/17	4/08 at 102.00
5,000	5.875%, 10/01/22	4/08 at 102.00

---

9,880	Total Kentucky	
-------	----------------	--

---

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

LOUISIANA - 4.0% (2.7% OF TOTAL INVESTMENTS)

2,245	Lafayette, Louisiana, Sales Tax Revenue Bonds, Public Improvements, Series 2000B, 5.625%, 5/01/25 - FGIC Insured	5/10 at 101.50
1,750	Louisiana Local Government Environmental Facilities and Community Development Authority, GNMA Collateralized Mortgage Revenue Refunding Bonds, Sharlo Apartments, Series 2002A, 6.500%, 6/20/37	6/12 at 105.00
5,350	Louisiana Public Facilities Authority, Revenue Bonds, Baton Rouge General Hospital, Series 2004, 5.250%, 7/01/33 - MBIA Insured	7/14 at 100.00
13,570	Louisiana Transportation Authority, Senior Lien Toll Road Revenue Bonds, Series 2005B, 0.000%, 12/01/28 - MBAC Insured	12/10 at 38.73
9,545	Tobacco Settlement Financing Corporation, Louisiana, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 5.500%, 5/15/30	5/11 at 101.00
32,460	Total Louisiana	

MASSACHUSETTS - 2.4% (1.6% OF TOTAL INVESTMENTS)

1,500	Boston Industrial Development Financing Authority, Massachusetts, Subordinate Revenue Bonds, Crosstown Center Project, Series 2002, 8.000%, 9/01/35 (Alternative Minimum Tax)	9/12 at 102.00
4,365	Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Berkshire Health System, Series 2005F, 5.000%, 10/01/19 - AGC Insured	10/15 at 100.00
7,000	Massachusetts Port Authority, Special Facilities Revenue Bonds, BOSFUEL Corporation, Series 1997, 5.500%, 7/01/18 - MBIA Insured (Alternative Minimum Tax)	7/07 at 102.00
785	Massachusetts Port Authority, Special Facilities Revenue Bonds, US Airways Group Inc., Series 1996A, 5.875%, 9/01/23 - MBIA Insured (Alternative Minimum Tax)	9/06 at 102.00
13,650	Total Massachusetts	

MICHIGAN - 3.5% (2.4% OF TOTAL INVESTMENTS)

2,435	Detroit, Michigan, Senior Lien Water Supply System Revenue Bonds, Series 2001A, 5.250%, 7/01/33 - FGIC Insured	7/11 at 100.00
15,255	Michigan State Hospital Finance Authority, Hospital Revenue Bonds, Detroit Medical Center Obligated Group, Series 1998A, 5.250%, 8/15/28	8/08 at 101.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

4,000	Wayne County, Michigan, Airport Revenue Bonds, Detroit Metropolitan Wayne County Airport, Series 1998A, 5.375%, 12/01/16 - MBIA Insured (Alternative Minimum Tax)	12/08 at 101.00
21,690	Total Michigan	
-----		
MINNESOTA - 0.1% (0.2% OF TOTAL INVESTMENTS)		
1,220	Minnesota Housing Finance Agency, Single Family Mortgage Bonds, Series 1998H-1, 5.650%, 7/01/31 (Alternative Minimum Tax)	1/10 at 101.00
-----		
50		
PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
-----		
MISSOURI - 2.1% (1.4% OF TOTAL INVESTMENTS)		
Kansas City Municipal Assistance Corporation, Missouri, Leasehold Revenue Bonds, Series 2004B-1:		
\$ 7,000	0.000%, 4/15/27 - AMBAC Insured	No Opt. Call
5,000	0.000%, 4/15/29 - AMBAC Insured	No Opt. Call
2,185	Missouri Health and Educational Facilities Authority, Revenue Bonds, SSM Healthcare System, Series 2001A, 5.250%, 6/01/21 - AMBAC Insured	6/11 at 101.00
Missouri Health and Educational Facilities Authority, Revenue Bonds, SSM Healthcare System, Series 2001A:		
2,185	5.250%, 6/01/21 (Pre-refunded 6/01/11) - AMBAC Insured	6/11 at 101.00
3,670	5.250%, 6/01/28 (Pre-refunded 6/01/11) - AMBAC Insured	6/11 at 101.00
20,040	Total Missouri	
-----		
MONTANA - 0.3% (0.2% OF TOTAL INVESTMENTS)		
1,005	Montana Board of Housing, Single Family Mortgage Bonds, Series 2000A-2, 6.450%, 6/01/29 (Alternative Minimum Tax)	12/09 at 100.00
1,000	Montana Higher Education Student Assistance Corporation, Student Loan Revenue Bonds, Subordinate Series 1999B, 6.400%, 12/01/32 (Alternative Minimum Tax)	12/09 at 100.00
2,005	Total Montana	
-----		
NEBRASKA - 0.3% (0.2% OF TOTAL INVESTMENTS)		



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

1,500	NebHelp Inc., Nebraska, Senior Subordinate Bonds, Student Loan Program, Series 1993A-5A, 6.200%, 6/01/13 - MBIA Insured (Alternative Minimum Tax)	No Opt. Call
-------	---	--------------

---

NEVADA - 1.6% (1.1% OF TOTAL INVESTMENTS)

2,115	Clark County, Nevada, General Obligation Bank Bonds, Southern Nevada Water Authority Loan, Series 2001, 5.300%, 6/01/19 - FGIC Insured	6/11 at 100.00
-------	--	----------------

Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, First Tier, Series 2000:

8,000	0.000%, 1/01/19 - AMBAC Insured	No Opt. Call
3,000	5.375%, 1/01/40 - AMBAC Insured	1/10 at 100.00

---

13,115	Total Nevada	
--------	--------------	--

---

NEW HAMPSHIRE - 0.1% (0.2% OF TOTAL INVESTMENTS)

985	New Hampshire Housing Finance Agency, Single Family Mortgage Acquisition Revenue Bonds, Series 1995D, 6.550%, 7/01/26 (Alternative Minimum Tax)	7/06 at 101.00
-----	---	----------------

---

NEW JERSEY - 6.6% (4.4% OF TOTAL INVESTMENTS)

1,275	New Jersey Health Care Facilities Financing Authority, FHA-Insured Mortgage Revenue Bonds, Jersey City Medical Center, Series 2001, 4.800%, 8/01/21 - AMBAC Insured	8/11 at 100.00
-------	---	----------------

2,250	New Jersey Higher Education Assistance Authority, Student Loan Revenue Bonds, Series 2000A, 6.000%, 6/01/13 - MBIA Insured (Alternative Minimum Tax)	6/10 at 101.00
-------	--	----------------

4,130	New Jersey Transit Corporation, Certificates of Participation, Federal Transit Administration Grants, Series 2002A, 5.500%, 9/15/13 - AMBAC Insured	No Opt. Call
-------	---	--------------

4,000	New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 1999A, 5.750%, 6/15/18	No Opt. Call
-------	--	--------------

10,000	Port Authority of New York and New Jersey, Special Project Bonds, JFK International Air Terminal LLC, Sixth Series 1997, 5.900%, 12/01/17 - MBIA Insured (Alternative Minimum Tax)	12/07 at 102.00
--------	--	-----------------

Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2002:

10,720	5.750%, 6/01/32	6/12 at 100.00
3,165	6.125%, 6/01/42	6/12 at 100.00

1,365	Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2003, 6.750%, 6/01/39	6/13 at 100.00
-------	---	----------------

---

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

36,905 Total New Jersey

51

Nuveen Dividend Advantage Municipal Fund (NAD) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
NEW MEXICO - 0.7% (0.5% OF TOTAL INVESTMENTS)		
\$ 4,000	University of New Mexico, FHA-Insured Mortgage Hospital Revenue Bonds, Series 2004, 5.000%, 7/01/32 - FSA Insured	7/14 at 100.00
NEW YORK - 12.7% (8.6% OF TOTAL INVESTMENTS)		
80	Dormitory Authority of the State of New York, Improvement Revenue Bonds, Mental Health Services Facilities, Series 1996B, 5.125%, 8/15/21 - MBIA Insured	2/08 at 100.00
4,600	Dormitory Authority of the State of New York, Improvement Revenue Bonds, Mental Health Services Facilities, Series 1996E, 5.250%, 2/15/18 - AMBAC Insured	2/07 at 102.00
2,170	Dormitory Authority of the State of New York, Insured Revenue Bonds, Franciscan Health Partnership Obligated Group - Frances Shervier Home and Hospital, Series 1997, 5.500%, 7/01/17 - RAAI Insured	7/07 at 102.00
7,500	Dormitory Authority of the State of New York, Secured Hospital Revenue Refunding Bonds, Wyckoff Heights Medical Center, Series 1998H, 5.300%, 8/15/21 - MBIA Insured	2/08 at 101.50
2,000	Dormitory Authority of the State of New York, Third General Resolution Consolidated Revenue Bonds, City University System, Series 1997-1, 5.375%, 7/01/24 (Pre-refunded 1/01/08) - FSA Insured	1/08 at 102.00
5,000	Long Island Power Authority, New York, Electric System General Revenue Bonds, Series 1998A, 5.250%, 12/01/26 (Pre-refunded 6/01/08) - FSA Insured	6/08 at 101.00
Nassau County, New York, General Obligation Improvement Bonds, Series 1999B:		
4,005	5.250%, 6/01/19 (Pre-refunded 6/01/09) - AMBAC Insured	6/09 at 102.00
7,005	5.250%, 6/01/21 (Pre-refunded 6/01/09) - AMBAC Insured	6/09 at 102.00
5,000	New York City Municipal Water Finance Authority, New York, Water and Sewerage System Revenue Bonds, Fiscal Series 2005B, 5.000%, 6/15/36 - FSA Insured	12/14 at 100.00
8,800	New York City Sales Tax Asset Receivable Corporation, New York, Dedicated Revenue Bonds, Local Government Assistance Corporation, Series 2004A, 5.000%, 10/15/32 - AMBAC Insured	10/14 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

10,000	New York City Transitional Finance Authority, New York, Future Tax Secured Bonds, Fiscal Series 2000A, 5.750%, 8/15/24 (Pre-refunded 8/15/09)	8/09 at 101.00
2,000	New York City, New York, General Obligation Bonds, Fiscal Series 1998E, 5.250%, 8/01/14 - AMBAC Insured	2/08 at 101.00
13,930	New York City, New York, General Obligation Bonds, Fiscal Series 1998F, 5.375%, 8/01/19 - MBIA Insured	2/08 at 101.00
70	New York City, New York, General Obligation Bonds, Fiscal Series 1998F, 5.375%, 8/01/19 (Pre-refunded 2/01/08) - MBIA Insured	2/08 at 101.00
<hr/>		
72,160	Total New York	
<hr/>		
NORTH CAROLINA - 0.7% (0.4% OF TOTAL INVESTMENTS)		
3,830	Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 5.000%, 1/15/45	1/15 at 100.00
<hr/>		
OHIO - 4.1% (2.8% OF TOTAL INVESTMENTS)		
2,300	Amherst Exempted Village School District, Ohio, Unlimited Tax General Obligation School Improvement Bonds, Series 2001, 5.125%, 12/01/21 - FGIC Insured	12/11 at 100.00
3,635	Franklin County, Ohio, FHA-Insured Multifamily Housing Mortgage Revenue Bonds, Hamilton Creek Apartments Project, Series 1994A, 5.550%, 7/01/24 (Alternative Minimum Tax)	7/06 at 102.00
3,650	Montgomery County, Ohio, Revenue Bonds, Catholic Health Initiatives, Series 2004A, 5.000%, 5/01/30	5/14 at 100.00
13,000	Ohio Water Development Authority, Solid Waste Disposal Revenue Bonds, Bay Shore Power, Series 1998B, 6.625%, 9/01/20 (Alternative Minimum Tax)	9/09 at 102.00
1,115	Warren County, Ohio, Special Assessment Bonds, Waterstone Boulevard Project, Series 1997, 5.500%, 12/01/17	12/07 at 101.00
<hr/>		
23,700	Total Ohio	
<hr/>		
OREGON - 0.4% (0.3% OF TOTAL INVESTMENTS)		
2,355	Portland, Oregon, Downtown Waterfront Urban Renewal and Redevelopment Revenue Bonds, Series 2000A, 5.500%, 6/15/20 - AMBAC Insured	6/10 at 101.00
<hr/>		

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
PENNSYLVANIA - 4.9% (3.3% OF TOTAL INVESTMENTS)		
\$ 3,480	Allegheny County Hospital Development Authority, Pennsylvania, Revenue Bonds, West Penn Allegheny Health System, Series 2000B, 9.250%, 11/15/22	11/10 at 102.00
1,710	Carbon County Industrial Development Authority, Pennsylvania, Resource Recovery Revenue Refunding Bonds, Panther Creek Partners Project, Series 2000, 6.650%, 5/01/10 (Alternative Minimum Tax)	No Opt. Call
18,900	Philadelphia Airport System, Pennsylvania, Revenue Refunding Bonds, Series 1998A, 5.500%, 6/15/18 - FGIC Insured (Alternative Minimum Tax)	6/08 at 102.00
3,205	Philadelphia School District, Pennsylvania, General Obligation Bonds, Series 2002B, 5.625%, 8/01/16 (Pre-refunded 8/01/12) - FGIC Insured	8/12 at 100.00
27,295	Total Pennsylvania	
PUERTO RICO - 2.1% (1.4% OF TOTAL INVESTMENTS)		
12,500	Puerto Rico Housing Finance Authority, Capital Fund Program Revenue Bonds, Series 2003, 4.500%, 12/01/23	No Opt. Call
RHODE ISLAND - 3.2% (2.2% OF TOTAL INVESTMENTS)		
2,015	Central Falls, Rhode Island, General Obligation School Bonds, Series 1999, 6.250%, 5/15/20 - RAAI Insured	5/09 at 102.00
3,500	Providence Redevelopment Agency, Rhode Island, Revenue Bonds, Public Safety and Municipal Building Projects, Series 1999A, 5.750%, 4/01/29 (Pre-refunded 4/01/10) - AMBAC Insured	4/10 at 101.00
12,500	Rhode Island Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed Bonds, Series 2002A, 6.125%, 6/01/32	6/12 at 100.00
18,015	Total Rhode Island	
SOUTH CAROLINA - 0.3% (0.2% OF TOTAL INVESTMENTS)		
1,500	Greenville, South Carolina, Hospital Facilities Revenue Bonds, Series 2001, 5.000%, 5/01/31 - AMBAC Insured	5/11 at 101.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

TENNESSEE - 1.7% (1.2% OF TOTAL INVESTMENTS)

6,400	Memphis-Shelby County Airport Authority, Tennessee, Airport Revenue Bonds, Series 1999D, 6.000%, 3/01/24 - AMBAC Insured (Alternative Minimum Tax)	3/10 at 101.00
2,425	Memphis-Shelby County Airport Authority, Tennessee, Airport Revenue Bonds, Series 2001B, 5.125%, 3/01/26 - FSA Insured	3/11 at 100.00
250	Tennessee Housing Development Agency, Homeownership Program Bonds, Series 2000-1, 6.375%, 7/01/25 (Alternative Minimum Tax)	7/10 at 101.00
670	Tennessee Housing Development Agency, Homeownership Program Bonds, Series 2000-2B, 6.250%, 1/01/20 (Alternative Minimum Tax)	7/10 at 100.00
-----		
9,745	Total Tennessee	
-----		

TEXAS - 15.1% (10.2% OF TOTAL INVESTMENTS)

