

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3
Form N-CSR
January 08, 2010

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)

Kevin J. McCarthy
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: October 31, 2009

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-CSR

ITEM 1. REPORTS TO STOCKHOLDERS.

LOGO: NUVEEN INVESTMENTS

Closed-End Funds

Nuveen Investments
Municipal Closed-End Funds

IT'S NOT WHAT YOU EARN, IT'S WHAT YOU KEEP. (R)

Annual Report October 31, 2009

----- 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		

OCTOBER 09

LIFE IS COMPLEX.

Nuveen makes things e-simple.

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.

Free e-Reports right to your e-mail!

WWW.INVESTORDELIVERY.COM

If you receive your Nuveen Fund dividends and statements from your financial advisor or brokerage account.

OR

WWW.NUVEEN.COM/ACCOUNTACCESS

If you receive your Nuveen Fund dividends and statements directly from Nuveen.

LOGO: NUVEEN INVESTMENTS

Chairman's
Letter to Shareholders

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

[PHOTO OF ROBERT P. BREMNER]

DEAR SHAREHOLDER,

The financial markets in which your Fund operates continue to reflect the larger economic crosscurrents. The illiquidity that infected global credit markets over the last year continues to recede but there is concern about the impact of a reduction in official liquidity support programs. The major institutions that are the linchpin of the international financial system have strengthened their capital structures, but many still struggle with losses in their various portfolios. Global trends include increasing trade and concern about the ability of the U.S. government to address its substantial budgetary deficits.

While the fixed-income and equity markets have recovered from the lows recorded in the first quarter of 2009, identifying those developments that will define the future is never easy, and rarely is it more difficult than at present. A fundamental component of a successful investment program is a commitment to remain focused on long-term investment goals even during periods of heightened market uncertainty. Another component is to re-evaluate investment disciplines and tactics and to confirm their validity following periods of extreme volatility and market dislocation, such as we have recently experienced. Your Board carried out an intensive review of investment performance with these objectives in mind during April and May of 2009 as part of the annual management contract renewal process. I encourage you to read the description of this process in the Annual Investment Management Agreement Approval Process section of this report. Confirming the appropriateness of a long term investment strategy is as important for our shareholders as it is for our professional investment managers. For that reason, I again encourage you to remain in communication with your financial consultant on this subject.

In September 2009, Nuveen completed the refinancing at par of all the auction rate preferred shares issued by its taxable closed-end funds. On October 15, Nuveen announced the first successful offering of an issue of MuniFund Term Preferred Shares. This new form of preferred securities joins the Variable Rate Demand Preferred securities as vehicles for refinancing existing municipal fund auction rate preferred shares (ARPS). By the beginning of December 2009, six of the leveraged municipal closed-end funds had redeemed all of their outstanding ARPS. Nuveen remains committed to resolving the issues connected with outstanding auction rate preferred shares. Please consult the Nuveen web site for the most recent information on this issue and all recent developments on your Nuveen Funds at: www.nuveen.com.

On behalf of the other members of your Fund's Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

/s/ Robert P. Bremner

Robert P. Bremner
Chairman of the Board
December 21, 2009

Nuveen Investments 1

Portfolio Managers' Comments

Nuveen Performance Plus Municipal Fund, Inc. (NPP)
Nuveen Municipal Advantage Fund, Inc. (NMA)
Nuveen Municipal Market Opportunity Fund, Inc. (NMO)

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

Nuveen Dividend Advantage Municipal Fund (NAD)
Nuveen Dividend Advantage Municipal Fund 2 (NXZ)
Nuveen Dividend Advantage Municipal Fund 3 (NZF)

Portfolio managers Tom Spalding and Paul Brennan discuss U.S. economic and municipal market conditions, key investment strategies, and the twelve-month performance of these six national Funds. A 33-year veteran of Nuveen, Tom has managed NXZ since its inception in 2001 and NPP, NMA, NMO and NAD since 2003. With 20 years of industry experience, including twelve years at Nuveen, Paul assumed portfolio management responsibility for NZF in 2006.

WHAT FACTORS AFFECTED THE U.S. ECONOMY AND MUNICIPAL MARKET DURING THE TWELVE-MONTH REPORTING PERIOD ENDED OCTOBER 31, 2009?

During this reporting period, municipal bond prices generally rose as strong cash flows into municipal bond funds combined with tighter supply of new tax-exempt issuance to provide favorable supply and demand conditions. As the period began, there continued to be considerable downward pressure on the economy. In an effort to improve conditions, the Federal Reserve (Fed) lowered the fed funds rate to a target range of zero to 0.25% in December 2008, the lowest level on record. In February 2009, the federal government augmented its efforts to boost the economy by passing a \$787 billion stimulus package, which joined the \$700 billion financial industry rescue package it had passed in late 2008. In March 2009, the Fed announced that, in addition to maintaining the current rate, it would buy \$300 billion in long-term Treasury securities in an effort to support private credit markets and up to an additional \$750 billion in agency mortgage-backed securities to bolster the credit and housing markets.