1,000	Alliance Airport Authority, Texas, Special Facilities Revenue Bonds, American Airlines Inc., Series 1990, 7.500%, 12/01/29 (Alternative Minimum Tax)	6/06 at 100.00
2,560	Brazos River Authority, Texas, Pollution Control Revenue Refunding Bonds, TXU Electric Company, Series 1999C, 7.700%, 3/01/32 (Alternative Minimum Tax)	4/13 at 101.00
4,675	Carrollton-Farmers Branch Independent School District, Dallas County, Texas, Unlimited Tax School Building Bonds, Series 1999, 6.000%, 2/15/20 (Pre-refunded 2/15/09)	2/09 at 100.00
2,820	Central Texas Regional Mobility Authority, Travis and Williamson Counties, Toll Road Revenue Bonds, Series 2005, 5.000%, 1/01/45 - FGIC Insured	1/15 at 100.00
	Coppell Independent School District, Dallas County, Texas, Unlimited Tax School Building and Refunding Bonds, Series 1999:	
5,130	0.000%, 8/15/20	8/09 at 52.47
7,000	0.000%, 8/15/21	8/09 at 49.48
7,345	0.000%, 8/15/23	8/09 at 44.01
7,000	0.000%, 8/15/24	8/09 at 41.50
7,350	0.000%, 8/15/25	8/09 at 39.14
7,000	0.000%, 8/15/26	8/09 at 36.91

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
---------------------------	-----------------	---------------------------------

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

TEXAS (continued)

\$	820	Dallas Area Rapid Transit, Texas, Senior Lien Sales Tax Revenue 12/11 at 100.00 Bonds, Series 2001, 5.000%, 12/01/31 - AMBAC Insured	
	6,000	Dallas-Ft. Worth International Airport Facility Improvement Corporation, Texas, Revenue Refunding Bonds, American Airlines Inc., Series 2000C, 6.150%, 5/01/29 (Mandatory put 11/01/07) (Alternative Minimum Tax)	11/07 at 100.00
		Harris County Health Facilities Development Corporation, Texas, Revenue Bonds, Christus Health, Series 1999A:	
	12,240	5.375%, 7/01/24 (Pre-refunded 7/01/09) - MBIA Insured	7/09 at 101.00
	11,180	5.375%, 7/01/29 (Pre-refunded 7/01/09) - MBIA Insured	7/09 at 101.00
	2,205	Harris County-Houston Sports Authority, Texas, Senior Lien Revenue Refunding Bonds, Series 2001A, 0.000%, 11/15/20 - MBIA Insured	No Opt. Call
	2,500	Houston, Texas, Hotel Occupancy Tax and Special Revenue Bonds, Convention and Entertainment Project, Series 2001B, 0.000%, 9/01/30 - AMBAC Insured	No Opt. Call
	2,500	Jefferson County, Texas, Certificates of Obligation, Series 2000, 6.000%, 8/01/25 (Pre-refunded 8/01/10) - FSA Insured	8/10 at 100.00
	2,000	Laredo, Texas, Sports Venue Sales Tax Revenue Bonds, Series 2001, 5.300%, 3/15/26 (Pre-refunded 3/15/09) - FGIC Insured	3/09 at 100.00
	30,095	Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation Bonds, Series 2004, 0.000%, 8/15/34	8/12 at 27.94
	9,345	Leander Independent School District, Williamson and Travis Counties, Texas, General Obligation Bonds, Series 2005, 0.000%, 8/15/33 - FGIC Insured	8/15 at 37.33
	1,500	Port Arthur, Texas, Jefferson County, General Obligation Bonds, Series 1997, 5.000%, 2/15/21 (Pre-refunded 2/15/07) - MBIA Insured	2/07 at 100.00
	10,000	Tarrant County Health Facilities Development Corporation, Texas, Revenue Bonds, Texas Health Resources System, Series 1997A, 5.250%, 2/15/17 - MBIA Insured	2/08 at 102.00
	7,000	White Settlement Independent School District, Tarrant County, Texas, General Obligation Bonds, Series 2005, 0.000%, 8/15/35	8/15 at 34.92
		Wylie Independent School District, Taylor County, Texas, General Obligation Bonds, Series 2005:	
	3,000	0.000%, 8/15/20	8/15 at 78.46
	3,000	0.000%, 8/15/22	8/15 at 70.77

---

155,265 Total Texas

---

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

UTAH - 0.4% (0.2% OF TOTAL INVESTMENTS)

Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 1999C-2, Class II:		
475	5.700%, 7/01/19 (Alternative Minimum Tax)	1/10 at 101.50
175	5.750%, 7/01/21 (Alternative Minimum Tax)	1/10 at 101.50
160	Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 1999D, 5.850%, 7/01/21 (Alternative Minimum Tax)	7/09 at 101.00
55	Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 1999F, 6.300%, 7/01/21 (Alternative Minimum Tax)	7/09 at 101.50
1,300	Utah Housing Finance Agency, Single Family Mortgage Bonds, Series 2000F-2, Class III, 6.000%, 1/01/15 (Alternative Minimum Tax)	7/10 at 100.00
2,165	Total Utah	

VIRGINIA - 0.6% (0.4% OF TOTAL INVESTMENTS)

3,395	Virginia Small Business Financing Authority, Industrial Development Water Revenue Bonds, S.I.L. Clean Water, LLC Project, Series 1999, 7.250%, 11/01/24 (Alternative Minimum Tax)	11/09 at 102.00
-------	---	-----------------

WASHINGTON - 11.3% (7.6% OF TOTAL INVESTMENTS)

4,000	Energy Northwest, Washington, Electric Revenue Refunding Bonds, Nuclear Project 3, Series 2003A, 5.500%, 7/01/17 - XLCA Insured	7/13 at 100.00
-------	---	----------------

54

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
WASHINGTON (continued)		
Port of Seattle, Washington, Special Facility Revenue Bonds, Terminal 18, Series 1999B:		
\$ 1,755	6.000%, 9/01/15 - MBIA Insured (Alternative Minimum Tax)	3/10 at 101.00
2,590	6.000%, 9/01/16 - MBIA Insured (Alternative Minimum Tax)	3/10 at 101.00
Port of Seattle, Washington, Special Facility Revenue Bonds, Terminal 18, Series 1999C:		
875	6.000%, 9/01/15 - MBIA Insured (Alternative Minimum Tax)	3/10 at 101.00
1,260	6.000%, 9/01/16 - MBIA Insured (Alternative Minimum Tax)	3/10 at 101.00
9,760	Tacoma, Washington, Electric System Revenue Refunding Bonds, Series 2001A, 5.625%, 1/01/21 (Pre-refunded 1/01/11) - FSA Insured	1/11 at 101.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

4,800	Washington Public Power Supply System, Revenue Refunding Bonds, Nuclear Project 3, Series 1997A, 5.250%, 7/01/16 - FSA Insured	7/07 at 102.00
7,280	Washington State Tobacco Settlement Authority, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2002, 6.500%, 6/01/26	6/13 at 100.00
11,605	Washington, Certificates of Participation, Washington Convention and Trade Center, Series 1999, 5.250%, 7/01/16 - MBIA Insured	7/09 at 100.00
3,350	Washington, General Obligation Compound Interest Bonds, Series 1999S-2, 0.000%, 1/01/18 - FSA Insured	No Opt. Call
	Washington, General Obligation Compound Interest Bonds, Series 1999S-3:	
17,650	0.000%, 1/01/20	No Opt. Call
18,470	0.000%, 1/01/21	No Opt. Call
-----		
83,395	Total Washington	
-----		
	WISCONSIN - 6.9% (4.6% OF TOTAL INVESTMENTS)	
2,250	Green Bay, Wisconsin, Water System Revenue Bonds, Series 2004, 5.000%, 11/01/29 - FSA Insured	11/14 at 100.00
3,810	La Crosse, Wisconsin, Industrial Development Revenue Refunding Bonds, Dairyland Power Cooperative, Series 1997C, 5.550%, 2/01/15 - AMBAC Insured	12/08 at 102.00
	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, FH Healthcare Development Inc., Series 1999:	
8,375	6.250%, 11/15/20 (Pre-refunded 11/15/09)	11/09 at 101.00
5,000	6.250%, 11/15/28 (Pre-refunded 11/15/09)	11/09 at 101.00
4,180	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Kenosha Hospital and Medical Center Inc., Series 1999, 5.625%, 5/15/29	5/09 at 101.00
12,700	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Mercy Health System Corporation, Series 1999, 5.500%, 8/15/25 - AMBAC Insured	8/09 at 101.00
2,200	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Wheaton Franciscan Services Inc., Series 2003A, 5.125%, 8/15/33	8/13 at 100.00
-----		
38,515	Total Wisconsin	
-----		
\$ 1,001,865	Total Investments (cost \$825,790,358) - 148.0%	
=====		
	Other Assets Less Liabilities - 1.7%	
-----		
	Preferred Shares, at Liquidation Value - (49.7)%	
-----		
	Net Assets Applicable to Common Shares - 100%	
=====		



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

- (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: 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: Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
- (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.

N/R Not rated.

WI/DD Purchased on a when-issued or delayed delivery basis.

See accompanying notes to financial statements.

55

Nuveen Dividend Advantage Municipal Fund 2 (NXZ)  
 Portfolio of  
 INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
LONG-TERM MUNICIPAL BONDS - 145.9% (99.9% OF TOTAL INVESTMENTS)		
ALABAMA - 4.2% (2.9% OF TOTAL INVESTMENTS)		
\$ 18,500	Huntsville Healthcare Authority, Alabama, Revenue Bonds, Series 2001A, 5.750%, 6/01/31	6/11 at 101.00
ALASKA - 0.7% (0.4% OF TOTAL INVESTMENTS)		
2,955	Northern Tobacco Securitization Corporation, Alaska, Tobacco Settlement Asset-Backed Bonds, Series 2001, 5.500%, 6/01/29	6/11 at 100.00
ARIZONA - 0.7% (0.5% OF TOTAL INVESTMENTS)		
3,120	Phoenix, Arizona, Civic Improvement Corporation, Senior Lien	7/12 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Airport Revenue Bonds, Series 2002B, 5.250%, 7/01/32 -  
 FGIC Insured (Alternative Minimum Tax)

-----

ARKANSAS - 0.4% (0.3% OF TOTAL INVESTMENTS)

1,950	Arkansas Development Finance Authority, Single Family Mortgage Revenue Bonds, GNMA Mortgage-Backed Securities Program, Series 2002C, 5.400%, 1/01/34 (Alternative Minimum Tax)	1/12 at 100.00
-------	---	----------------

-----

CALIFORNIA - 10.9% (7.4% OF TOTAL INVESTMENTS)

6,000	California Educational Facilities Authority, Revenue Bonds, Stanford University, Series 2001Q, 5.250%, 12/01/32	6/11 at 101.00
6,000	California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2004G, 2.300%, 4/01/34 (Mandatory put 5/01/07)	4/34 at 100.00
13,825	California, Department of Veterans Affairs, Home Purchase Revenue Bonds, Series 2001A, 5.550%, 12/01/25 - AMBAC Insured	6/06 at 101.00
11,200	California, General Obligation Bonds, Series 2003, 5.250%, 2/01/28	8/13 at 100.00
5,000	Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2003A-1, 6.750%, 6/01/39	6/13 at 100.00
6,000	Los Angeles Regional Airports Improvement Corporation, California, Sublease Revenue Bonds, Los Angeles International Airport, American Airlines Inc. Terminal 4 Project, Series 2002C, 7.500%, 12/01/24 (Alternative Minimum Tax)	12/12 at 102.00
190	Yuba County Water Agency, California, Yuba River Development Revenue Bonds, Pacific Gas and Electric Company, Series 1966A, 4.000%, 3/01/16	9/06 at 100.00

-----

48,215 Total California

-----

COLORADO - 6.0% (4.1% OF TOTAL INVESTMENTS)

2,835	Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Peak-to-Peak Charter School, Series 2001, 7.500%, 8/15/21 (Pre-refunded 8/15/11)	8/11 at 100.00
2,500	Colorado Educational and Cultural Facilities Authority, Revenue Bonds, Colorado Lutheran High School Association, Series 2004A, 7.625%, 6/01/34	6/14 at 100.00
10,000	E-470 Public Highway Authority, Colorado, Senior Revenue Bonds, Series 2000B, 0.000%, 9/01/28 (Pre-refunded 9/01/10) - MBIA Insured	9/10 at 31.42

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

1,500	Eagle County Air Terminal Corporation, Colorado, Airport Terminal Revenue Bonds, Series 2001, 7.125%, 5/01/31 (Alternative Minimum Tax)	5/11 at 101.00
755	Jefferson County School District R1, Colorado, General Obligation Bonds, Series 2004, 5.000%, 12/15/22 - FSA Insured	12/14 at 100.00
5,000	Northwest Parkway Public Highway Authority, Colorado, Revenue Bonds, Senior Series 2001A, 5.250%, 6/15/41 - FSA Insured	6/11 at 102.00

56

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
COLORADO (continued)		
	Northwest Parkway Public Highway Authority, Colorado, Senior Lien Revenue Bonds, Series 2001B:	
\$ 22,000	0.000%, 6/15/28 - FSA Insured	6/11 at 35.65
17,650	0.000%, 6/15/29 - AMBAC Insured	6/11 at 33.45
1,000	Plaza Metropolitan District 1, Lakewood, Colorado, Tax Increment Revenue Bonds, Series 2003, 8.000%, 12/01/25	6/14 at 101.00
63,240	Total Colorado	
DISTRICT OF COLUMBIA - 0.3% (0.1% OF TOTAL INVESTMENTS)		
1,145	District of Columbia Tobacco Settlement Corporation, Tobacco Settlement Asset-Backed Bonds, Series 2001, 6.250%, 5/15/24	5/11 at 101.00
FLORIDA - 5.0% (3.4% OF TOTAL INVESTMENTS)		
15,000	Jacksonville, Florida, Transportation Revenue Bonds, Series 2001, 5.250%, 10/01/29 - MBIA Insured	10/11 at 100.00
4,000	Miami-Dade County Health Facility Authority, Florida, Hospital Revenue Refunding Bonds, Miami Children's Hospital, Series 2001A, 5.125%, 8/15/26 - AMBAC Insured	8/11 at 101.00
3,000	Miami-Dade County, Florida, Aviation Revenue Bonds, Miami International Airport, Series 2002, 5.375%, 10/01/32 - FGIC Insured (Alternative Minimum Tax)	10/12 at 100.00
22,000	Total Florida	
HAWAII - 2.2% (1.5% OF TOTAL INVESTMENTS)		

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	Honolulu Board of Water Supply, Hawaii, Water System Revenue Bonds, Series 2001:		
3,000	5.250%, 7/01/26 - FSA Insured		7/11 at 100.00
6,725	5.250%, 7/01/31 - FSA Insured		7/11 at 100.00
-----			
9,725	Total Hawaii		
-----			
	ILLINOIS - 10.6% (7.3% OF TOTAL INVESTMENTS)		
3,645	Chicago, Illinois, FHA/GNMA Collateralized Multifamily Housing Revenue Bonds, Stone Terrace Apartments, Series 2001A, 5.750%, 12/20/42 (Alternative Minimum Tax)	12/11	at 100.00
1,350	Chicago, Illinois, FNMA/GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 2001A, 6.250%, 10/01/32 (Alternative Minimum Tax)	4/11	at 105.00
14,920	Chicago, Illinois, General Obligation Bonds, Series 2001A, 5.250%, 1/01/33 - MBIA Insured	1/11	at 101.00
350	Chicago, Illinois, General Obligation Bonds, Series 2001A, 5.250%, 1/01/33 (Pre-refunded 1/01/11) - MBIA Insured	1/11	at 101.00
285	Chicago, Illinois, General Obligation Refunding Bonds, Series 1996B, 5.125%, 1/01/25 - FGIC Insured	1/08	at 100.00
3,180	Illinois Development Finance Authority, Revenue Bonds, Chicago Charter School Foundation, Series 2002A, 6.250%, 12/01/32	12/21	at 100.00
5,000	Illinois Development Finance Authority, Revenue Bonds, Illinois Wesleyan University, Series 2001, 5.500%, 9/01/32 - AMBAC Insured	9/11	at 100.00
3,100	Illinois Development Finance Authority, Revenue Bonds, Midwestern University, Series 2001B, 6.000%, 5/15/31	5/11	at 101.00
3,000	Illinois Educational Facilities Authority, Student Housing Revenue Bonds, Educational Advancement Foundation Fund, University Center Project, Series 2002, 6.250%, 5/01/34	5/12	at 101.00
5,000	Illinois Health Facilities Authority, Revenue Bonds, Edward Hospital Obligated Group, Series 2001B, 5.250%, 2/15/34 - FSA Insured	2/11	at 101.00
2,275	Illinois, Sales Tax Revenue Bonds, Series 2001, 5.500%, 6/15/16	6/11	at 100.00
4,980	Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1996A, 5.250%, 6/15/27 - AMBAC Insured	6/06	at 102.00
-----			
47,085	Total Illinois		
-----			