In recent months, the measures taken by the Fed and others to ease the economic recession have produced some incipient signs of improvement. In the third quarter of 2009, the U.S. economy, as measured by the U.S. gross domestic product (GDP) posted positive growth (2.8% annualized) for the first time since the second quarter of 2008. Housing prices also provided a bright spot between June and September 2009 by recording four consecutive months of positive returns, the first following three years of decline. At the same time, inflation remained muted, as the Consumer Price Index (CPI), reflecting a 14% drop in energy prices, fell 0.2% year-over-year as of October 2009. This marked the seventh straight month that consumer prices dropped from their levels of a year earlier, the longest such decline since 1954-1955. The core CPI (which excludes

CERTAIN STATEMENTS IN THIS REPORT ARE FORWARD-LOOKING STATEMENTS. DISCUSSIONS OF SPECIFIC INVESTMENTS ARE FOR ILLUSTRATION ONLY AND ARE NOT INTENDED AS RECOMMENDATIONS OF INDIVIDUAL INVESTMENTS. THE FORWARD-LOOKING STATEMENTS AND OTHER VIEWS EXPRESSED HEREIN ARE THOSE OF THE PORTFOLIO MANAGERS AS OF THE DATE OF THIS REPORT. ACTUAL FUTURE RESULTS OR OCCURRENCES MAY DIFFER SIGNIFICANTLY FROM THOSE ANTICIPATED IN ANY FORWARD-LOOKING STATEMENTS, AND THE VIEWS EXPRESSED HEREIN ARE SUBJECT TO CHANGE AT ANY TIME, DUE TO NUMEROUS MARKET AND OTHER FACTORS. THE FUNDS DISCLAIM ANY OBLIGATION TO UPDATE PUBLICLY OR REVISE ANY FORWARD-LOOKING STATEMENTS OR VIEWS EXPRESSED HEREIN.

2 Nuveen Investments

food and energy) rose 1.7% over the year, within the Fed's unofficial objective of 2.0% or lower for this measure. However, the economy continued to be stressed by weakness in the labor markets. October 2009 marked the 22nd consecutive month of net job losses, with a total of 7.3 million jobs lost since the recession began in December 2007. This is the biggest decline since the Great Depression. The national unemployment rate for October 2009 was 10.2%, a 26-year high, up from 6.6% in October 2008.

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

Municipal market conditions began to show general signs of improvement in mid-December 2008 and municipal bonds continued to improve throughout most of 2009. This trend was bolstered by the reduced supply of tax-exempt municipal debt in the marketplace, due in part to the introduction of the Build America Bond program in April 2009. Build America Bonds are a new class of taxable municipal debt created as part of the February 2009 economic stimulus package. These bonds offer municipal issuers a federal subsidy equal to 35% of the security's interest payments, and therefore provide issuers with an attractive alternative to traditional tax-exempt debt. As of October 31, 2009, taxable Build America Bonds issuance totaled \$48.5 billion, accounting for almost 20% of new bonds issued in the municipal market during the period since their introduction.

Over the twelve months ended October 31, 2009, tax-exempt municipal bond issuance nationwide totaled \$404.5 billion, a drop of approximately 10% compared with the twelve-month period ended October 31, 2008. As mentioned earlier, demand for tax-exempt bonds was strong, especially on the part of individual investors and broker/dealers. The combination of lower tax-exempt supply and increased demand provided support for municipal bond prices.

WHAT KEY STRATEGIES WERE USED TO MANAGE THESE FUNDS DURING THIS REPORTING PERIOD?

During the majority of this twelve-month period, the tax-exempt municipal bond market was characterized by strong demand, constrained supply of new tax-exempt bonds and generally improving valuations.

In this environment, our trading activity continued to focus on finding relative value by taking a bottom-up approach to discover undervalued sectors and individual credits with the potential to perform well over the long term. In NPP, NMA, NMO, NAD and NXZ, we generally were purchasing investment-grade quality bonds offering good call protection. Many of the additions to the portfolios were in the health care sector, primarily bonds rated AA, A or BBB. While the overall supply of new tax-exempt bonds declined, supply was more plentiful in the health care sector because hospitals generally do not qualify for the Build America Bond program and so must continue to issue bonds in the tax-exempt municipal market. In addition, many hospitals were issuing fixed rate bonds during this period in order to refinance and retire outstanding debt that had initially been issued as variable rate debt.

In NZF, our focus was on purchasing bonds with longer maturities in two categories: essential services and health care. In essential services, our purchases included bonds backing water and sewer projects, utilities, schools and roads. We also bought bonds in the health care sector, most of which were rated AA or A.

Nuveen Investments 3

Cash for new purchases during this period was generated largely by maturing or called bonds. NZF also sold some bonds with shorter maturities, including pre-refunded holdings. While there was considerable issuance of Build America Bonds over the last half of this period, these bonds do not represent good investment opportunities for all these Funds because their interest payments are considered taxable income.

All of these Funds continued to use inverse floating rate securities.(1) as a form of leverage for a variety of reasons, including duration management, income enhancement and total return enhancements. During the first part of the period, NZF also invested in additional types of derivative instruments(2) designed to

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

help lengthen its duration. These derivatives were removed before the end of the reporting period.

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.

AVERAGE ANNUAL TOTAL RETURNS ON COMMON SHARE NET ASSET VALUE FOR PERIODS ENDED 10/31/09

	1-YEAR	5-YEAR	10-YEAR
NPP	21.20%	3.75%	6.54%
NMA	23.89%	3.40%	6.54%
NMO	18.30%	3.03%	5.71%
NAD	25.78%	3.58%	7.24%
NXZ	21.41%	4.72%	N/A
NZF	25.08%	4.42%	N/A
Standard & Poor's (S&P) National Municipal Bond Index(3)	14.15%	4.04%	5.61%
Lipper General Leveraged Municipal Debt Funds Average(4)	26.02%	3.32%	6.02%

For the twelve months ended October 31, 2009, the total returns on common share net asset value (NAV) for all six of these Funds exceeded the returns for the Standard & Poor's (S&P) National Municipal Bond Index. All of the Funds underperformed the Lipper General Leveraged Municipal Debt Funds Average.