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Nuveen Dividend Advantage Municipal Fund 2 (NXZ) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
-----		
	INDIANA - 4.8% (3.3% OF TOTAL INVESTMENTS)	
\$ 2,000	Indiana Health Facility Financing Authority, Hospital Revenue Bonds, Methodist Hospitals Inc., Series 2001, 5.500%, 9/15/31	9/11 at 100.00
2,500	Indiana Health Facility Financing Authority, Hospital Revenue Refunding Bonds, Columbus Regional Hospital, Series 1993, 7.000%, 8/15/15 - FSA Insured	No Opt. Call
	Indiana Transportation Finance Authority, Highway Revenue Bonds, Series 2003A:	
4,000	5.000%, 6/01/23 - FSA Insured	6/13 at 100.00
6,000	5.000%, 6/01/24 - FSA Insured	6/13 at 100.00
3,107	Indianapolis, Indiana, Special Facility Revenue Bonds, United Airlines Inc., Indianapolis Maintenance Center Project, Series 1995A, 6.500%, 11/15/31 (Alternative Minimum Tax) (6)	5/06 at 102.00
6,100	St. Joseph County Hospital Authority, Indiana, Revenue Bonds, Madison Center Inc., Series 1999, 5.800%, 2/15/24	2/09 at 102.00
-----		
23,707	Total Indiana	
-----		
	IOWA - 0.2% (0.1% OF TOTAL INVESTMENTS)	
1,000	Iowa Higher Education Loan Authority, Private College Facility Revenue Bonds, Wartburg College, Series 2002, 5.500%, 10/01/28 (Pre-refunded 10/01/12) - ACA Insured	10/12 at 100.00
-----		
	KANSAS - 3.9% (2.6% OF TOTAL INVESTMENTS)	
17,000	Wichita, Kansas, Hospital Facilities Revenue Refunding and Improvement Bonds, Via Christi Health System Inc., Series 2001-III, 5.625%, 11/15/31	11/11 at 101.00
-----		
	LOUISIANA - 4.3% (2.9% OF TOTAL INVESTMENTS)	
18,825	Tobacco Settlement Financing Corporation, Louisiana, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 5.875%, 5/15/39	5/11 at 101.00
-----		
	MASSACHUSETTS - 3.9% (2.7% OF TOTAL INVESTMENTS)	
2,875	Massachusetts Port Authority, Special Facilities Revenue Bonds, BOSFUEL Corporation, Series 1997, 5.750%, 7/01/39 -	7/07 at 102.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

MBIA Insured (Alternative Minimum Tax)

15,000	Massachusetts Turnpike Authority, Metropolitan Highway System Revenue Bonds, Senior Series 1997A, 5.000%, 1/01/37 - MBIA Insured	1/07 at 102.00
--------	--	----------------

---

17,875	Total Massachusetts	
--------	---------------------	--

---

MICHIGAN - 14.2% (9.7% OF TOTAL INVESTMENTS)

15,390	Detroit, Michigan, Senior Lien Water Supply System Revenue Bonds, Series 2001A, 5.250%, 7/01/33 (Pre-refunded 7/01/11) - FGIC Insured	7/11 at 100.00
--------	---	----------------

Detroit, Michigan, Senior Lien Water Supply System Revenue Bonds, Series 2001A:

20,000	5.500%, 7/01/33 - FGIC Insured	7/11 at 101.00
14,610	5.250%, 7/01/33 - FGIC Insured	7/11 at 100.00

4,000	Michigan Municipal Bond Authority, Public School Academy Revenue Bonds, Detroit Academy of Arts and Sciences Charter School, Series 2001A, 8.000%, 10/01/31	10/09 at 102.00
-------	---	-----------------

2,000	Michigan State Hospital Finance Authority, Hospital Revenue Bonds, Detroit Medical Center Obligated Group, Series 1998A, 5.125%, 8/15/18	8/08 at 101.00
-------	--	----------------

Michigan State Hospital Finance Authority, Revenue Refunding Bonds, Detroit Medical Center Obligated Group, Series 1993A:

2,000	6.250%, 8/15/13	8/06 at 100.00
4,000	6.500%, 8/15/18	8/06 at 100.00

---

62,000	Total Michigan	
--------	----------------	--

---

MINNESOTA - 3.2% (2.2% OF TOTAL INVESTMENTS)

14,000	Minneapolis-St. Paul Metropolitan Airports Commission, Minnesota, Airport Revenue Bonds, Series 2001A, 5.250%, 1/01/32 - FGIC Insured	1/11 at 100.00
--------	---	----------------

MISSOURI - 4.9% (3.4% OF TOTAL INVESTMENTS)

21,000	Missouri Health and Educational Facilities Authority, Revenue Bonds, SSM Healthcare System, Series 2001A, 5.250%, 6/01/28 (Pre-refunded 6/01/11) - AMBAC Insured	6/11 at 101.00
--------	--	----------------

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
---------------------------	-----------------	---------------------------------

---

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

MONTANA - 0.7% (0.5% OF TOTAL INVESTMENTS)

\$	3,280	Montana Board of Housing, Single Family Program Bonds, Series 2001A-2, 5.700%, 6/01/32 (Alternative Minimum Tax)	12/10 at 100.00
----	-------	---	-----------------

---

NEVADA - 4.1% (2.8% OF TOTAL INVESTMENTS)

12,275	Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, First Tier, Series 2000, 5.375%, 1/01/40 - AMBAC Insured	1/10 at 100.00
--------	---	----------------

3,500	Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, Second Tier, Series 2000, 7.375%, 1/01/40	1/10 at 102.00
-------	--	----------------

2,330	Henderson, Nevada, Healthcare Facility Revenue Bonds, Catholic Healthcare West, Series 1998A, 5.250%, 7/01/18	7/08 at 101.00
-------	--	----------------

---

18,105	Total Nevada	
--------	--------------	--

---

NEW HAMPSHIRE - 2.1% (1.5% OF TOTAL INVESTMENTS)

8,000	New Hampshire Business Finance Authority, Pollution Control Remarketed Revenue Refunding Bonds, Connecticut Light and Power Company, Series 1992A, 5.850%, 12/01/22	10/08 at 102.00
-------	---	-----------------

1,530	New Hampshire Housing Finance Agency, Single Family Mortgage Acquisition Bonds, Series 2001A, 5.700%, 1/01/31 (Alternative Minimum Tax)	5/11 at 100.00
-------	---	----------------

---

9,530	Total New Hampshire	
-------	---------------------	--

---

NEW JERSEY - 2.3% (1.6% OF TOTAL INVESTMENTS)

3,995	New Jersey Economic Development Authority, Special Facilities Revenue Bonds, Continental Airlines Inc., Series 2000, 7.000%, 11/15/30 (Alternative Minimum Tax)	11/10 at 101.00
-------	---	-----------------

475	Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2002, 5.750%, 6/01/32	6/12 at 100.00
-----	---	----------------

	Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2003:	
2,200	6.375%, 6/01/32	6/13 at 100.00
425	6.750%, 6/01/39	6/13 at 100.00
3,085	6.250%, 6/01/43	6/13 at 100.00

---

10,180	Total New Jersey	
--------	------------------	--

---

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

NEW MEXICO - 5.4% (3.7% OF TOTAL INVESTMENTS)

	New Mexico Hospital Equipment Loan Council, Hospital Revenue Bonds, Presbyterian Healthcare Services, Series 2001A:		
12,000	5.500%, 8/01/25 (Pre-refunded 8/01/11)		8/11 at 101.00
10,800	5.500%, 8/01/30 (Pre-refunded 8/01/11)		8/11 at 101.00

---

22,800 Total New Mexico

---

NEW YORK - 6.4% (4.4% OF TOTAL INVESTMENTS)

4,900	Dormitory Authority of the State of New York, Revenue Bonds, Mount Sinai NYU Health Obligated Group, Series 2000A, 6.625%, 7/01/19		7/10 at 101.00
6,000	Long Island Power Authority, New York, Electric System General Revenue Bonds, Series 2001L, 5.375%, 5/01/33		5/11 at 100.00
5,000	New York City Industrial Development Agency, New York, Special Facilities Revenue Bonds, JFK Airport - American Airlines Inc., Series 2002B, 8.500%, 8/01/28 (Alternative Minimum Tax)		8/12 at 101.00
12,000	New York City Municipal Water Finance Authority, New York, Water and Sewerage System Revenue Bonds, Fiscal Series 2001C, 5.125%, 6/15/33		6/11 at 101.00

---

27,900 Total New York

---

59

Nuveen Dividend Advantage Municipal Fund 2 (NXZ) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
	NORTH CAROLINA - 1.7% (1.2% OF TOTAL INVESTMENTS)	
\$ 2,950	North Carolina Capital Facilities Financing Agency, Revenue Bonds, Johnson and Wales University, Series 2003A, 5.000%, 4/01/33 - XLCA Insured	4/13 at 100.00
4,500	North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1999B, 5.600%, 1/01/15	1/09 at 102.00
7,450	Total North Carolina	

NORTH DAKOTA - 0.6% (0.4% OF TOTAL INVESTMENTS)



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

2,520	North Dakota Housing Finance Agency, Home Mortgage Finance Program Refunding Bonds, Series 2001A, 5.550%, 1/01/32 (Alternative Minimum Tax)	7/10 at 100.00
-------	---	----------------

---

OHIO - 0.4% (0.3% OF TOTAL INVESTMENTS)

1,845	Columbus City School District, Franklin County, Ohio, General Obligation Bonds, Series 2003, 5.000%, 12/01/28 - FGIC Insured	6/13 at 100.00
-------	--	----------------

---

OKLAHOMA - 0.8% (0.6% OF TOTAL INVESTMENTS)

Oklahoma Development Finance Authority, Revenue Refunding Bonds, Hillcrest Healthcare System, Series 1999A:		
2,655	5.125%, 8/15/10 (Pre-refunded 8/15/09)	8/09 at 101.00
1,000	5.200%, 8/15/11 (Pre-refunded 8/15/09)	8/09 at 101.00

---

3,655	Total Oklahoma
-------	----------------

---

OREGON - 3.8% (2.6% OF TOTAL INVESTMENTS)

8,000	Clackamas County Hospital Facility Authority, Oregon, Revenue Refunding Bonds, Legacy Health System, Series 2001, 5.250%, 5/01/21	5/11 at 101.00
9,000	Oregon Department of Administrative Services, Certificates of Participation, Series 2001D, 5.000%, 5/01/26 - AMBAC Insured	5/11 at 101.00

---

17,000	Total Oregon
--------	--------------

---

PENNSYLVANIA - 3.6% (2.5% OF TOTAL INVESTMENTS)

5,000	Allegheny County Hospital Development Authority, Pennsylvania, Revenue Bonds, West Penn Allegheny Health System, Series 2000B, 9.250%, 11/15/30	
1,930	Carbon County Industrial Development Authority, Pennsylvania, Resource Recovery Revenue Refunding Bonds, Panther Creek Partners Project, Series 2000, 6.650%, 5/01/10 (Alternative Minimum Tax)	No Opt. Call
8,000	Pennsylvania Higher Educational Facilities Authority, Revenue Bonds, UPMC Health System, Series 2001A, 6.000%, 1/15/31	1/11 at 101.00

---

14,930	Total Pennsylvania
--------	--------------------

---

SOUTH DAKOTA - 1.1% (0.7% OF TOTAL INVESTMENTS)

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

4,820	South Dakota Housing Development Authority, Remarketed Homeownership Mortgage Bonds, Series 1997E-4, 5.450%, 5/01/18 (Alternative Minimum Tax)	5/09 at 102.00
-------	--	----------------

-----

TEXAS - 24.6% (16.8% OF TOTAL INVESTMENTS)

7,500	Austin, Texas, Electric Utility System Revenue Refunding Bonds, Series 2001, 5.000%, 11/15/30 - FSA Insured	11/10 at 100.00
	Dallas-Fort Worth International Airport Public Facility Corporation, Texas, Airport Hotel Revenue Bonds, Series 2001:	
15,000	5.250%, 1/15/26 - FSA Insured	1/09 at 100.00
1,750	5.200%, 1/15/31 - FSA Insured	1/09 at 100.00
6,000	Decatur Hospital Authority, Texas, Revenue Bonds, Wise Regional Health System, Series 2004A, 7.125%, 9/01/34	9/14 at 100.00
10,000	Gulf Coast Industrial Development Authority, Texas, Solid Waste Disposal Revenue Bonds, Citgo Petroleum Corporation Project, Series 1998, 8.000%, 4/01/28 (Alternative Minimum Tax)	4/12 at 100.00
3,000	Harris County Health Facilities Development Corporation, Texas, Revenue Bonds, Christus Health, Series 1999A, 5.375%, 7/01/24 (Pre-refunded 7/01/09) - MBIA Insured	7/09 at 101.00

60

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
------------------------	-----------------	------------------------------

-----

TEXAS (continued)

\$ 30,980	Harris County-Houston Sports Authority, Texas, Junior Lien Revenue Refunding Bonds, Series 2001B, 5.250%, 11/15/40 - MBIA Insured	11/11 at 100.00
40,000	Harris County-Houston Sports Authority, Texas, Senior Lien Revenue Refunding Bonds, Series 2001A, 0.000%, 11/15/40 - MBIA Insured	11/30 at 54.04
	Hays Consolidated Independent School District, Hays County, Texas, General Obligation School Building Bonds, Series 2001:	
10,715	0.000%, 8/15/25 (Pre-refunded 8/15/11)	8/11 at 43.18
12,940	0.000%, 8/15/26 (Pre-refunded 8/15/11)	8/11 at 40.60
	Houston, Texas, Hotel Occupancy Tax and Special Revenue Bonds, Convention and Entertainment Project, Series 2001B:	
5,000	0.000%, 9/01/30 - AMBAC Insured	No Opt. Call
5,000	0.000%, 9/01/31 - AMBAC Insured	No Opt. Call
5,000	Metro Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Wilson N. Jones Memorial Hospital, Series 2001, 7.250%, 1/01/31	1/11 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

10,500	Texas, General Obligation Bonds, Water Financial Assistance Program, Series 2001, 5.250%, 8/01/35	8/11 at 100.00
2,000	Tom Green County Health Facilities Development Corporation, Texas, Hospital Revenue Bonds, Shannon Health System Project, Series 2001, 6.750%, 5/15/21	5/11 at 101.00
<hr/>		
165,385	Total Texas	
<hr/>		
VIRGINIA - 0.1% (0.1% OF TOTAL INVESTMENTS)		
5,000	Pocahontas Parkway Association, Virginia, Senior Lien Revenue Bonds, Route 895 Connector Toll Road, Series 1998B, 0.000%, 8/15/33	8/08 at 23.55
<hr/>		
WASHINGTON - 6.0% (4.1% OF TOTAL INVESTMENTS)		
Seattle, Washington, Municipal Light and Power Revenue Refunding and Improvement Bonds, Series 2001:		
4,820	5.500%, 3/01/19 - FSA Insured	3/11 at 100.00
7,250	5.125%, 3/01/26 - FSA Insured	3/11 at 100.00
3,500	Tacoma, Washington, Electric System Revenue Refunding Bonds, Series 2001A, 5.750%, 1/01/18 (Pre-refunded 1/01/11) - FSA Insured	1/11 at 101.00
7,500	Washington State Healthcare Facilities Authority, Revenue Bonds, Sisters of Providence Health System, Series 2001A, 5.250%, 10/01/21 - MBIA Insured	10/11 at 100.00
985	Washington State Tobacco Settlement Authority, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2002, 6.500%, 6/01/26	6/13 at 100.00
2,100	Washington, Certificates of Participation, Washington Convention and Trade Center, Series 1999, 5.125%, 7/01/13 - MBIA Insured	7/09 at 100.00
<hr/>		
26,155	Total Washington	
<hr/>		
WEST VIRGINIA - 1.1% (0.8% OF TOTAL INVESTMENTS)		
5,000	Mason County, West Virginia, Pollution Control Revenue Bonds, Appalachian Power Company, Series 2003L, 5.500%, 10/01/22	10/11 at 100.00
<hr/>		
WISCONSIN - 0.7% (0.5% OF TOTAL INVESTMENTS)		
1,000	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Divine Savior Healthcare, Series 2002A, 7.375%, 5/01/26 (Pre-refunded 5/01/12)	5/12 at 100.00
2,100	Wisconsin Health and Educational Facilities Authority, Revenue	8/13 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Bonds, Wheaton Franciscan Services Inc., Series 2003A,  
5.125%, 8/15/33

3,100	Total Wisconsin
\$ 741,997	Total Long-Term Municipal Bonds (cost \$625,893,472)

61

Nuveen Dividend Advantage Municipal Fund 2 (NXZ) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

SHARES	DESCRIPTION (1)
	COMMON STOCKS - 0.1% (0.1% OF TOTAL INVESTMENTS)
	AIRLINES - 0.1% (0.1% OF TOTAL INVESTMENTS)
12,027	UAL Corporation (5) (6) (7)
	Total Common Stocks (cost \$488,938)
	Total Investments (cost \$626,382,410) - 146.0%
	Other Assets Less Liabilities - 2.2%
	Preferred Shares, at Liquidation Value - (48.2)%
	Net Assets Applicable to Common Shares - 100%

- (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: 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: Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
- (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) Non-income producing.
- (6) On December 9, 2002, UAL Corporation ("UAL"), the holding company of United Air Lines, Inc. filed for

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

federal bankruptcy protection. The Adviser determined that it was likely that United would not remain current on their interest payment obligations with respect to the bonds previously held and thus the Fund had stopped accruing interest on its UAL bonds.

- (7) On February 1, 2006, UAL emerged from federal bankruptcy with the acceptance of its reorganization plan by the bankruptcy court. Under the settle agreement established to meet UAL's unsecured bond obligations, the bondholders, including the Fund, received a distribution of UAL common stock during the subsequent month, and the bankruptcy court dismissed all unsecured claims of bondholders, including those of the Fund. Subsequent to fiscal year-end, the Fund liquidated its UAL common stock holdings.

N/R Not rated.

See accompanying notes to financial statements.

62

Nuveen Dividend Advantage Municipal Fund 3 (NZF)  
Portfolio of  
INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
-----		
ALABAMA - 0.9% (0.6% OF TOTAL INVESTMENTS)		
\$ 5,655	Alabama State Port Authority, Revenue Bonds, State Docks Department Facilities, Series 2001, 5.250%, 10/01/26 - AMBAC Insured (Alternative Minimum Tax)	10/11 at 100.00
-----		
ALASKA - 0.7% (0.4% OF TOTAL INVESTMENTS)		
4,000	Alaska Student Loan Corporation, Student Loan Revenue Bonds, Series 1998A, 5.250%, 7/01/14 - AMBAC Insured (Alternative Minimum Tax)	7/08 at 100.00
-----		
ARKANSAS - 0.9% (0.6% OF TOTAL INVESTMENTS)		
Sebastian County Health Facilities Board, Arkansas, Hospital Revenue Improvement Bonds, Sparks Regional Medical Center, Series 2001A:		
1,805	5.500%, 11/01/13	11/11 at 101.00
1,900	5.500%, 11/01/14	11/11 at 101.00
1,745	5.250%, 11/01/21	11/11 at 101.00
-----		
5,450	Total Arkansas	
-----		

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

CALIFORNIA - 10.7% (7.2% OF TOTAL INVESTMENTS)

855	California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A, 5.000%, 3/01/28	3/13 at 100.00
5,000	California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31	8/11 at 102.00
5,000	California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2004G, 2.300%, 4/01/34 (Mandatory put 5/01/07)	4/34 at 100.00
18,850	California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.350%, 12/01/21 - MBIA Insured (Alternative Minimum Tax)	6/07 at 101.00
	Los Angeles Regional Airports Improvement Corporation, California, Lease Revenue Refunding Bonds, LAXFUEL Corporation at Los Angeles International Airport, Series 2001:	
13,955	5.750%, 1/01/16 - AMBAC Insured (Alternative Minimum Tax)	1/12 at 100.00
5,000	5.375%, 1/01/21 - AMBAC Insured (Alternative Minimum Tax)	1/12 at 100.00
1,500	5.250%, 1/01/23 - AMBAC Insured (Alternative Minimum Tax)	1/12 at 100.00
10,000	5.500%, 1/01/32 - AMBAC Insured (Alternative Minimum Tax)	1/12 at 100.00
10,000	San Joaquin Hills Transportation Corridor Agency, Orange County, California, Toll Road Revenue Refunding Bonds, Series 1997A, 0.000%, 1/15/35 - MBIA Insured	No Opt. Call
3,000	San Mateo County Community College District, California, General Obligation Bonds, Series 2006C, 0.000%, 9/01/30 - MBIA Insured	No Opt. Call
-----		
73,160	Total California	
-----		

COLORADO - 7.7% (5.1% OF TOTAL INVESTMENTS)

2,250	Canterberry Crossing Metropolitan District II, Parker, Colorado, Limited Tax General Obligation Bonds, Series 2002, 7.375%, 12/01/32	12/12 at 100.00
1,655	Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Belle Creek Education Center, Series 2002A, 7.625%, 3/15/32	3/12 at 100.00
3,250	Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Montessori Peaks Building Foundation, Series 2002A, 8.000%, 5/01/32	5/12 at 102.00
1,775	Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Weld County School District 6 - Frontier Academy, Series 2001, 7.375%, 6/01/31	6/11 at 100.00
3,380	Colorado Housing Finance Authority, Multifamily Project Bonds, Class I, Series 2001A-1, 5.500%, 4/01/31 (Alternative Minimum Tax)	10/11 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

10,100 Colorado Springs, Colorado, Utility System Revenue Refunding and Improvement Bonds, Series 1997A, 5.375%, 11/15/26 11/07 at 100.00

63

Nuveen Dividend Advantage Municipal Fund 3 (NZF) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
COLORADO (continued)		
	Denver City and County, Colorado, Airport System Revenue Bonds, Series 1996A:	
\$ 19,150	5.750%, 11/15/16 - MBIA Insured	11/06 at 101.00
1,105	5.500%, 11/15/25 - MBIA Insured	11/06 at 101.00
2,000	Denver City and County, Colorado, Airport System Revenue Refunding Bonds, Series 2001A, 5.500%, 11/15/16 - FGIC Insured (Alternative Minimum Tax)	11/11 at 100.00
1,000	Plaza Metropolitan District 1, Lakewood, Colorado, Tax Increment Revenue Bonds, Series 2003, 8.000%, 12/01/25	6/14 at 101.00
45,665	Total Colorado	
DELAWARE - 0.5% (0.3% OF TOTAL INVESTMENTS)		
2,835	Delaware Housing Authority, Multifamily Mortgage Revenue Bonds, Series 2001A, 5.400%, 7/01/24	7/12 at 100.00
DISTRICT OF COLUMBIA - 1.0% (0.7% OF TOTAL INVESTMENTS)		
6,000	District of Columbia, Revenue Bonds, Catholic University of America, Series 1999, 5.625%, 10/01/29 - AMBAC Insured	10/09 at 101.00
FLORIDA - 1.6% (1.1% OF TOTAL INVESTMENTS)		
2,000	Dade County, Florida, Water and Sewerage System Revenue Bonds, Series 1997, 5.375%, 10/01/16 - FGIC Insured	10/07 at 102.00
	Orange County Housing Finance Authority, Florida, Multifamily Housing Revenue Bonds, Oak Glen Apartments, Series 2001G:	
1,105	5.400%, 12/01/32 - FSA Insured	12/11 at 100.00
2,195	5.450%, 12/01/41 - FSA Insured	12/11 at 100.00
4,175	Pace Property Finance Authority Inc., Florida, Utility System Improvement and Revenue Refunding Bonds, Series 1997, 5.250%, 9/01/17 - AMBAC Insured	9/07 at 102.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

---

9,475	Total Florida		
-------	---------------	--	--

---

GEORGIA - 2.3% (1.6% OF TOTAL INVESTMENTS)			
5,000	Atlanta, Georgia, Airport General Revenue Bonds, Series 2000B, 5.625%, 1/01/30 - FGIC Insured (Alternative Minimum Tax)	1/10	at 101.00
2,700	Atlanta, Georgia, Tax Allocation Bonds, Atlantic Station Project, Series 2001, 7.900%, 12/01/24	12/11	at 101.00
3,740	Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 2001, 5.500%, 5/15/31	5/11	at 100.00
2,000	Henry County Water and Sewerage Authority, Georgia, Revenue Bonds, Series 2000, 5.625%, 2/01/30 (Pre-refunded 2/01/10) - FGIC Insured	2/10	at 101.00

---

13,440	Total Georgia		
--------	---------------	--	--

---

HAWAII - 0.9% (0.6% OF TOTAL INVESTMENTS)			
5,125	Hawaii, Highway Revenue Bonds, Series 2001, 5.375%, 7/01/21 (Pre-refunded 7/01/11) - FSA Insured	7/11	at 100.00

---

ILLINOIS - 18.4% (12.4% OF TOTAL INVESTMENTS)			
3,000	Chicago, Illinois, General Obligation Bonds, Neighborhoods Alive 21 Program, Series 2001A, 5.500%, 1/01/31 (Pre-refunded 1/01/11) - FGIC Insured	1/11	at 100.00
285	Chicago, Illinois, General Obligation Refunding Bonds, Series 1996B, 5.125%, 1/01/25 - FGIC Insured	1/08	at 100.00
8,375	Chicago, Illinois, Revenue Bonds, Midway Airport, Series 2001A, 5.500%, 1/01/19 - FSA Insured (Alternative Minimum Tax)	1/11	at 101.00
1,750	Chicago, Illinois, Sales Tax Revenue Bonds, Series 1998, 5.250%, 1/01/28 - FGIC Insured	7/08	at 102.00
10,800	Chicago, Illinois, Sales Tax Revenue Bonds, Series 1999, 5.375%, 1/01/30 (Pre-refunded 1/01/09) - FGIC Insured	1/09	at 101.00
4,950	Chicago, Illinois, Second Lien Passenger Facility Charge Revenue Bonds, O'Hare International Airport, Series 2001A, 5.375%, 1/01/32 - AMBAC Insured (Alternative Minimum Tax)	1/11	at 101.00



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

AMOUNT (000)	DESCRIPTION (1)	PROVISIONS (2)
ILLINOIS (continued)		
\$ 8,610	Chicago, Illinois, Second Lien Wastewater Transmission Revenue Bonds, Series 2001A, 5.500%, 1/01/26 (Pre-refunded 1/01/11) - AMBAC Insured	1/11 at 100.00
2,220	Chicago, Illinois, Second Lien Wastewater Transmission Revenue Bonds, Series 2001A, 5.500%, 1/01/16 - MBIA Insured	No Opt. Call
10,000	Chicago, Illinois, Senior Lien Water Revenue Bonds, Series 2001, 5.000%, 11/01/26 (Pre-refunded 11/01/11) - AMBAC Insured	11/11 at 100.00
1,665	Chicago, Illinois, Third Lien General Airport Revenue Bonds, O'Hare International Airport, Series 2005A, 5.000%, 1/01/33 - FGIC Insured	1/16 at 100.00
2,415	Illinois Finance Authority, General Obligation Debt Certificates, Local Government Program - Kankakee County, Series 2005B, 5.000%, 12/01/24 - AMBAC Insured	12/14 at 100.00
1,100	Illinois Health Facilities Authority, Revenue Bonds, Condell Medical Center, Series 2000, 6.500%, 5/15/30	5/10 at 101.00
9,000	Illinois Health Facilities Authority, Revenue Bonds, Covenant Retirement Communities Inc., Series 2001, 5.875%, 12/01/31	12/11 at 101.00
15,000	Illinois Health Facilities Authority, Revenue Bonds, Loyola University Health System, Series 2001A, 6.125%, 7/01/31	7/11 at 100.00
5,000	Lake County School District 38, Big Hollow, Illinois, General Obligation Bonds, Series 2005, 0.000%, 2/01/22 - AMBAC Insured	No Opt. Call
7,000	Lombard Public Facilities Corporation, Illinois, First Tier Conference Center and Hotel Revenue Bonds, Series 2005A-1, 7.125%, 1/01/36	1/16 at 100.00
16,900	Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Series 1999A, 5.250%, 12/15/28 - FGIC Insured	12/09 at 101.00
2,000	Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1998A, 5.500%, 6/15/29 - FGIC Insured	No Opt. Call
110,070	Total Illinois	
INDIANA - 5.8% (3.9% OF TOTAL INVESTMENTS)		
Clark-Pleasant Community School Building Corporation, Indiana, First Mortgage Bonds, Series 2001:		
1,255	5.000%, 7/15/21 (Pre-refunded 1/15/12) - AMBAC Insured	1/12 at 100.00
1,000	5.000%, 1/15/26 (Pre-refunded 1/15/12) - AMBAC Insured	1/12 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	Evansville Vanderburgh Public Library Lease Corporation, Indiana, First Mortgage Bonds, Series 2001:		
2,000	5.750%, 7/15/18 (Pre-refunded 1/15/12) - MBIA Insured		1/12 at 100.00
2,750	5.125%, 1/15/24 (Pre-refunded 1/15/12) - MBIA Insured		1/12 at 100.00
3,405	Gary, Indiana, GNMA/FHA Mortgage Revenue Bonds, Windsor Square Project, Series 2001A, 5.375%, 10/20/41 (Alternative Minimum Tax)		11/11 at 102.00
1,250	Hamilton Southeastern Cumberland Campus School Building Corporation, Indiana, First Mortgage Bonds, Series 2001, 5.125%, 1/15/23 - AMBAC Insured		1/12 at 100.00
9,500	Indiana Educational Facilities Authority, Revenue Bonds, Butler University, Series 2001, 5.500%, 2/01/26 - MBIA Insured		2/11 at 100.00
4,230	Indiana Finance Authority, Educational Facilities Revenue Bonds, Tudor Park Foundation, Series 2005B, 5.000%, 6/01/24		6/15 at 100.00
2,800	Indiana Health Facility Financing Authority, Revenue Bonds, Community Hospitals of Indiana, Series 2005A, 5.000%, 5/01/35 - AMBAC Insured		5/15 at 100.00
2,650	Indianapolis, Indiana, Special Facility Revenue Bonds, United Airlines Inc., Indianapolis Maintenance Center Project, Series 1995A, 6.500%, 11/15/31 (Alternative Minimum Tax) (5)		5/06 at 102.00
3,500	University of Southern Indiana, Student Fee Bonds, Series 2001H, 5.000%, 10/01/21 - AMBAC Insured		10/11 at 100.00
	Wayne County Jail Holding Corporation, Indiana, First Mortgage Bonds, Series 2001:		
1,150	5.625%, 7/15/18 - AMBAC Insured		1/13 at 101.00
1,090	5.500%, 7/15/22 - AMBAC Insured		1/13 at 101.00
36,580	Total Indiana		

65

Nuveen Dividend Advantage Municipal Fund 3 (NZF) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
	IOWA - 5.9% (4.0% OF TOTAL INVESTMENTS)	
\$ 2,000	Iowa Finance Authority, Healthcare Revenue Bonds, Great River Medical Center, Series 2001, 5.250%, 5/15/31 - FSA Insured	5/11 at 100.00
	Iowa Tobacco Settlement Authority, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2001B:	
28,000	5.300%, 6/01/25 (Pre-refunded 6/01/11)	6/11 at 101.00
3,950	5.600%, 6/01/35 (Pre-refunded 6/01/11)	6/11 at 101.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

33,950 Total Iowa

---

KENTUCKY - 3.1% (2.1% OF TOTAL INVESTMENTS)