Key management factors that influenced the Funds' returns during this period included yield curve and duration positioning, credit exposure and sector allocation. In addition, leverage was an important positive factor affecting the Funds' performances over this period. The impact of leverage is discussed in more detail on page six.

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.

- (1) An inverse floating rate security, also known as an inverse floater, is a financial instrument designed to pay long-term tax-exempt interest at a rate that varies inversely with a short-term tax-exempt interest rate index. For the Nuveen Funds, the index typically used is the Securities Industry and Financial Markets (SIFM) Municipal Swap Index (previously referred to as the Bond Market Association Index or BMA). Inverse floaters, including those inverse floating rate securities in which the Funds invested during this reporting period, are further defined within the Notes to Financial Statements and Glossary of Terms Used in this Report sections of this report.
- (2) Each Fund may invest in derivative instruments such as forwards, futures, options and swap transactions. For additional information on the derivative instruments in which each Fund was invested during and at the

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

end of the reporting period, see the Portfolio of Investments, Financial Statements and Notes to Financial Statements sections of this report.

- (3) The Standard & Poor's (S&P) National Municipal Bond Index is an unleveraged, market value-weighted index designed to measure the performance of the investment-grade U.S. municipal bond market. This index does not reflect any initial or ongoing expenses and is not available for direct investment.
- (4) The Lipper General Leveraged Municipal Debt Funds Average is calculated using the returns of all closed-end funds in this category for each period as follows: 1-year, 54 funds; 5-year, 52 funds; and 10-year, 38 funds. Fund and Lipper returns assume reinvestment of dividends. You cannot invest directly in a Lipper Average.

4 Nuveen Investments

During this period, yields on tax-exempt bonds generally declined and bond prices rose, especially at the longer end of the municipal yield curve. As a result, longer-term bonds generally outperformed credits with shorter maturities. In general, the greater a Fund's exposure to the longer part of the yield curve, the greater the positive impact on the Fund's return. Among these six Funds, NAD benefited from being the most heavily weighted in the longer part of the curve, while NMO's duration was slightly short of our target, which hampered its performance.

As mentioned earlier, our duration strategies in NZF included using derivative positions during the first part of this period to synthetically extend its duration. These derivative positions performed well and had a positive impact on NZF's total return performance.

While yield curve positioning and duration played important roles in performance, credit exposure was also a significant factor. As noted earlier, demand for municipal bonds increased among both institutional and individual investors during this period. This increase was driven by a variety of factors, including concerns about potential tax increases, the need to rebalance portfolio allocations and a growing appetite for additional risk. At the same time, the supply of new tax-exempt municipal securities declined. As investors bid up municipal bond prices, bonds rated BBB or below and non-rated bonds generally outperformed those rated AAA. In this environment, allocations of bonds rated BBB or below and non-rated bonds generally made positive relative contributions to the Funds' performances.

Holdings that generally contributed positively to the Funds' performances included industrial development revenue (IDR), housing and health care bonds, as well as education, water and sewer, transportation and special tax bonds. Zero coupon bonds and credits backed by the 1998 master tobacco settlement agreement also posted strong returns.

Pre-refunded bonds, which are often backed by U.S. Treasury securities and which had been one of the top performing segments of the municipal bond market over the past two years, performed especially poorly during this period. This underperformance can be attributed primarily to these bonds' shorter effective maturities and higher credit quality. As of October 31, 2009, NXZ and NMO had the heaviest weightings in pre-refunded bonds, while NAD had the smallest. Other market segments that detracted from relative performance included resource recovery, leasing and electric utility bonds. These were the only three revenue sectors that failed to outperform the overall municipal market during this period. Many general obligation bonds also failed to keep pace with the overall municipal market.

All six Funds' returns were negatively impacted to varying degrees by their holdings of AMBAC-Insured bonds issued for the Las Vegas monorail project, that links various casinos on the Las Vegas strip. The project has struggled to build ridership and turn a profit, and proposals to extend the monorail to McCarran International Airport remained on hold.

Nuveen Investments 5

IMPACT OF THE FUNDS' CAPITAL STRUCTURES AND LEVERAGE STRATEGIES ON PERFORMANCE

One important factor impacting the returns of these Funds relative to the comparative index was the Funds' use of financial leverage. The Funds use leverage because their managers believe that, over time, leveraging provides opportunities for additional income and total returns for common shareholders. However, use of leverage also can expose common shareholders to additional risk-- especially when market conditions are unfavorable. For example, as the prices of securities held by a Fund decline, the negative impact of these valuation changes on common share net asset value and common shareholder total return is magnified by the use of leverage. Conversely, leverage may enhance common share returns during periods when bond prices generally are rising.

Over the early part of this period, leverage hampered the performance of the Funds using this strategy. However, leverage made a significant positive contribution to those Funds returns over much of 2009, which can be seen in their twelve-month performance shown on page four.

RECENT DEVELOPMENTS REGARDING THE FUNDS' LEVERAGED CAPITAL STRUCTURE

As noted in the last several shareholder reports, the auction rate preferred shares issued by many closed-end funds, including these Nuveen Funds, have been hampered by a lack of liquidity since February 2008. Since that time, more auction rate preferred shares have been submitted for sale in their regularly scheduled auctions than there have been offers to buy. In fact, offers to buy have been almost completely non-existent since late February 2008. This means that these auctions have "failed to clear," and that many, or all, of the auction rate preferred shareholders who wanted to sell their shares in these auctions were unable to do so. This lack of liquidity in auction rate preferred shares did not lower the credit quality of these shares, and auction rate preferred shareholders unable to sell their shares received distributions at the "maximum rate" applicable to failed auctions, as calculated in accordance with the pre-established terms of the auction rate preferred shares. In the recent market, with short-term rates at multi-generational lows, those maximum rates also have been low.

One continuing implication for common shareholders from the auction failures is that each Fund's cost of leverage likely has been incrementally higher at times than it otherwise might have been had the auctions continued to be successful. As a result, each Fund's common share earnings likely have been incrementally lower at times than they otherwise might have been.

6 Nuveen Investments

As noted in past shareholder reports, the Funds' Board of Directors/Trustees authorized a plan to use tender option bonds (TOBs), also known as floating rate securities, to refinance a portion of the Funds' outstanding auction rate preferred shares. The amount of TOBs that a Fund may use varies according to the composition of each Fund's portfolio. Some Funds have a greater ability to use

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

TOBs than others. As of October 31, 2009, some Funds have issued Variable Rate Demand Preferred Shares (VRDP), but these issuances have been limited since it has been difficult to find liquidity facilities on economically viable terms given the constrained credit environment. Some Funds also have issued MuniFund Term Preferred (MTP), a fixed-rate form of preferred stock with a mandatory redemption period of five years. However, the Funds cannot provide any assurance on when the remaining outstanding auction rate preferred shares might be redeemed.

As of October 31, 2009, the amount of auction rate preferred securities redeemed by the Funds are as shown in the accompanying table.

FUND	AUCTION RATE PREFERRED SHARES REDEEMED	% OF ORIGINAL AUCTION RATE PREFERRED SHARES
NPP	\$ 59,100,000	12.3%
NMA	\$ 64,800,000	18.1%
NMO	\$ 33,325,000	8.8%
NAD	\$ 33,200,000	11.3%
NXZ	\$ 222,000,000	100.0%
NZF	\$ 75,050,000	24.1%

As noted in the past shareholder reports, all of NXZ's redemptions were achieved through the issuance of VRDP in conjunction with the proceeds from the creation of TOBs. VRDP is a new instrument designed to replace the auction rate preferred shares used as leverage in Nuveen closed-end funds. VRDP is offered only to qualified institutional buyers, defined pursuant to Rule 144A under the Securities Act of 1933. As of October 31, 2009, NXZ had issued \$196 million of VRDP.

As of October 31, 2009, 75 out of the 88 Nuveen closed-end municipal funds that had issued auction rate preferred shares have redeemed, at par, all or a portion of these shares. These redemptions bring the total amount of Nuveen's municipal closed-end funds' auction rate preferred share redemptions to approximately \$2.4 billion of the original \$11 billion outstanding.

For up-to-date information, please visit the Nuveen CEF Auction Rate Preferred Resource Center at:
<http://www.nuveen.com/ResourceCenter/AuctionRatePreferred.aspx>.

Nuveen Investments 7

Common Share Dividend and Share Price Information

During the twelve-month reporting period ended October 31, 2009, NPP, NMA, NMO and NZF each had three monthly dividend increases, NAD had two increases and NXZ had one monthly dividend increase.

Due to normal portfolio activity, common shareholders of the following Funds received net ordinary income distributions at the end of December 2008 as follows:

FUND	NET ORDINARY INCOME (PER SHARE)
NPP	\$ 0.0007
NMA	\$ 0.0021
NZF	\$ 0.0057

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 October 31, 2009, all of the Funds in this report had positive UNII balances for both tax and financial statement purposes.

COMMON SHARE REPURCHASES AND SHARE PRICE INFORMATION

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

8 Nuveen Investments

As of October 31, 2009, the Funds' common share prices were trading at discounts (-) to their common share NAVs as shown in the accompanying table.

FUND	10/31/09 (-) DISCOUNT	TWELVE-MONTH AVERAGE (-) DISCOUNT
NPP	-7.16%	-8.98%
NMA	-4.76%	-4.93%
NMO	-1.99%	-7.85%
NAD	-7.20%	-7.60%
NXZ	-2.15%	-5.90%
NZF	-5.71%	-8.70%

Nuveen Investments 9

NPP Performance OVERVIEW | Nuveen Performance Plus Municipal Fund, Inc. as of October 31, 2009

FUND SNAPSHOT

Common Share Price	\$ 13.48
Common Share Net Asset Value	\$ 14.52
Premium/(Discount) to NAV	-7.16%
Market Yield	6.41%
Taxable-Equivalent Yield(1)	8.90%
Net Assets Applicable to Common Shares (\$000)	\$ 869,873
Average Effective Maturity on Securities (Years)	14.85
Leverage-Adjusted Duration	10.08

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

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

	ON SHARE PRICE	ON NAV
1-Year	24.78%	21.20%
5-Year	3.86%	3.75%
10-Year	6.82%	6.54%

STATES
(as a % of total investments)

Illinois	15.9%
California	10.5%
Colorado	5.4%
Ohio	5.1%
Florida	5.0%
New Jersey	5.0%
New York	4.4%
Texas	4.4%
Massachusetts	4.0%
Indiana	3.7%
Washington	3.5%
Michigan	3.2%
Pennsylvania	2.3%
Utah	2.2%
Wisconsin	2.0%
Louisiana	1.9%
South Carolina	1.9%
Minnesota	1.9%
Nevada	1.7%
Iowa	1.6%
Other	14.4%

PORTFOLIO COMPOSITION
(as a % of total investments)

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

U.S. Guaranteed	21.7%
Tax Obligation/Limited	16.0%
Tax Obligation/General	13.9%
Transportation	11.9%
Health Care	10.6%
Utilities	9.2%
Consumer Staples	6.3%
Other	10.4%