18,500 Louisville and Jefferson County Metropolitan Sewer District, 11/11 at 101.00  
 Kentucky, Sewer and Drainage System Revenue Bonds,  
 Series 2001A, 5.125%, 5/15/27 - MBIA Insured

---

LOUISIANA - 3.4% (2.3% OF TOTAL INVESTMENTS)

19,890 Tobacco Settlement Financing Corporation, Louisiana, Tobacco 5/11 at 101.00  
 Settlement Asset-Backed Bonds, Series 2001B, 5.875%, 5/15/39

---

MAINE - 1.1% (0.7% OF TOTAL INVESTMENTS)

Maine State Housing Authority, Single Family Mortgage  
 Purchase Bonds, Series 2001B:  
 4,610 5.400%, 11/15/21 (Alternative Minimum Tax) 11/10 at 100.00  
 1,800 5.500%, 11/15/32 (Alternative Minimum Tax) 11/10 at 100.00

---

6,410 Total Maine

---

MARYLAND - 2.0% (1.3% OF TOTAL INVESTMENTS)

1,570 Maryland Community Development Administration, Insured 7/11 at 100.00  
 Multifamily Housing Mortgage Loan Revenue Bonds,  
 Series 2001B, 5.250%, 7/01/21 (Alternative Minimum Tax)  
 10,600 Maryland Energy Financing Administration, Revenue Bonds, 9/07 at 100.00  
 AES Warrior Run Project, Series 1995, 7.400%, 9/01/19  
 (Alternative Minimum Tax)

---

12,170 Total Maryland

---

MASSACHUSETTS - 1.7% (1.1% OF TOTAL INVESTMENTS)

5,000 Massachusetts Port Authority, Special Facilities Revenue 1/11 at 101.00  
 Bonds, Delta Air Lines Inc., Series 2001A, 5.500%, 1/01/18 -  
 AMBAC Insured (Alternative Minimum Tax)  
 5,150 Massachusetts Turnpike Authority, Metropolitan Highway 1/07 at 102.00  
 System Revenue Bonds, Senior Series 1997A,  
 5.000%, 1/01/37 - MBIA Insured

---

10,150 Total Massachusetts

---

MICHIGAN - 9.1% (6.1% OF TOTAL INVESTMENTS)

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

15,000	Detroit City School District, Wayne County, Michigan, Unlimited Tax School Building and Site Improvement Bonds, Series 2001A, 6.000%, 5/01/29 - FSA Insured	No Opt. Call
11,000	Kent Hospital Finance Authority, Michigan, Revenue Bonds, Spectrum Health, Series 2001A, 5.500%, 1/15/31 (Pre-refunded 7/15/11)	7/11 at 101.00
1,235	Michigan State Building Authority, Revenue Bonds, Facilities Program, Series 2001I, 5.500%, 10/15/18	10/11 at 100.00
1,355	Michigan State Hospital Finance Authority, Hospital Revenue Bonds, Detroit Medical Center Obligated Group, Series 1998A, 5.250%, 8/15/23	8/08 at 101.00
3,485	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Sisters of Mercy Health Corporation, Series 1993P, 5.375%, 8/15/14 - MBIA Insured (ETM)	No Opt. Call
	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Sparrow Obligated Group, Series 2001:	
1,400	5.500%, 11/15/21	11/11 at 101.00
2,500	5.625%, 11/15/31	11/11 at 101.00
12,640	Royal Oak Hospital Finance Authority, Michigan, Hospital Revenue Bonds, William Beaumont Hospital, Series 2001M, 5.250%, 11/15/31 - MBIA Insured	11/11 at 100.00
2,395	Ypsilanti Community Utilities Authority, Washtenaw County, Michigan, General Obligation Bonds, Sanitary Sewerage System 3, Series 2001, 5.100%, 5/01/31 - FGIC Insured	5/11 at 100.00
-----		
51,010	Total Michigan	
-----		

66

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
	MINNESOTA - 0.4% (0.3% OF TOTAL INVESTMENTS)	
\$ 2,340	Dakota County Community Development Agency, Minnesota, GNMA Collateralized Multifamily Housing Revenue Bonds, Rose Apartments Project, Series 2001, 6.350%, 10/20/37 (Alternative Minimum Tax)	10/11 at 105.00
	-----	
	MISSISSIPPI - 0.4% (0.2% OF TOTAL INVESTMENTS)	
2,155	Mississippi Business Finance Corporation, GNMA Collateralized Retirement Facility Mortgage Revenue Refunding Bonds, Aldersgate Retirement Community Inc. Project, Series 1999A, 5.450%, 5/20/34	5/09 at 103.00
-----		

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

MISSOURI - 2.5% (1.7% OF TOTAL INVESTMENTS)

1,825	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
-------	--	-----------------

Missouri Development Finance Board, Cultural Facilities Revenue Bonds, Nelson Gallery Foundation, Series 2001A:

3,335	5.250%, 12/01/19 - MBIA Insured	12/11 at 100.00
3,510	5.250%, 12/01/20 - MBIA Insured	12/11 at 100.00
3,695	5.250%, 12/01/21 - MBIA Insured	12/11 at 100.00
2,040	5.250%, 12/01/22 - MBIA Insured	12/11 at 100.00

---

14,405	Total Missouri	
--------	----------------	--

---

MONTANA - 0.9% (0.6% OF TOTAL INVESTMENTS)

5,000	Montana Board of Investments, Exempt Facility Revenue Bonds, Stillwater Mining Company, Series 2000, 8.000%, 7/01/20 (Alternative Minimum Tax)	7/10 at 101.00
-------	--	----------------

NEBRASKA - 0.9% (0.6% OF TOTAL INVESTMENTS)

Nebraska Investment Finance Authority, Single Family Housing Revenue Bonds, Series 2001D:

2,255	5.250%, 9/01/21 (Alternative Minimum Tax)	9/11 at 100.00
3,035	5.375%, 9/01/32 (Alternative Minimum Tax)	9/11 at 100.00

---

5,290	Total Nebraska	
-------	----------------	--

---

NEVADA - 7.8% (5.3% OF TOTAL INVESTMENTS)

35,000	Clark County, Nevada, Limited Tax General Obligation Bank Bonds, Series 2000, 5.500%, 7/01/30 - MBIA Insured	7/10 at 100.00
--------	--	----------------

2,000	Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, First Tier, Series 2000, 5.375%, 1/01/40 - AMBAC Insured	1/10 at 100.00
-------	---	----------------

4,000	Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, Second Tier, Series 2000, 7.375%, 1/01/40	1/10 at 102.00
-------	--	----------------

265	Nevada Housing Division, Single Family Mortgage Bonds, Senior Series 1998A-1, 5.300%, 4/01/18 (Alternative Minimum Tax)	4/08 at 101.50
-----	---	----------------

4,290	University of Nevada, Revenue Bonds, Community College System, Series 2001A, 5.250%, 7/01/26 - FGIC Insured	1/12 at 100.00
-------	---	----------------

---

45,555	Total Nevada	
--------	--------------	--

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

NEW HAMPSHIRE - 0.2% (0.3% OF TOTAL INVESTMENTS)		
2,000	New Hampshire Health and Education Authority, Hospital Revenue Bonds, Concord Hospital, Series 2001, 5.500%, 10/01/21 - FSA Insured	10/11 at 101.00
NEW JERSEY - 2.4% (1.6% OF TOTAL INVESTMENTS)		
10,000	New Jersey Economic Development Authority, Water Facilities Revenue Bonds, American Water Company, Series 2002A, 5.250%, 11/01/32 - AMBAC Insured (Alternative Minimum Tax)	11/12 at 101.00
4,125	New Jersey Transit Corporation, Certificates of Participation, Federal Transit Administration Grants, Series 2002A, 5.500%, 9/15/13 - AMBAC Insured	No Opt. Call
14,125	Total New Jersey	

67

Nuveen Dividend Advantage Municipal Fund 3 (NZF) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
NEW YORK - 4.4% (2.9% OF TOTAL INVESTMENTS)		
\$ 1,780	East Rochester Housing Authority, New York, GNMA Secured Revenue Bonds, Gates Senior Housing Inc., Series 2001, 5.300%, 4/20/31	10/11 at 101.00
5,350	Metropolitan Transportation Authority, New York, Dedicated Tax Fund Bonds, Series 2001A, 5.000%, 11/15/31 (Pre-refunded 11/15/11) - FGIC Insured	11/11 at 100.00
4,155	Monroe County Airport Authority, New York, Revenue Refunding Bonds, Greater Rochester International Airport, Series 1999, 5.750%, 1/01/13 - MBIA Insured (Alternative Minimum Tax)	No Opt. Call
	New York City Municipal Water Finance Authority, New York, Water and Sewerage System Revenue Bonds, Fiscal Series 2001A:	
3,610	5.500%, 6/15/33 (Pre-refunded 6/15/10) - MBIA Insured	6/10 at 101.00
5,710	5.500%, 6/15/33 (Pre-refunded 6/15/10) - FGIC Insured	6/10 at 101.00
2,500	New York City, New York, General Obligation Bonds, Fiscal Series 2002G, 5.625%, 8/01/20 - MBIA Insured	8/12 at 100.00
2,000	New York State Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed and State Contingency Contract-Backed Bonds, Series 2003B-1C, 5.500%, 6/01/16	6/11 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

25,105	Total New York		
-----			
NORTH CAROLINA - 1.1% (0.7% OF TOTAL INVESTMENTS)			
Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A:			
1,750	4.875%, 1/15/32		1/15 at 100.00
3,000	5.000%, 1/15/45		1/15 at 100.00
1,800	North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.500%, 1/01/13		No Opt. Call
6,550	Total North Carolina		
-----			
OHIO - 2.3% (1.5% OF TOTAL INVESTMENTS)			
2,370	Ohio Housing Finance Agency, GNMA Mortgage-Backed Securities Program Residential Mortgage Revenue Bonds, Series 1998A-1, 5.300%, 9/01/19 - FSA Insured (Alternative Minimum Tax)		3/08 at 101.50
7,600	Ohio Water Development Authority, Solid Waste Disposal Revenue Bonds, Bay Shore Power, Series 1998B, 6.625%, 9/01/20 (Alternative Minimum Tax)		9/09 at 102.00
Portage County, Ohio, General Obligation Bonds, Series 2001:			
1,870	5.000%, 12/01/21 - FGIC Insured		12/11 at 100.00
1,775	5.000%, 12/01/23 - FGIC Insured		12/11 at 100.00
13,615	Total Ohio		
-----			
OKLAHOMA - 0.4% (0.3% OF TOTAL INVESTMENTS)			
2,500	Oklahoma Development Finance Authority, Revenue Refunding Bonds, Hillcrest Healthcare System, Series 1999A, 5.625%, 8/15/29 (Pre-refunded 8/15/09)		8/09 at 101.00
-----			
OREGON - 2.5% (1.7% OF TOTAL INVESTMENTS)			
4,700	Oregon Health, Housing, Educational and Cultural Facilities Authority, Revenue Bonds, PeaceHealth Project, Series 2001, 5.250%, 11/15/21 - AMBAC Insured		11/11 at 101.00
10,000	Oregon Housing and Community Services Department, Multifamily Housing Revenue Bonds, Series 2000A, 6.050%, 7/01/42 (Alternative Minimum Tax)		7/10 at 100.00
14,700	Total Oregon		
-----			

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

PENNSYLVANIA - 1.9% (1.3% OF TOTAL INVESTMENTS)

	Allegheny County Hospital Development Authority, Pennsylvania, Revenue Bonds, West Penn Allegheny Health System, Series 2000B:		
2,000	9.250%, 11/15/22		11/10 at 102.00
2,000	9.250%, 11/15/30		11/10 at 102.00
3,500	Pennsylvania Economic Development Financing Authority, Senior Lien Resource Recovery Revenue Bonds, Northampton Generating Project, Series 1994A, 6.600%, 1/01/19 (Alternative Minimum Tax)		7/06 at 100.00

68

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
-----		
	PENNSYLVANIA (continued)	
\$ 3,205	Philadelphia School District, Pennsylvania, General Obligation Bonds, Series 2002B, 5.625%, 8/01/16 (Pre-refunded 8/01/12) - FGIC Insured	8/12 at 100.00
10,705	Total Pennsylvania	
-----		
	SOUTH CAROLINA - 1.6% (1.1% OF TOTAL INVESTMENTS)	
2,185	Greenville County, South Carolina, Special Source Revenue Bonds, Road Improvement Project, Series 2001, 5.500%, 4/01/21 - AMBAC Insured	4/11 at 101.00
6,850	South Carolina Transportation Infrastructure Bank, Revenue Bonds, Series 2001A, 5.500%, 10/01/22 (Pre-refunded 10/01/11) - AMBAC Insured	10/11 at 100.00
9,035	Total South Carolina	
-----		
	TENNESSEE - 1.3% (0.9% OF TOTAL INVESTMENTS)	
5,210	Memphis-Shelby County Airport Authority, Tennessee, Airport Revenue Bonds, Series 2001A, 5.500%, 3/01/14 - FSA Insured (Alternative Minimum Tax)	3/11 at 100.00
1,185	Tennessee Housing Development Agency, Homeownership Program Bonds, Series 1998-2, 5.350%, 7/01/23 (Alternative Minimum Tax)	1/09 at 101.00
1,290	Tennessee Housing Development Agency, Homeownership Program Bonds, Series 2001-3A, 5.200%, 7/01/22 (Alternative	7/11 at 100.00



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Minimum Tax)

-----		
7,685	Total Tennessee	
-----		
TEXAS - 18.0% (12.1% OF TOTAL INVESTMENTS)		
1,125	Brushy Creek Municipal Utility District, Williamson County, Texas, Combination Unlimited Tax and Revenue Refunding Bonds, Series 2001, 5.125%, 6/01/26 - FSA Insured	6/09 at 100.00
Collins and Denton Counties, Frisco, Texas, General Obligation Bonds, Series 2001:		
1,910	5.000%, 2/15/20 - FGIC Insured	2/11 at 100.00
2,005	5.000%, 2/15/21 - FGIC Insured	2/11 at 100.00
3,850	Dallas-Ft. Worth International Airport, Texas, Joint Revenue Refunding and Improvement Bonds, Series 2001A, 5.500%, 11/01/35 - FGIC Insured (Alternative Minimum Tax)	11/11 at 100.00
5,000	Decatur Hospital Authority, Texas, Revenue Bonds, Wise Regional Health System, Series 2004A, 7.000%, 9/01/25	9/14 at 100.00
4,040	Harris County, Texas, Tax and Revenue Certificates of Obligation, Series 2001, 5.000%, 8/15/27	8/11 at 100.00
6,000	Houston, Texas, Junior Lien Water and Sewerage System Revenue Refunding Bonds, Series 2001B, 5.500%, 12/01/29 - MBIA Insured (ETM)	No Opt. Call
7,000	Houston, Texas, Subordinate Lien Airport System Revenue Bonds, Series 1998B, 5.250%, 7/01/14 - FGIC Insured (Alternative Minimum Tax)	7/08 at 101.00
Houston, Texas, Subordinate Lien Airport System Revenue Refunding Bonds, Series 2001A:		
2,525	5.500%, 7/01/13 - FGIC Insured (Alternative Minimum Tax)	1/12 at 100.00
2,905	5.500%, 7/01/14 - FGIC Insured (Alternative Minimum Tax)	1/12 at 100.00
Jefferson County Health Facilities Development Corporation, Texas, FHA-Insured Mortgage Revenue Bonds, Baptist Hospital of Southeast Texas, Series 2001:		
8,500	5.400%, 8/15/31 - AMBAC Insured	8/11 at 100.00
8,500	5.500%, 8/15/41 - AMBAC Insured	8/11 at 100.00
10,700	Laredo Independent School District, Webb County, Texas, General Obligation Refunding Bonds, Series 2001, 5.000%, 8/01/25	8/11 at 100.00
2,500	Matagorda County Navigation District 1, Texas, Collateralized Revenue Refunding Bonds, Houston Light and Power Company, Series 1997, 5.125%, 11/01/28 - AMBAC Insured (Alternative Minimum Tax)	No Opt. Call
1,540	Medina Valley Independent School District, Medina County, Texas, General Obligation Bonds, Series 2001, 5.250%, 2/15/26 (Pre-refunded 2/15/11)	2/11 at 100.00
5,430	Mineral Wells Independent School District, Pale Pinto and Parker Counties, Texas, Unlimited School Tax Building and	2/08 at 100.00