CREDIT QUALITY (AS A % OF TOTAL INVESTMENTS)

[PIE CHART]

AAA/U.S. Guaranteed	43%
AA	16%
A	25%
BBB	12%
BB or Lower	1%
N/R	3%

2008-2009 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE (2)

[BAR CHART]

Nov	\$ 0.0605
Dec	0.0605
Jan	0.0605
Feb	0.0605
Mar	0.0645
Apr	0.0645
May	0.0680
Jun	0.0680
Jul	0.0680
Aug	0.0680
Sep	0.0720
Oct	0.0720

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE CHART]

11/01/08	\$ 11.68
	11.86
	11.50
	10.08
	11.10
	10.39
	9.40
	10.39
	10.49
	11.55
	12.29

12.30
 12.17
 12.17
 12.15
 12.06
 11.39
 11.75
 11.12
 11.68
 11.79
 12.03
 12.02
 11.96
 12.11
 12.20
 12.52
 12.88
 12.84
 12.84
 12.82
 12.78
 12.35
 12.32
 12.70
 12.80
 12.95
 12.99
 13.06
 13.07
 13.22
 13.12
 13.28
 13.38
 13.67
 13.90
 14.02
 14.14
 14.30
 14.02
 13.48
 13.70
 13.48

10/31/09

- (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 2008 of \$0.007 per share.

10 Nuveen Investments

NMA Performance OVERVIEW | Nuveen Municipal Advantage Fund, Inc. as of October 31, 2009

CREDIT QUALITY (AS A % OF TOTAL INVESTMENTS)

[PIE CHART]

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

AAA/U.S.	
Guaranteed	38%
AA	23%
A	20%
BBB	14%
BB or Lower	4%
N/R	1%

2008-2009 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE (2)

[BAR CHART]

Nov	\$ 0.0660
Dec	0.0660
Jan	0.0660
Feb	0.0660
Mar	0.0680
Apr	0.0680
May	0.0715
Jun	0.0715
Jul	0.0715
Aug	0.0715
Sep	0.0760
Oct	0.0760

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE CHART]

11/01/08	\$ 11.60
	12.09
	11.45
	10.07
	10.45
	9.60
	8.88
	10.31
	10.15
	10.95
	12.20
	11.96
	11.84
	12.12
	12.75
	12.33
	11.15
	12.12
	11.19
	11.60
	11.79
	11.92
	11.70
	11.86
	12.01
	12.35
	12.32
	12.62
	12.80
	12.91
	12.79
	12.95
	12.69

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

	12.80
	12.64
	12.79
	13.00
	13.18
	13.21
	13.38
	12.89
	12.83
	13.17
	13.24
	13.67
	13.81
	14.23
	14.24
	14.37
	14.30
	13.53
	13.80
10/31/09	13.41

FUND SNAPSHOT

Common Share Price	\$	13.41
Common Share Net Asset Value	\$	14.08
Premium/(Discount) to NAV		-4.76%
Market Yield		6.80%
Taxable-Equivalent Yield(1)		9.44%
Net Assets Applicable to Common Shares (\$000)	\$	608,813
Average Effective Maturity on Securities (Years)		16.44
Leverage-Adjusted Duration		11.30

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

	ON SHARE PRICE	ON NAV
1-Year	25.70%	23.89%
5-Year	3.00%	3.40%
10-Year	6.58%	6.54%

STATES

(as a % of total investments)

California	11.6%
Illinois	10.1%
Louisiana	8.9%
Washington	8.9%

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

Texas	8.8%
New York	5.7%
Colorado	5.2%
Ohio	4.9%
Puerto Rico	3.1%
Florida	2.8%
Tennessee	2.5%
Nevada	2.3%
New Jersey	2.3%
Indiana	2.2%
South Carolina	2.1%
Wisconsin	1.8%
Massachusetts	1.6%
North Carolina	1.6%
Other	13.6%

PORTFOLIO COMPOSITION
(as a % of total investments)

U.S. Guaranteed	25.9%
Health Care	17.2%
Utilities	14.0%
Tax Obligation/Limited	11.3%
Tax Obligation/General	9.3%
Transportation	8.4%
Other	13.9%

(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.

(2) The Fund paid shareholders a net ordinary income distribution in December 2008 of \$0.0021 per share.

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

NMO Performance OVERVIEW | Nuveen Municipal Market Opportunity Fund, Inc. as of October 31, 2009

FUND SNAPSHOT

Common Share Price	\$ 13.32
Common Share Net Asset Value	\$ 13.59
Premium/(Discount) to NAV	-1.99%
Market Yield	6.67%
Taxable-Equivalent Yield(1)	9.26%
Net Assets Applicable to Common Shares (\$000)	\$ 619,319
Average Effective Maturity on Securities (Years)	14.41
Leverage-Adjusted Duration	10.72

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

	ON SHARE PRICE	ON NAV
1-Year	23.67%	18.30%
5-Year	4.41%	3.03%
10-Year	6.29%	5.71%

STATES

(as a % of total investments)

Texas	9.8%
Washington	9.7%
California	9.1%
Illinois	9.1%
Minnesota	5.2%
Ohio	4.7%
Colorado	4.4%
New Jersey	4.3%
South Carolina	3.9%
Puerto Rico	3.4%
Georgia	3.1%
Pennsylvania	2.9%

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

North Dakota	2.8%
-----	-----
New York	2.7%
-----	-----
Massachusetts	2.7%
-----	-----
Indiana	1.7%
-----	-----
Oregon	1.6%
-----	-----
North Carolina	1.6%
-----	-----
Michigan	1.6%
-----	-----
Louisiana	1.5%
-----	-----
Other	14.2%
-----	-----

PORTFOLIO COMPOSITION
(as a % of total investments)

U.S. Guaranteed	28.6%
-----	-----
Tax Obligation/General	14.5%
-----	-----
Transportation	13.4%
-----	-----
Health Care	11.2%
-----	-----
Tax Obligation/Limited	11.2%
-----	-----
Utilities	7.2%
-----	-----
Other	13.9%
-----	-----

CREDIT QUALITY (AS A % OF TOTAL INVESTMENTS)

[PIE CHART]

AAA/U.S. Guaranteed	46%
AA	19%
A	24%
BBB	8%
BB or Lower	3%

2008-2009 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE

[BAR CHART]

Nov	\$ 0.0630
Dec	0.0630
Jan	0.0630
Feb	0.0630
Mar	0.0645
Apr	0.0645
May	0.0690
Jun	0.0690
Jul	0.0690
Aug	0.0690

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

Sep	0.0740
Oct	0.0740

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE CHART]

11/01/08	\$ 11.37
	11.63
	11.15
	9.86
	10.15
	9.50
	9.03
	9.71
	9.94
	10.87
	11.35
	11.27
	11.32
	11.54
	11.78
	11.75
	10.83
	11.36
	10.59
	10.96
	11.23
	11.27
	11.20
	11.25
	11.43
	11.69
	11.79
	11.97
	12.10
	12.26
	12.22
	12.10
	11.84
	11.84
	11.89
	11.90
	11.99
	12.11
	12.37
	12.56
	12.79
	12.84
	12.82
	12.84
	13.25
	13.30
	13.40
	13.32
	13.54
	13.63
	12.92
	13.38
10/31/09	13.32

(1) Taxable-Equivalent Yield represents the yield that must be earned on a

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

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 Investments

NAD Performance OVERVIEW | Nuveen Dividend Advantage Municipal Fund as of October 31, 2009

CREDIT QUALITY (AS A % OF MUNICIPAL BONDS)

[PIE CHART]

AAA/U.S.	
Guaranteed	28%
AA	27%
A	27%
BBB	9%
BB or Lower	6%
N/R	3%

2008-2009 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE

[BAR CHART]

Nov	\$ 0.0655
Dec	0.0655
Jan	0.0655
Feb	0.0655
Mar	0.0655
Apr	0.0655
May	0.0715
Jun	0.0715
Jul	0.0715
Aug	0.0715
Sep	0.0740
Oct	0.0740

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE CHART]

11/01/08	\$ 10.68
	11.23
	10.71
	9.36
	10.30
	8.94
	8.46
	9.75
	9.73
	10.46
	11.39
	11.25
	11.07
	11.30
	11.60
	11.53
	10.81

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

	11.30
	10.35
	10.74
	10.86
	11.22
	11.01
	10.98
	11.25
	11.49
	11.80
	12.11
	12.20
	12.50
	12.50
	12.44
	12.13
	12.28
	12.24
	12.32
	12.50
	12.58
	12.67
	12.64
	12.73
	12.54
	12.75
	12.84
	13.41
	13.63
	13.96
	13.89
	13.94
	13.65
	13.04
	13.19
10/31/09	12.89

FUND SNAPSHOT

Common Share Price	\$	12.89
Common Share Net Asset Value	\$	13.89
Premium/(Discount) to NAV		-7.20%
Market Yield		6.89%
Taxable-Equivalent Yield(1)		9.57%
Net Assets Applicable to Common Shares (\$000)	\$	545,534
Average Effective Maturity on Securities (Years)		16.74
Leverage-Adjusted Duration		11.96

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

	ON SHARE PRICE	ON NAV
1-Year	28.86%	25.78%

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

5-Year	2.75%	3.58%
10-Year	5.95%	7.24%

STATES
(as a % of municipal bonds)

Illinois		20.1%
Washington		7.2%
Florida		7.1%
New York		5.5%
Louisiana		5.0%
Wisconsin		4.6%
New Jersey		4.6%
Pennsylvania		4.6%
California		4.3%
Texas		4.2%
Colorado		3.7%
Indiana		3.5%
Ohio		3.3%
Puerto Rico		3.3%
Michigan		2.7%
Rhode Island		2.4%
Other		13.9%

PORTFOLIO COMPOSITION
(as a % of total investments)

Tax Obligation/Limited		19.6%
Health Care		19.2%
Tax Obligation/General		14.9%
Transportation		13.2%
U.S. Guaranteed		7.7%
Utilities		6.4%
Consumer Staples		6.0%
Other		13.0%

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

(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 Investments 13

NXZ Performance OVERVIEW | Nuveen Dividend Advantage Municipal Fund 2 as of October 31, 2009

FUND SNAPSHOT

Common Share Price	\$ 14.14
Common Share Net Asset Value	\$ 14.45
Premium/(Discount) to NAV	-2.15%
Market Yield	6.62%
Taxable-Equivalent Yield(1)	9.19%
Net Assets Applicable to Common Shares (\$000)	\$ 425,253
Average Effective Maturity on Securities (Years)	15.82
Leverage-Adjusted Duration	8.62

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

	ON SHARE PRICE	ON NAV
1-Year	22.63%	21.41%
5-Year	4.63%	4.72%
Since Inception	5.81%	6.55%

STATES

(as a % of total investments)

Texas	17.7%
Illinois	9.0%
California	8.2%
Michigan	7.8%
Colorado	6.7%
New York	6.4%
New Mexico	3.9%