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Refunding Bonds, Series 1998, 4.750%, 2/15/22

3,000 North Central Texas Health Facilities Development Corporation, 2/08 at 102.00  
Revenue Bonds, Texas Health Resources System, Series 1997B,  
5.375%, 2/15/26 - MBIA Insured

69

Nuveen Dividend Advantage Municipal Fund 3 (NZF) (continued)  
Portfolio of INVESTMENTS April 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	OPTIONAL CALL PROVISIONS (2)
-----		
	TEXAS (continued)	
\$ 3,045	Port of Houston Authority, Harris County, Texas, General Obligation Port Improvement Bonds, Series 2001B, 5.500%, 10/01/17 - FGIC Insured (Alternative Minimum Tax)	10/11 at 100.00
10,715	Texas Department of Housing and Community Affairs, Residential Mortgage Revenue Bonds, Series 2001A, 5.350%, 7/01/33 (Alternative Minimum Tax)	7/11 at 100.00
15,700	Texas Water Development Board, Senior Lien State Revolving Fund Revenue Bonds, Series 1996B, 5.125%, 7/15/18	1/07 at 100.00
-----		
105,990	Total Texas	
-----		
	UTAH - 0.9% (0.6% OF TOTAL INVESTMENTS)	
	Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001E:	
1,935	5.200%, 1/01/18 (Alternative Minimum Tax)	7/11 at 100.00
605	5.500%, 1/01/23 (Alternative Minimum Tax)	7/11 at 100.00
	Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001F-1:	
2,435	4.950%, 7/01/18 (Alternative Minimum Tax)	7/11 at 100.00
620	5.300%, 7/01/23 (Alternative Minimum Tax)	7/11 at 100.00
-----		
5,595	Total Utah	
-----		
	VIRGINIA - 0.8% (0.5% OF TOTAL INVESTMENTS)	
7,000	Pocahontas Parkway Association, Virginia, Senior Lien Revenue Bonds, Route 895 Connector Toll Road, Series 1998B, 0.000%, 8/15/13	8/08 at 77.58
-----		
	WASHINGTON - 15.9% (10.7% OF TOTAL INVESTMENTS)	

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	Bellingham Housing Authority, Washington, Housing Revenue Bonds, Varsity Village Project, Series 2001A:		
1,000	5.500%, 12/01/27 - MBIA Insured		12/11 at 100.00
2,000	5.600%, 12/01/36 - MBIA Insured		12/11 at 100.00
1,500	Grays Harbor County Public Utility District 1, Washington, Electric System Revenue Bonds, Series 2001, 5.125%, 1/01/22 - AMBAC Insured		1/11 at 100.00
2,475	Klickitat County Public Utility District 1, Washington, Electric Revenue Bonds, Series 2001B, 5.000%, 12/01/26 - AMBAC Insured		12/11 at 100.00
12,955	Port of Seattle, Washington, Passenger Facility Charge Revenue Bonds, Series 1998B, 5.300%, 12/01/16 - AMBAC Insured (Alternative Minimum Tax)		12/08 at 101.00
	Port of Seattle, Washington, Revenue Bonds, Series 2001B:		
2,535	5.625%, 4/01/18 - FGIC Insured (Alternative Minimum Tax)		10/11 at 100.00
16,000	5.100%, 4/01/24 - FGIC Insured (Alternative Minimum Tax)		10/08 at 100.00
2,090	Public Utility District 1, Benton County, Washington, Electric Revenue Refunding Bonds, Series 2001A, 5.625%, 11/01/15 - FSA Insured		11/11 at 100.00
5,680	Seattle, Washington, Municipal Light and Power Revenue Refunding and Improvement Bonds, Series 2001, 5.500%, 3/01/18 - FSA Insured		3/11 at 100.00
4,530	Tacoma, Washington, Solid Waste Utility Revenue Refunding Bonds, Series 2001, 5.250%, 12/01/21 - AMBAC Insured		12/11 at 100.00
3,720	Washington State Healthcare Facilities Authority, Revenue Bonds, Children's Hospital and Regional Medical Center, Series 2001, 5.375%, 10/01/18 (Pre-refunded 10/01/11) - AMBAC Insured		10/11 at 100.00
	Washington State Healthcare Facilities Authority, Revenue Bonds, Good Samaritan Hospital, Series 2001:		
5,480	5.500%, 10/01/21 - RAAI Insured		10/11 at 101.00
25,435	5.625%, 10/01/31 - RAAI Insured		10/11 at 101.00
	Washington State Healthcare Facilities Authority, Revenue Bonds, Group Health Cooperative of Puget Sound, Series 2001:		
3,005	5.375%, 12/01/17 - AMBAC Insured		12/11 at 101.00
2,915	5.375%, 12/01/18 - AMBAC Insured		12/11 at 101.00
2,250	Washington, Certificates of Participation, Washington Convention and Trade Center, Series 1999, 5.250%, 7/01/14 - MBIA Insured		7/09 at 100.00
93,570	Total Washington		

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

WISCONSIN - 4.5% (3.0% OF TOTAL INVESTMENTS)

	Appleton, Wisconsin, Waterworks Revenue Refunding Bonds, Series 2001:		
\$	3,705	5.375%, 1/01/20 - FGIC Insured	1/12 at 100.00
	1,850	5.000%, 1/01/21 - FGIC Insured	1/12 at 100.00
	1,735	Evansville Community School District, Dane, Green and Rock Counties, Wisconsin, General Obligation Refunding Bonds, Series 2001, 5.500%, 4/01/20 (Pre-refunded 4/01/11) - FGIC Insured	4/11 at 100.00
	12,250	La Crosse, Wisconsin, Pollution Control Revenue Refunding Bonds, Dairyland Power Cooperative, Series 1997B, 5.550%, 2/01/15 - AMBAC Insured	12/08 at 102.00
	4,000	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Froedtert and Community Health Obligated Group, Series 2001, 5.375%, 10/01/30	10/11 at 101.00
	2,500	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Marshfield Clinic, Series 2001B, 6.000%, 2/15/25	2/12 at 100.00
	26,040	Total Wisconsin	
\$	888,495	Total Investments (cost \$875,641,653) - 148.8%	

Other Assets Less Liabilities - 2.0%

Preferred Shares, at Liquidation Value - (50.8)%

Net Assets Applicable to Common Shares - 100%

- (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: 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: Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
- (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) On December 9, 2002, UAL Corporation ("UAL"), the holding company of United Air Lines, Inc. filed for federal bankruptcy protection. The Adviser determined

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

that it was likely that United would not remain current on their interest payment obligations with respect to the bonds previously held and thus the Fund had stopped accruing interest on its UAL bonds.

N/R Not rated.

(ETM) Escrowed to maturity.

See accompanying notes to financial statements.

71

Statement of  
ASSETS AND LIABILITIES April 30, 2006 (Unaudited)

	PERFORMANCE PLUS (NPP)	MUNICIPAL ADVANTAGE (NMA)	MARKET OPPORTUNITY (NMO)	DIVIDEND ADVANTAGE (NAD)
<hr/>				
ASSETS				
Investments, at value (cost \$1,290,078,842, \$947,766,169, \$992,774,492, \$825,790,358, \$626,382,410 and \$875,641,653, respectively)	\$1,365,689,434	\$1,010,621,834	\$1,050,320,041	\$879,445,825
Cash	--	--	--	735,060
Receivables:				
Interest	21,431,602	17,454,437	16,532,495	13,238,737
Investments sold	18,402,720	10,506,472	50,000	521,843
Other assets	118,960	73,464	74,748	64,359
<hr/>				
Total assets	1,405,642,716	1,038,656,207	1,066,977,284	894,005,824
<hr/>				
LIABILITIES				
Cash overdraft	4,126,524	865,919	2,632,979	--
Payable for investments purchased	4,387,800	11,609,010	--	4,387,800
Accrued expenses:				
Management fees	696,493	516,531	534,898	302,895
Other	277,762	203,875	213,108	157,893
Preferred share dividends payable	233,926	186,455	202,772	136,518
<hr/>				
Total liabilities	9,722,505	13,381,790	3,583,757	4,985,106
<hr/>				
Preferred shares, at liquidation value	479,000,000	358,000,000	380,000,000	295,000,000
<hr/>				
Net assets applicable to Common shares	\$ 916,920,211	\$ 667,274,417	\$ 683,393,527	\$594,020,718
<hr/>				
Common shares outstanding	59,914,073	43,065,903	45,540,872	39,267,491
<hr/>				
Net asset value per Common				

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	\$ 15.30	\$ 15.49	\$ 15.01	\$ 15.13
NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:				
Common shares, \$.01 par value per share	\$ 599,141	\$ 430,659	\$ 455,409	\$ 392,675
Paid-in surplus	836,423,631	601,673,873	635,499,922	558,149,941
Undistributed (Over-distribution of) net investment income	3,535,291	4,235,570	2,384,259	2,329,322
Accumulated net realized gain (loss) from investments and derivative transactions	751,556	(1,921,350)	(12,491,612)	(20,506,687)
Net unrealized appreciation (depreciation) of investments	75,610,592	62,855,665	57,545,549	53,655,467
Net assets applicable to Common shares	\$ 916,920,211	\$ 667,274,417	\$ 683,393,527	\$594,020,718
Authorized shares:				
Common	200,000,000	200,000,000	200,000,000	Unlimited
Preferred	1,000,000	1,000,000	1,000,000	Unlimited

See accompanying notes to financial statements.

72

Statement of  
OPERATIONS Six Months Ended April 30, 2006 (Unaudited)

	PERFORMANCE PLUS (NPP)	MUNICIPAL ADVANTAGE (NMA)	MARKET OPPORTUNITY (NMO)	DIVIDEND ADVANTAGE (NAD)
INVESTMENT INCOME	\$35,380,264	\$27,251,067	\$27,390,029	\$22,933,983
EXPENSES				
Management fees	4,237,182	3,137,478	3,247,266	2,731,292
Preferred shares - auction fees	594,400	444,248	471,514	366,174
Preferred shares - dividend disbursing agent fees	24,795	24,795	19,836	14,877
Shareholders' servicing agent fees and expenses	90,347	55,637	60,119	9,172
Custodian's fees and expenses	155,109	118,071	120,981	99,499
Directors'/Trustees' fees and expenses	13,913	11,143	10,750	8,484
Professional fees	29,828	28,302	17,538	30,430

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Shareholders' reports - printing and mailing expenses	65,228	47,438	51,752	40,182
Stock exchange listing fees	11,066	7,971	8,411	7,270
Investor relations expense	42,983	32,706	33,433	28,328
Other expenses	29,482	30,133	26,761	17,819
-----				
Total expenses before custodian fee credit and expense reimbursement	5,294,333	3,937,922	4,068,361	3,353,527
Custodian fee credit	(45,861)	(20,076)	(34,117)	(53,889)
Expense reimbursement	--	--	--	(889,711)
-----				
Net expenses	5,248,472	3,917,846	4,034,244	2,409,927
-----				
Net investment income	30,131,792	23,333,221	23,355,785	20,524,056
-----				
REALIZED AND UNREALIZED GAIN (LOSS)				
Net realized gain (loss) from investments	753,431	(1,871,103)	(4,362,308)	509,616
Change in net unrealized appreciation (depreciation) of investments	(9,155,065)	(4,462,030)	(159,640)	(5,005,406)
-----				
Net realized and unrealized gain (loss)	(8,401,634)	(6,333,133)	(4,521,948)	(4,495,790)
-----				
DISTRIBUTIONS TO PREFERRED SHAREHOLDERS				
From net investment income	(6,798,755)	(5,112,619)	(5,512,599)	(4,341,625)
From accumulated net realized gains	(204,889)	(119,969)	--	--
-----				
Decrease in net assets applicable to Common shares from distributions to Preferred shareholders	(7,003,644)	(5,232,588)	(5,512,599)	(4,341,625)
-----				
Net increase (decrease) in net assets applicable to Common shares from operations	\$14,726,514	\$11,767,500	\$13,321,238	\$11,686,641
=====				

See accompanying notes to financial statements.

73

Statement of  
CHANGES IN NET ASSETS (Unaudited)

PERFORMANCE PLUS (NPP)		MUNICIPAL ADVANTAGE (NMA)	
SIX MONTHS ENDED	YEAR ENDED	SIX MONTHS ENDED	YEAR ENDED
4/30/06	10/31/05	4/30/06	10/31/05

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

OPERATIONS

Net investment income	\$ 30,131,792	\$ 61,211,198	\$ 23,333,221	\$ 46,918,021
Net realized gain (loss) from investments	753,431	1,174,258	(1,871,103)	739,548
Net realized gain (loss) from forward swaps	--	--	--	--
Change in net unrealized appreciation (depreciation) of investments	(9,155,065)	(16,746,198)	(4,462,030)	(10,417,790)
Change in net unrealized appreciation (depreciation) of forward swaps	--	--	--	--
Distributions to Preferred shareholders:				
From net investment income	(6,798,755)	(9,513,192)	(5,112,619)	(6,994,789)
From accumulated net realized gains	(204,889)	(69,318)	(119,969)	(47,587)
Net increase (decrease) in net assets applicable to Common shares from operations	14,726,514	36,056,748	11,767,500	30,197,403
DISTRIBUTIONS TO COMMON SHAREHOLDERS				
From net investment income	(26,308,282)	(56,600,807)	(20,186,695)	(43,068,628)
From accumulated net realized gains	(1,042,505)	(904,764)	(628,192)	(641,084)
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(27,350,787)	(57,505,571)	(20,814,887)	(43,709,712)
CAPITAL SHARE TRANSACTIONS				
Net proceeds from Common shares issued to shareholders due to reinvestment of distributions	--	--	643,731	--
Net increase (decrease) in net assets applicable to Common shares from capital share transactions	--	--	643,731	--
Net increase (decrease) in net assets applicable to Common shares	(12,624,273)	(21,448,823)	(8,403,656)	(13,512,309)
Net assets applicable to Common shares at the beginning of period	929,544,484	950,993,307	675,678,073	689,190,382
Net assets applicable to Common shares at the end of period	\$916,920,211	\$929,544,484	\$667,274,417	\$675,678,073
Undistributed (Over-distribution of) net investment income at the end of period	\$ 3,535,291	\$ 6,510,536	\$ 4,235,570	\$ 6,201,663

See accompanying notes to financial statements.



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

74

	DIVIDEND ADVANTAGE (NAD)		DIVIDEND ADVANTAGE 2 (NXZ)	
	SIX MONTHS ENDED 4/30/06	YEAR ENDED 10/31/05	SIX MONTHS ENDED 4/30/06	YEAR ENDED 10/31/05
<b>OPERATIONS</b>				
Net investment income	\$ 20,524,056	\$ 41,783,665	\$ 16,569,867	\$ 33,182,825
Net realized gain (loss) from investments	509,616	(176,759)	(638,762)	365,453
Net realized gain (loss) from forward swaps	--	--	--	(5,034,851)
Change in net unrealized appreciation (depreciation) of investments	(5,005,406)	(10,221,934)	(559,532)	7,731,035
Change in net unrealized appreciation (depreciation) of forward swaps	--	--	--	3,532,408
Distributions to Preferred shareholders:				
From net investment income	(4,341,625)	(5,755,365)	(3,236,858)	(4,391,879)
From accumulated net realized gains	--	--	--	--
Net increase (decrease) in net assets applicable to Common shares from operations	11,686,641	25,629,607	12,134,715	35,384,991
<b>DISTRIBUTIONS TO COMMON SHAREHOLDERS</b>				
From net investment income	(17,552,569)	(39,071,157)	(14,885,679)	(30,220,159)
From accumulated net realized gains	--	--	--	--
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(17,552,569)	(39,071,157)	(14,885,679)	(30,220,159)
<b>CAPITAL SHARE TRANSACTIONS</b>				
Net proceeds from Common shares issued to shareholders due to reinvestment of distributions	--	--	395,901	145,668
Net increase (decrease) in net assets applicable to Common shares from capital share transactions	--	--	395,901	--
Net increase (decrease) in net assets applicable to Common shares	(5,865,928)	(13,441,550)	(2,355,063)	5,310,500
Net assets applicable to Common shares at the beginning of period	599,886,646	613,328,196	462,862,203	457,551,703

# Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Net assets applicable to Common shares at the end of period	\$594,020,718	\$599,886,646	\$460,507,140	\$462,862,203
=====				
Undistributed (Over-distribution of) net investment income at the end of period	\$ 2,329,322	\$ 3,699,460	\$ 3,309,471	\$ 4,862,141
=====				

See accompanying notes to financial statements.