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

Louisiana	3.3%
Minnesota	3.2%
Alabama	3.2%
Florida	2.9%
Washington	2.8%
Kansas	2.7%
Massachusetts	2.4%
Pennsylvania	2.3%
Indiana	2.2%
Oregon	2.1%
Other	13.2%

PORTFOLIO COMPOSITION
(as a % of total investments)

U.S. Guaranteed	30.8%
Tax Obligation/Limited	18.5%
Health Care	14.5%
Transportation	12.6%
Consumer Staples	6.7%
Utilities	5.2%
Other	11.7%

CREDIT QUALITY (AS A % OF TOTAL INVESTMENTS)

[PIE CHART]

AAA/U.S. Guaranteed	45%
AA	11%
A	24%
BBB	10%
BB or Lower	8%
N/R	2%

2008-2009 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE

[BAR CHART]

Nov	\$ 0.0730
Dec	0.0730
Jan	0.0730
Feb	0.0730

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

Mar	0.0730
Apr	0.0730
May	0.0730
Jun	0.0730
Jul	0.0730
Aug	0.0730
Sep	0.0780
Oct	0.0780

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE CHART]

11/01/08	\$ 12.10
	12.40
	11.45
	10.42
	11.20
	10.19
	9.62
	10.78
	11.75
	11.90
	12.66
	12.63
	12.53
	12.96
	13.07
	12.71
	11.69
	12.57
	11.60
	11.69
	11.70
	11.97
	12.24
	12.45
	12.46
	12.39
	12.76
	12.96
	13.08
	12.91
	12.98
	13.15
	12.85
	12.66
	12.67
	12.76
	12.75
	12.86
	12.96
	13.13
	13.13
	12.89
	13.24
	13.43
	13.79
	14.09
	14.25
	14.19
	14.37

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

	14.30
	13.75
	14.45
10/31/09	14.14

(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.

14 Nuveen Investments

NZF Performance OVERVIEW | Nuveen Dividend Advantage Municipal Fund 3 as of October 31, 2009

CREDIT QUALITY (AS A % OF MUNICIPAL BONDS)

[PIE CHART]

AAA/U.S.	
Guaranteed	41%
AA	19%
A	21%
BBB	7%
BB or Lower	3%
N/R	9%

2008-2009 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE (2)

[BAR CHART]

Nov	\$ 0.0665
Dec	0.0665
Jan	0.0665
Feb	0.0665
Mar	0.0680
Apr	0.0680
May	0.0735
Jun	0.0735
Jul	0.0735
Aug	0.0735
Sep	0.0745
Oct	0.0745

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE CHART]

11/01/08	\$ 10.72
	11.39
	10.64
	9.25
	10.20
	9.26
	8.86
	9.80
	9.77
	10.59
	11.56

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

	11.67
	11.37
	11.95
	12.42
	11.95
	10.71
	11.40
	10.74
	11.14
	11.09
	11.37
	11.33
	11.50
	11.80
	11.92
	12.25
	12.46
	12.50
	12.70
	12.61
	12.66
	12.29
	12.42
	12.52
	12.51
	12.60
	12.67
	12.80
	13.04
	12.99
	12.99
	13.16
	13.44
	13.59
	13.83
	13.86
	13.78
	13.97
	13.74
	13.26
	13.54
10/31/09	13.38

FUND SNAPSHOT

Common Share Price	\$ 13.38
Common Share Net Asset Value	\$ 14.19
Premium/(Discount) to NAV	-5.71%
Market Yield	6.68%
Taxable-Equivalent Yield(1)	9.28%
Net Assets Applicable to Common Shares (\$000)	\$ 573,088
Average Effective Maturity on Securities (Years)	14.56
Leverage-Adjusted Duration	9.33

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

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

	ON SHARE PRICE	ON NAV
1-Year	33.89%	25.08%
5-Year	4.71%	4.42%
Since Inception	5.00%	6.05%

STATES (as a % of municipal bonds)

Texas	13.3%
Washington	10.9%
Illinois	10.0%
California	8.9%
Michigan	6.4%
Colorado	4.4%
Iowa	4.1%
Indiana	3.9%
Wisconsin	3.0%
Louisiana	2.8%
New York	2.7%
New Jersey	2.6%
Kentucky	2.3%
Missouri	2.0%
Maryland	2.0%
Oregon	1.7%
Massachusetts	1.6%
Georgia	1.6%
Ohio	1.5%
Other	14.3%

PORTFOLIO COMPOSITION (as a % of total investments)

U.S. Guaranteed	23.0%
Transportation	16.4%

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

Health Care	15.1%
Tax Obligation/General	9.8%
Tax Obligation/Limited	7.0%
Utilities	5.5%
Education and Civic Organizations	4.8%
Water and Sewer	4.5%
Other	13.9%

- (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.
- (2) The Fund paid shareholders a net ordinary income distribution in December 2008 of \$0.0057 per share.

Nuveen Investments 15

NPP NMA NMO | Shareholder Meeting Report

The annual meeting of shareholders was held on July 28, 2009, in the Lobby Conference Room, 333 West Wacker Drive, Chicago, IL 60606; at this meeting the shareholders were asked to vote on the election of Board Members, the elimination of Fundamental Investment Policies and the approval of new Fundamental Investment Policies. The meeting was subsequently adjourned to September 1, 2009, and then adjourned to October 13, 2009, for NPP, NMO, NAD and NZF; NPP and NMO additionally adjourned to November 24, 2009.

	NPP		NMA	
	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class
TO APPROVE THE ELIMINATION OF THE FUND'S FUNDAMENTAL POLICY RELATING TO INVESTMENTS IN MUNICIPAL SECURITIES AND BELOW INVESTMENT GRADE SECURITIES.				
For	31,433,513	6,796	21,719,305	5,
Against	2,478,919	1,559	1,364,528	
Abstain	1,145,311	76	725,135	
Broker Non-Votes	9,426,679	2,217	5,479,006	
Total	44,484,422	10,648	29,287,974	6,

TO APPROVE THE NEW FUNDAMENTAL POLICY

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

RELATING TO INVESTMENTS IN MUNICIPAL
SECURITIES FOR THE FUND.

For	31,582,135	6,806	21,848,736	5,
Against	2,348,702	1,545	1,200,988	
Abstain	1,126,906	80	759,244	
Broker Non-Votes	9,426,679	2,217	5,479,006	
<hr style="border-top: 1px dashed black;"/>				
Total	44,484,422	10,648	29,287,974	6,

TO APPROVE THE ELIMINATION OF THE
FUNDAMENTAL POLICY RELATING TO INVESTING
IN OTHER INVESTMENT COMPANIES.

For	30,959,042	6,932	21,153,600	5,
Against	2,910,753	1,419	1,406,742	
Abstain	1,187,948	80	1,248,626	
Broker Non-Votes	9,426,679	2,217	5,479,006	
<hr style="border-top: 1px dashed black;"/>				
Total	44,484,422	10,648	29,287,974	6,

TO APPROVE THE ELIMINATION OF THE
FUNDAMENTAL POLICY RELATING TO
DERIVATIVES AND SHORT SALES.

For	30,884,377	6,787	21,164,190	5,
Against	2,987,051	1,549	1,471,801	
Abstain	1,186,315	95	1,172,977	
Broker Non-Votes	9,426,679	2,217	5,479,006	
<hr style="border-top: 1px dashed black;"/>				
Total	44,484,422	10,648	29,287,974	6,

TO APPROVE THE ELIMINATION OF THE
FUNDAMENTAL POLICY RELATING TO
COMMODITIES.

For	30,507,444	6,809	21,045,007	5,
Against	3,326,433	1,542	1,487,869	
Abstain	1,223,866	80	1,276,092	
Broker Non-Votes	9,426,679	2,217	5,479,006	
<hr style="border-top: 1px dashed black;"/>				
Total	44,484,422	10,648	29,287,974	6,

TO APPROVE THE NEW FUNDAMENTAL POLICY
RELATING TO COMMODITIES.

For	30,491,998	6,732	21,032,759	5,
Against	3,317,878	1,550	1,496,433	
Abstain	1,247,867	149	1,279,776	
Broker Non-Votes	9,426,679	2,217	5,479,006	
<hr style="border-top: 1px dashed black;"/>				
Total	44,484,422	10,648	29,287,974	6,

16 Nuveen Investments

	NPP		NMA	
<hr style="border-top: 1px dashed black;"/>				
Common and Preferred shares voting together	Preferred shares voting together	Common and Preferred shares voting together	Preferred shares vot toget	

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

	as a class	as a class	as a class	as a class
APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS:				
John P. Amboian				
For	41,964,332	--	28,092,357	
Withhold	2,074,388	--	1,195,617	
Total	44,038,720	--	29,287,974	
Robert P. Bremner				
For	41,949,476	--	28,079,352	
Withhold	2,089,244	--	1,208,622	
Total	44,038,720	--	29,287,974	
Jack B. Evans				
For	41,938,440	--	28,089,629	
Withhold	2,100,280	--	1,198,345	
Total	44,038,720	--	29,287,974	
William C. Hunter				
For	--	9,292	--	6,
Withhold	--	1,316	--	
Total	--	10,608	--	6,
David J. Kundert				
For	41,962,180	--	28,084,949	
Withhold	2,076,540	--	1,203,025	
Total	44,038,720	--	29,287,974	
William J. Schneider				
For	--	9,305	--	6,
Withhold	--	1,303	--	
Total	--	10,608	--	6,
Judith M. Stockdale				
For	41,970,976	--	28,045,115	
Withhold	2,067,744	--	1,242,859	
Total	44,038,720	--	29,287,974	
Carole E. Stone				
For	41,956,447	--	28,077,114	
Withhold	2,082,273	--	1,210,860	
Total	44,038,720	--	29,287,974	
Terence J. Toth				
For	41,982,487	--	28,088,649	
Withhold	2,056,233	--	1,199,325	
Total	44,038,720	--	29,287,974	

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

NAD NXZ NZF | Shareholder Meeting Report (continued)

	NAD		NXZ	
	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class

TO APPROVE THE ELIMINATION OF THE FUND'S FUNDAMENTAL POLICY RELATING TO INVESTMENTS IN MUNICIPAL SECURITIES AND BELOW INVESTMENT GRADE SECURITIES.				
For	19,459,793	4,867	14,582,404	1,000,000
Against	1,129,444	482	773,999	
Abstain	626,016	280	413,083	
Broker Non-Votes	5,740,623	1,401	4,706,237	

Total	26,955,876	7,030	20,475,723	1,000,000
=====				
TO APPROVE THE NEW FUNDAMENTAL POLICY RELATING TO INVESTMENTS IN MUNICIPAL SECURITIES FOR THE FUND.				
For	19,543,191	4,910	14,633,866	1,000,000
Against	1,041,082	435	697,157	
Abstain	630,980	284	438,463	
Broker Non-Votes	5,740,623	1,401	4,706,237	