75

Notes to  
FINANCIAL STATEMENTS (Unaudited)

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The funds (the "Funds") covered in this report and their corresponding Common share stock exchange symbols are Nuveen Performance Plus Municipal Fund, Inc. (NPP), Nuveen Municipal Advantage Fund, Inc. (NMA), Nuveen Municipal Market Opportunity Fund, Inc. (NMO), Nuveen Dividend Advantage Municipal Fund (NAD), Nuveen Dividend Advantage Municipal Fund 2 (NXZ) and Nuveen Dividend Advantage Municipal Fund 3 (NZF). Performance Plus (NPP), Municipal Advantage (NMA), Market Opportunity (NMO) and Dividend Advantage (NAD) are traded on the New York Stock Exchange while Dividend Advantage 2 (NXZ) and Dividend Advantage 3 (NZF) are traded on the American Stock Exchange. The Funds are registered under the Investment Company Act of 1940, as amended, as closed-end, diversified management investment companies.

Each Fund seeks to provide current income exempt from regular federal income tax by investing primarily in a diversified portfolio of municipal obligations issued by state and local government authorities or certain U.S. territories.

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.

Investment Valuation

The prices of municipal bonds in each Fund's investment portfolio are provided by a pricing service approved by the Fund's Board of Directors/Trustees. When market price quotes are not readily available (which is usually the case for municipal securities), the pricing service establishes fair market value based on yields or prices of municipal bonds of comparable quality, type of issue, coupon, maturity and rating, indications of value from securities dealers, evaluations of anticipated cash flows or collateral and general market conditions. Prices of derivative investments are also provided by an independent pricing service approved by each Fund's Board of Directors/Trustees. If the pricing service is unable to supply a price for a municipal bond or derivative investment, each Fund may use a market price or fair market value quote provided by a major broker/dealer in such investments. If it is determined that the

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

market price or fair market value for an investment are unavailable or inappropriate, the Board of Directors/Trustees of the Funds, or its designee, may establish a fair value for the investment. Exchange-listed securities are generally valued at the last sales price on the securities exchange on which such securities are primarily traded. Securities traded on a securities exchange for which there are no transactions on a given day or securities not listed on a securities exchange are valued at the mean of the closing bid and asked prices. Securities traded on Nasdaq are valued at the Nasdaq Official Closing Price. Temporary investments in securities that have variable rate and demand features qualifying them as short-term investments are valued at amortized cost, which approximates market value.

### Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from transactions are determined on the specific identification method. Investments purchased on a when-issued or delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when-issued and delayed delivery purchase commitments. At April 30, 2006, Performance Plus (NPP), Municipal Advantage (NMA) and Dividend Advantage (NAD) had outstanding when-issued/delayed delivery purchase commitments of \$4,387,800, \$11,609,010 and \$4,387,800, respectively. There were no such outstanding purchase commitments in any of the other Funds.

### Investment Income

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

### Professional Fees

Professional fees presented in the Statement of Operations consist of legal fees incurred in the normal course of operations, audit fees, tax consulting fees and, in some cases, workout expenditures. Workout expenditures are incurred in an attempt to protect or enhance an investment, or to pursue other claims or legal actions on behalf of Fund shareholders.

### Federal Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to distribute substantially all net investment income and net capital gains to shareholders and to otherwise comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required. Furthermore, each Fund intends to satisfy conditions which will enable interest from municipal securities, which is exempt from regular federal income tax, 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.

### Dividends and Distributions to Common Shareholders

Dividends from tax-exempt net investment income are declared monthly. Net realized capital gains and/or market discount from investment transactions, if any, are distributed to shareholders not less frequently than annually. Furthermore, capital gains are distributed only to the extent they exceed

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

available capital loss carryforwards.

Distributions to Common shareholders of tax-exempt net investment income, net realized capital gains and/or market discount, if any, are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles.

### Preferred Shares

The Funds have issued and outstanding Preferred shares, \$25,000 stated value per share, as a means of effecting financial leverage. Each Fund's Preferred shares are issued in more than one Series. The dividend rate paid by the Funds on each Series is determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and is payable at the end of each rate period. The number of Preferred shares outstanding, by Series and in total, for each Fund is as follows:

	PERFORMANCE PLUS (NPP)	MUNICIPAL ADVANTAGE (NMA)	MARKET OPPORTUNITY (NMO)	DIVIDEND ADVANTAGE (NAD)	DIVIDEND ADVANTAGE 2 (NXZ)	AD
-----						
Number of shares:						
Series M	4,000	3,000	4,000	4,000	3,000	
Series T	4,000	3,000	4,000	4,000	3,000	
Series W	4,000	3,000	3,200	--	--	
Series TH	3,160	2,320	--	3,800	--	
Series F	4,000	3,000	4,000	--	2,880	
-----						
Total	19,160	14,320	15,200	11,800	8,880	
=====						

### Forward Swap Transactions

The Funds are authorized to invest in certain derivative financial instruments. The Funds' use of forward interest rate swap transactions is intended to mitigate the negative impact that an increase in long-term interest rates could have on Common share net asset value. Forward interest rate swap transactions involve each Fund's agreement with the counterparty to pay, in the future, a fixed rate payment in exchange for the counterparty paying the Fund a variable rate payment, the accruals for which would begin at a specified date in the future (the "effective date"). The amount of the payment obligation is based on the notional amount of the forward swap contract, and would increase or decrease in value based primarily on the extent to which long-term interest rates for bonds having a maturity of the swaps' termination date were to increase or decrease. The Funds may close out a contract prior to the effective date, at which point a realized gain or loss would be recognized. When a forward swap is terminated, it ordinarily does not involve the delivery of securities or other underlying assets or principal, but rather is settled in cash on a net basis. Each Fund intends, but is not obligated to, terminate its forward swaps before the effective date. Accordingly, the risk of loss with respect to the swap counterparty on such transactions is limited to the credit risk associated with a counterparty failing to honor its commitment to pay any realized gain to the Fund upon termination. To minimize such credit risk, all counterparties are required to pledge collateral daily (based on the daily valuation of each swap) on behalf of each Fund with a value approximately equal to the amount of any unrealized gain above a pre-determined threshold. Reciprocally, when any of the Funds have an unrealized loss on a swap contract, the Funds have instructed the

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

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 swap valuations fluctuate, either up or down, by at least the predetermined threshold amount. At April 30, 2006, the Funds did not have any forward swap contracts outstanding.

### Custodian Fee Credit

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

### Indemnifications

Under the Funds' organizational documents, their Officers and Director/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. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets applicable to Common shares from operations during the reporting period. Actual results may differ from those estimates.

77

Notes to  
FINANCIAL STATEMENTS (Unaudited) (continued)

## 2. FUND SHARES

Transactions in Common shares were as follows:

PERFORMANCE PLUS (NPP)		MUNICIPAL ADVANTAGE (NMA)		OPPO
SIX MONTHS ENDED	YEAR ENDED	SIX MONTHS ENDED	YEAR ENDED	SIX
4/30/06	10/31/05	4/30/06	10/31/05	4

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

-----  
Common shares issued to  
shareholders due to  
reinvestment of distributions            --            --            40,309            --  
-----

	DIVIDEND ADVANTAGE (NAD)		DIVIDEND ADVANTAGE 2 (NXZ)		DIVIDEN
	SIX MONTHS	YEAR	SIX MONTHS	YEAR	SIX
	ENDED	ENDED	ENDED	ENDED	SIX
	4/30/06	10/31/05	4/30/06	10/31/05	4

-----

Common shares issued to  
shareholders due to  
reinvestment of distributions            --            --            23,971            8,868  
-----

3. INVESTMENT TRANSACTIONS

Purchases and sales (including maturities but excluding short-term investments) during the six months ended April 30, 2006, were as follows:

	PERFORMANCE PLUS (NPP)	MUNICIPAL ADVANTAGE (NMA)	MARKET OPPORTUNITY (NMO)	DIVIDEND ADVANTAGE (NAD)	DIVIDEND ADVANTAGE 2 (NXZ)
Purchases	\$38,547,208	\$34,820,164	\$61,670,017	\$42,666,637	\$3,486,748
Sales and maturities	52,810,809	35,300,126	58,841,275	30,148,700	6,325,274

=====

4. INCOME TAX INFORMATION

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

At April 30, 2006, the cost of investments was as follows:

	PERFORMANCE PLUS (NPP)	MUNICIPAL ADVANTAGE (NMA)	MARKET OPPORTUNITY (NMO)	DIVIDEND ADVANTAGE (NAD)	DIVIDEND ADVANTAGE 2 (NXZ)
Cost of investments	\$1,289,315,652	\$946,442,010	\$992,488,553	\$824,754,477	\$630,103,294

=====

Gross unrealized appreciation and gross unrealized depreciation of investments at April 30, 2006, were as follows:

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	PERFORMANCE PLUS (NPP)	MUNICIPAL ADVANTAGE (NMA)	MARKET OPPORTUNITY (NMO)	DIVIDEND ADVANTAGE (NAD)	DIVIDEND ADVANTAGE 2 (NXZ)
-----					
Gross unrealized:					
Appreciation	\$78,459,332	\$65,977,346	\$63,897,742	\$55,960,114	\$48,116,623
Depreciation	(2,085,550)	(1,797,522)	(6,066,254)	(1,268,766)	(6,044,093)
-----					
Net unrealized appreciation (depreciation) of investments	\$76,373,782	\$64,179,824	\$57,831,488	\$54,691,348	\$42,072,530
=====					

78

The tax components of undistributed net investment income and net realized gains at October 31, 2005, the Funds' last tax year end, were as follows:

	PERFORMANCE PLUS (NPP)	MUNICIPAL ADVANTAGE (NMA)	MARKET OPPORTUNITY (NMO)	DIVIDEND ADVANTAGE (NAD)
-----				
Undistributed net tax-exempt income *	\$10,432,188	\$8,492,542	\$7,024,566	\$5,873,400
Undistributed net ordinary income **	4,065	154,403	192,454	
Undistributed net long-term capital gains	1,245,519	593,511	--	
=====				

The tax character of distributions paid during the Funds' last tax year ended October 31, 2005, was designated for purposes of the dividends paid deduction as follows:

	PERFORMANCE PLUS (NPP)	MUNICIPAL ADVANTAGE (NMA)	MARKET OPPORTUNITY (NMO)	DIVIDEND ADVANTAGE (NAD)
-----				
Distributions from net tax-exempt income	\$66,204,330	\$50,312,299	\$49,472,483	\$45,021,300
Distributions from net ordinary income **	238,651	--	--	

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Distributions from net long-term capital gains	974,082	688,671	--
--	---------	---------	----

At October 31, 2005, the Funds' last 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:

	MARKET OPPORTUNITY (NMO)	DIVIDEND ADVANTAGE (NAD)	DIVIDEND ADVANTAGE 2 (NXZ)	DIVIDEND ADVANTAGE 3 (NZF)
Expiration year:				
2007	\$ --	\$ 1,724,693	\$ --	\$ --
2008	--	14,462,547	--	--
2009	--	--	--	--
2010	--	--	--	620,777
2011	7,158,008	4,594,300	--	--
2012	973,824	--	246,691	--
2013	--	104,763	402,153	--
Total	\$8,131,932	\$20,886,303	\$648,844	\$620,777

79

Notes to  
FINANCIAL STATEMENTS (Unaudited) (continued)

5. MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Each Fund's management fee is separated into two components - a complex-level component, based on the aggregate amount of all fund assets managed by Nuveen Asset Management (the "Adviser"), a wholly owned subsidiary of Nuveen Investments, Inc., and a specific fund-level component, based only on the amount of assets within each individual Fund. This pricing structure enables Nuveen fund shareholders to benefit from growth in the assets within each individual fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

The annual fund-level fee, payable monthly, for each Fund is based upon the average daily net assets (including net assets attributable to Preferred shares) of each Fund as follows:

AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO PREFERRED SHARES)	PERFORMANCE PL MUNICIPAL ADVANTA MARKET OPPORTUNI FUND-LEVEL
--	---



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

For the first \$125 million  
 For the next \$125 million  
 For the next \$250 million  
 For the next \$500 million  
 For the next \$1 billion  
 For the next \$3 billion  
 For net assets over \$5 billion

	DIVIDEND ADVANTAGE
	DIVIDEND ADVANTAGE
	DIVIDEND ADVANTAGE
AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO PREFERRED SHARES)	FUND-LEVEL

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

The annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S., is based on the aggregate amount of total fund assets managed as stated in the table below. As of April 30, 2006, the complex-level fee rate was .1888%.

COMPLEX-LEVEL ASSETS (1)	COMPLEX-LEVEL
--------------------------	---------------

For the first \$55 billion  
 For the next \$1 billion  
 For the next \$1 billion  
 For the next \$3 billion  
 For the next \$3 billion  
 For the next \$3 billion  
 For the next \$5 billion  
 For the next \$5 billion  
 For the next \$15 billion  
 For Managed Assets over \$91 billion (2)

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

administrative services and general office facilities. The Funds pay no compensation directly to their Directors/Trustees who are affiliated with the Adviser or to their Officers, all of whom receive remuneration for their services to the Funds from the Adviser or its affiliates. The Board of Directors/Trustees has adopted a deferred compensation plan for independent Directors/Trustees that enables Directors/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 Dividend Advantage's (NAD) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily net assets (including net assets attributable to Preferred shares), for fees and expenses in the amounts and for the time periods set forth below:

YEAR ENDING JULY 31,		YEAR ENDING JULY 31,	
1999*	.30%	2005	.25%
2000	.30	2006	.20
2001	.30	2007	.15
2002	.30	2008	.10
2003	.30	2009	.05
2004	.30		

\* From the commencement of operations.

The Adviser has not agreed to reimburse Dividend Advantage (NAD) for any portion of its fees and expenses beyond July 31, 2009.

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

YEAR ENDING MARCH 31,		YEAR ENDING MARCH 31,	
2001*	.30%	2007	.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 Dividend Advantage 2 (NXZ) for any portion of its fees and expenses beyond March 31, 2011.

For the first ten years of Dividend Advantage 3's (NZF) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily net assets (including net assets attributable to Preferred shares), for fees and expenses in the amounts and for the time periods set forth below:

YEAR ENDING SEPTEMBER 30,		YEAR ENDING SEPTEMBER 30,	
2001*	.30%	2007	.25%

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

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 Dividend Advantage 3 (NZF) for any portion of its fees and expenses beyond September 30, 2011.

81

Notes to  
FINANCIAL STATEMENTS (Unaudited) (continued)

6. SUBSEQUENT EVENT - DISTRIBUTIONS TO COMMON SHAREHOLDERS

The Funds declared Common share dividend distributions from their tax-exempt net investment income which were paid on June 1, 2006, to shareholders of record on May 15, 2006, as follows:

	PERFORMANCE PLUS (NPP)	MUNICIPAL ADVANTAGE (NMA)	MARKET OPPORTUNITY (NMO)	DIVIDEND ADVANTAGE (NAD)	DIVIDEND ADVANTAGE 2 (NXZ)
Dividend per share	\$ .0705	\$ .0755	\$ .0685	\$ .0715	\$ .0820

82

Financial  
HIGHLIGHTS (Unaudited)

83

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Financial  
HIGHLIGHTS (Unaudited)

Selected data for a Common share outstanding throughout each period:

	Investment Operations				
	Beginning Common Share Net Asset Value	Net Investment Income	Net Realized/ Unrealized Gain (Loss)	Distributions from Net Investment Income to Preferred Share- holders+	Distributions from Capital Gains to Preferred Share- holders+
Performance Plus (NPP)					
Year Ended 10/31:					
2006 (a)	\$15.51	\$ .50	\$ (.14)	\$ (.11)	\$ --
2005	15.87	1.02	(.26)	(.16)	--
2004	15.45	1.04	.42	(.07)	--
2003	15.38	1.07	.05	(.07)	--
2002	15.57	1.09	(.22)	(.10)	(.01)
2001	14.36	1.10	1.17	(.23)	--
Municipal Advantage (NMA)					
Year Ended 10/31:					
2006 (a)	15.70	.54	(.15)	(.12)	--
2005	16.02	1.09	(.24)	(.16)	--
2004	15.62	1.11	.41	(.08)	--
2003	15.41	1.13	.25	(.07)	(.01)
2002	15.65	1.15	(.22)	(.10)	(.03)
2001	14.61	1.16	1.10	(.24)	(.03)
Market Opportunity (NMO)					
Year Ended 10/31:					
2006 (a)	15.14	.51	(.09)	(.12)	--
2005	15.48	1.03	(.29)	(.16)	--
2004	15.11	1.03	.37	(.08)	--
2003	14.60	1.03	.50	(.08)	--
2002	15.24	1.11	(.70)	(.11)	(.01)
2001	14.45	1.16	.80	(.26)	(.01)
Dividend Advantage (NAD)					
Year Ended 10/31:					
2006 (a)	15.28	.52	(.11)	(.11)	--
2005	15.62	1.06	(.25)	(.15)	--
2004	15.17	1.09	.46	(.07)	--
2003	14.94	1.10	.19	(.07)	--
2002	14.84	1.13	.01	(.10)	--
2001	13.59	1.16	1.21	(.24)	--
Dividend Advantage 2 (NXZ)					

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Year Ended 10/31:

2006(a)	15.80	.57	(.04)	(.11)	--
2005	15.63	1.13	.22	(.15)	--
2004	15.13	1.12	.51	(.07)	--
2003	14.89	1.16	.17	(.07)	--
2002	15.07	1.15	(.32)	(.10)	--
2001(b)	14.33	.52	.88	(.09)	--

Dividend Advantage 3 (NZF)

Year Ended 10/31:

2006(a)	15.32	.53	(.05)	(.11)	--
2005	15.36	1.06	.01	(.15)	--
2004	14.74	1.06	.59	(.07)	--
2003	14.56	1.07	.10	(.07)	--
2002	14.47	1.03	.16	(.10)	--
2001(c)	14.33	.03	.14	--	--

Less Distributions

Net Investment Income to Common Share- holders	Capital Gains to Common Share- holders	Total	Offering Costs and Preferred Share Underwriting Discounts
---	--	-------	--

Performance Plus (NPP)

Year Ended 10/31:

2006(a)	\$ (.44)	\$ (.02)	\$ (.46)	\$ --
2005	(.94)	(.02)	(.96)	--
2004	(.97)	--	(.97)	--
2003	(.95)	(.03)	(.98)	--
2002	(.90)	(.04)	(.94)	(.01)
2001	(.83)	--	(.83)	--

Municipal Advantage (NMA)

Year Ended 10/31:

2006(a)	(.47)	(.01)	(.48)	--
2005	(1.00)	(.01)	(1.01)	--
2004	(1.03)	(.01)	(1.04)	--
2003	(1.02)	(.07)	(1.09)	--
2002	(.94)	(.10)	(1.04)	--
2001	(.87)	(.08)	(.95)	--

Market Opportunity (NMO)

Year Ended 10/31:

2006(a)	(.43)	--	(.43)	--
2005	(.92)	--	(.92)	--
2004	(.95)	--	(.95)	--

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

2003	(.94)	--	(.94)	--
2002	(.91)	(.02)	(.93)	--
2001	(.87)	(.03)	(.90)	--

Dividend Advantage (NAD)

Year Ended 10/31:

2006(a)	(.45)	--	(.45)	--
2005	(1.00)	--	(1.00)	--
2004	(1.03)	--	(1.03)	--
2003	(.99)	--	(.99)	--
2002	(.94)	--	(.94)	--
2001	(.88)	--	(.88)	--

Dividend Advantage 2 (NXZ)

Year Ended 10/31:

2006(a)	(.51)	--	(.51)	--
2005	(1.03)	--	(1.03)	--
2004	(1.03)	(.03)	(1.06)	--
2003	(1.01)	(.01)	(1.02)	--
2002	(.91)	(.01)	(.92)	.01
2001(b)	(.45)	--	(.45)	(.12)

Dividend Advantage 3 (NZF)

Year Ended 10/31:

2006(a)	(.46)	--	(.46)	--
2005	(.96)	--	(.96)	--
2004	(.96)	--	(.96)	--
2003	(.93)	--	(.93)	.01
2002	(.91)	--	(.91)	(.09)
2001(c)	--	--	--	(.03)

Ratios/Supplemental

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

Performance Plus (NPP)

Year Ended 10/31:

2006(a)	3.69%	1.58%	\$916,920	1.15%*	6.51%*
2005	3.02	3.83	929,544	1.15	6.45
2004	9.10	9.30	950,993	1.17	6.69
2003	9.58	6.97	925,525	1.18	6.89
2002	4.51	5.03	921,376	1.18	7.11
2001	26.96	14.51	932,937	1.15	7.29

Municipal Advantage (NMA)

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

Year Ended 10/31:

2006(a)	3.02	1.74	667,274	1.17*	6.95*
2005	3.29	4.42	675,678	1.17	6.81
2004	8.82	9.57	689,190	1.19	7.00
2003	13.17	8.71	671,147	1.21	7.27
2002	5.89	5.39	662,270	1.22	7.55
2001	23.35	13.97	672,673	1.23	7.60

Market Opportunity (NMO)

Year Ended 10/31:

2006(a)	2.29	1.99	683,394	1.19*	6.80*
2005	4.70	3.78	689,682	1.19	6.66
2004	7.97	9.00	704,760	1.21	6.75
2003	10.62	10.24	687,955	1.25	6.94
2002	.49	2.03	664,914	1.24	7.50
2001	20.03	11.93	694,025	1.23	7.73

Dividend Advantage (NAD)

Year Ended 10/31:

2006(a)	1.85	1.94	594,021	1.12*	6.56*
2005	1.77	4.27	599,887	1.17	6.48
2004	8.37	10.06	613,328	1.14	6.69
2003	11.41	8.41	595,266	1.35	6.78
2002	2.01	7.26	586,045	1.25	7.24
2001	27.35	16.03	581,089	1.26	7.56

Dividend Advantage 2 (NXZ)

Year Ended 10/31:

2006(a)	6.82	2.66	460,507	1.12*	6.74*
2005	8.58	7.83	462,862	1.12	6.66
2004	11.16	10.67	457,552	1.14	6.87
2003	14.39	8.67	443,101	1.17	7.20
2002	(.81)	5.16	435,907	1.17	7.32
2001(b)	2.75	8.39	441,308	1.13*	5.56*

Dividend Advantage 3 (NZF)

Year Ended 10/31:

2006(a)	8.03	2.44	613,899	1.12*	6.54*
2005	6.11	6.09	617,358	1.13	6.39
2004	12.45	11.10	619,118	1.15	6.64
2003	9.04	7.82	594,154	1.17	6.80
2002	(4.26)	7.20	586,799	1.17	6.78
2001(c)	.47	.98	583,100	.72*	2.05*

Preferred Shares at End of Period

Aggregate      Liquidation  
Amount          and Market      Asset

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

	Outstanding (000)	Value Per Share	Coverage Per Share
=====			
Performance Plus (NPP)			
-----			
Year Ended 10/31:			
2006(a)	\$479,000	\$25,000	\$72,856
2005	479,000	25,000	73,515
2004	479,000	25,000	74,634
2003	479,000	25,000	73,305
2002	479,000	25,000	73,089
2001	444,000	25,000	77,530
Municipal Advantage (NMA)			
-----			
Year Ended 10/31:			
2006(a)	358,000	25,000	71,597
2005	358,000	25,000	72,184
2004	358,000	25,000	73,128
2003	358,000	25,000	71,868
2002	358,000	25,000	71,248
2001	358,000	25,000	71,974
Market Opportunity (NMO)			
-----			
Year Ended 10/31:			
2006(a)	380,000	25,000	69,960
2005	380,000	25,000	70,374
2004	380,000	25,000	71,366
2003	380,000	25,000	70,260
2002	380,000	25,000	68,744
2001	380,000	25,000	70,660
Dividend Advantage (NAD)			
-----			
Year Ended 10/31:			
2006(a)	295,000	25,000	75,341
2005	295,000	25,000	75,838
2004	295,000	25,000	76,977
2003	295,000	25,000	75,446
2002	295,000	25,000	74,665
2001	295,000	25,000	74,245
Dividend Advantage 2 (NXZ)			
-----			
Year Ended 10/31:			
2006(a)	222,000	25,000	76,859
2005	222,000	25,000	77,124
2004	222,000	25,000	76,526
2003	222,000	25,000	74,899
2002	222,000	25,000	74,089
2001(b)	222,000	25,000	74,697
Dividend Advantage 3 (NZF)			
-----			
Year Ended 10/31:			
2006(a)	312,000	25,000	74,191
2005	312,000	25,000	74,468
2004	312,000	25,000	74,609
2003	312,000	25,000	72,608
2002	312,000	25,000	72,019



Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

2001(c)

--

--

--

=====

See accompanying notes to financial statements.

84-85 spread

REINVEST AUTOMATICALLY  
EASILY AND CONVENIENTLY

NUVEEN EXCHANGE-TRADED CLOSED-END FUNDS  
DIVIDEND REINVESTMENT PLAN

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

By choosing to reinvest, you'll be able to invest money regularly and automatically, and watch your investment grow through the power of tax-free compounding. Just like dividends or distributions in cash, there may be times when income or capital gains taxes may be payable on dividends or distributions that are reinvested.

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

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

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

FLEXIBLE

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change. Should you withdraw, you can receive a certificate for all whole shares credited to your reinvestment account and cash payment for fractional shares, or cash payment for all reinvestment account shares, less brokerage commissions and a \$2.50 service fee.

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

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

### CALL TODAY TO START REINVESTING DIVIDENDS AND/OR DISTRIBUTIONS

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

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

86

### OTHER USEFUL INFORMATION

#### QUARTERLY PORTFOLIO OF INVESTMENTS AND PROXY VOTING INFORMATION

Each Fund's (i) quarterly portfolio of investments, (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the 12-month period ended June 30, 2005, and (iii) a description of the policies and procedures that the Funds used to determine how to vote proxies relating to portfolio securities are available without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at [www.nuveen.com](http://www.nuveen.com).

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

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

### GLOSSARY OF TERMS USED IN THIS REPORT

**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 average of all the maturities of the bonds in a Fund's portfolio, computed by weighting each maturity date (the date the security comes due) by the market value of the security. This figure does not account for the likelihood of prepayments or the exercise of call provisions.

**MODIFIED 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.

**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 common share NAV per share is calculated by subtracting the liabilities of the Fund (including any MuniPreferred shares issued in order to leverage the Fund) from its total assets and then dividing the remainder by the number of shares outstanding. Fund NAVs are calculated at the end of each business day.

**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.

#### BOARD OF DIRECTORS/TRUSTEES

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

#### FUND MANAGER

Nuveen Asset Management  
333 West Wacker Drive  
Chicago, IL 60606

#### CUSTODIAN

State Street Bank & Trust Company  
Boston, MA

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

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

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

87

Nuveen Investments:  
SERVING Investors  
For GENERATIONS

Photo of: 2 women looking at a photo album.

Since 1898, financial advisors and their clients have relied on Nuveen Investments to provide dependable investment solutions. For the past century, Nuveen Investments has adhered to the belief that the best approach to investing is to apply conservative risk-management principles to help minimize volatility.

Building on this tradition, we today offer a range of high quality equity and fixed-income solutions that are integral to a well-diversified core portfolio. Our clients have come to appreciate this diversity, as well as our continued adherence to proven, long-term investing principles.

WE OFFER MANY DIFFERENT INVESTING SOLUTIONS FOR OUR CLIENTS' DIFFERENT NEEDS. Managing more than \$145 billion in assets, Nuveen Investments offers access to a number of different asset classes and investing solutions through a variety of products. Nuveen Investments markets its capabilities under four distinct brands: Nuveen, a leader in fixed-income investments; NWQ, a leader in

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

value-style equities; Rittenhouse, a leader in growth-style equities; and Symphony, a leading institutional manager of market-neutral alternative investment portfolios.

FIND OUT HOW WE CAN HELP YOU REACH YOUR FINANCIAL GOALS.

To learn more about the products and services Nuveen Investments offers, talk to your financial advisor, or call us at (800) 257-8787. Please read the information provided carefully before you invest.

Be sure to obtain a prospectus, where applicable. Investors should consider the investment objective and policies, risk considerations, charges and expenses of the Fund carefully before investing. The prospectus contains this and other information relevant to an investment in the Fund. For a prospectus, please contact your securities representative or Nuveen Investments, 333 W. Wacker Dr., Chicago, IL 60606. Please read the prospectus carefully before you invest or send money.

LEARN MORE  
ABOUT NUVEEN FUNDS AT  
[WWW.NUVEEN.COM/CEF](http://WWW.NUVEEN.COM/CEF)

- o Share prices
- o Fund details
- o Daily financial news
- o Investor education
- o Interactive planning tools

Logo: NUVEEN Investments

ESA-B-0406D

ITEM 2. CODE OF ETHICS.

Not applicable to this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable to this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable to this filing.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable to this filing.

ITEM 6. SCHEDULE OF INVESTMENTS.

## Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

See Portfolio of Investments in Item 1.

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

Not applicable to this filing.

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

Not applicable to this filing.

### 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.

During this reporting period, the registrant's Board of Trustees implemented a change to the procedures by which shareholders may recommend nominees to the registrant's board of trustees by amending the registrant's by-laws to include a provision specifying the date by which shareholder nominations for election as trustee at a subsequent meeting must be submitted to the registrant. Shareholders must deliver or mail notice to the registrant not less than forty-five days nor more than sixty days prior to the first anniversary date of the date on which the registrant first mailed its proxy materials for the prior year's annual meeting; provided, however, if an only if the annual meeting is not scheduled to be held within a period that commences thirty days before the first anniversary date of the annual meeting for the preceding year and ends thirty days after such anniversary date (an annual meeting date outside such period being referred to as an "Other Annual Meeting Date" hereafter), the shareholder notice must be given no later than the close of business on the date forty-five days prior to such Other Annual Meeting Date or the tenth business day following the date such Other Annual Meeting Date is first publicly announced or disclosed. The shareholder's notice must be in writing and set forth the name, age, date of birth, business address, residence address and nationality of the person(s) being nominated and the class or series, number of all shares of the registrant owned of record or beneficially by each such person(s), any other information regarding such person required by Item 401 of Regulation S-K or Item 22 of Rule 14a-101 (Schedule 14A) under the Securities Exchange Act of 1934, as amended, any other information regarding the person(s) to be nominated that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitation of proxies for election of trustees, and whether such shareholder believes any nominee is or will be an "interested person" (as that term is defined in the Investment Company Act of 1940, as amended) of the registrant or sufficient information to enable the registrant to make that determination and the written and signed consent of the person(s) to be nominated.

### 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)).

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

(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.

(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 to this filing.

(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.

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 Dividend Advantage Municipal Fund 3

By (Signature and Title)\* /s/ Jessica R. Droeger

Jessica R. Droeger  
Vice President and Secretary

Date: July 7, 2006

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.

Edgar Filing: NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3 - Form N-CSRS

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

-----  
Gifford R. Zimmerman  
Chief Administrative Officer  
(principal executive officer)

Date: July 7, 2006

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

-----  
Stephen D. Foy  
Vice President and Controller  
(principal financial officer)

Date: July 7, 2006

-----  
\* Print the name and title of each signing officer under his or her signature.