

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2  
Form DEF 14A  
October 16, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

(Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**Nuveen California Dividend Advantage**  
**Municipal Fund 2 (NVX, NVX PrA, NVX PrC)**  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

Edgar Filing: NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2 - Form DEF 14A

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Important Notice to Fund Shareholders

October 16, 2012

Although we recommend that you read the complete Joint Proxy Statement, for your convenience, we have provided a brief overview of the issues to be voted on.

**Q. Why am I receiving this Joint Proxy Statement?**

A. You are receiving this Joint Proxy Statement in connection with the annual shareholders meeting of the Nuveen closed-end funds listed at the top of the Notice of Annual Meeting of Shareholders (each a Fund and collectively, the Funds). The following proposals will be considered:

- (i) the election of board members for each Fund (the list of specific nominees is contained in the enclosed Joint Proxy Statement); and
- (ii) the elimination of the current fundamental investment policy and adoption of a new fundamental investment policy regarding the ability to make loans by each Affected Municipal Fund (as defined in the Joint Proxy Statement) in order to update and conform such Funds' policies with other Nuveen closed-end municipal funds.

Your Fund's Board of Trustees/Directors (Board), including your Board's independent members, unanimously recommends that you vote FOR each proposal.

**Your vote is very important. We encourage you as a shareholder to participate in your Fund's governance by returning your vote as soon as possible. If enough shareholders don't cast their votes, your Fund may not be able to hold its meeting or the vote on each issue, and will be required to incur additional solicitation costs in order to obtain sufficient shareholder participation.**

*Proposal Regarding New Fundamental Investment Policy Relating to Loans*

**Q. Why are the Affected Municipal Funds proposing a change to their fundamental investment policies?**

A. The proposal is part of a multi-year effort to ensure that all of Nuveen's municipal bond closed-end funds have a uniform and up-to-date set of investment policies that reflect the evolution and changes in the municipal bond market that have emerged over the past 20 years. The proposed changes are part of a more comprehensive "best practices" initiative on behalf of the funds that began more than three years ago.

Nuveen's municipal bond closed-end funds have been brought to market at different intervals over the course of more than 20 years, and reflect various policies and investment capabilities prevalent at the time of their creation. The investment policies of older funds generally do not reflect subsequent developments in the municipal market, including new types of securities and investment strategies. Consequently, many of Nuveen's more recently offered municipal bond closed-end funds feature investment capabilities not uniformly enjoyed by older municipal bond closed-end funds. The proposal set forth in the Joint Proxy Statement is designed to provide those funds with the same portfolio management tools currently available to Nuveen's more recently offered funds.

**Q. What are the potential benefits of the new fundamental investment policy relating to loans for common shareholders of the Affected Municipal Funds?**

A.

Edgar Filing: NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2 - Form DEF 14A

The proposed new fundamental investment policy would permit each Fund to make loans to the extent permitted by the securities laws. This would generally permit each Fund to lend up to  $33\frac{1}{3}\%$  of its total assets. Among other things, this change is intended to

provide each Affected Municipal Fund the flexibility to make loans in circumstances where a municipal issuer is in distress, if Nuveen Fund Advisors, Inc. believes that doing so would both:

(i) facilitate a timely workout of the issuer's situation in a manner which benefits that Fund; and

(ii) be the best choice for reducing the likelihood or severity of loss on the Fund's investment.

A loan to an issuer in distress involves risk. In this circumstance, it is possible a Fund could lose its entire investment with an issuer as well as the amount loaned.

**Q. Was there a particular catalyst or portfolio concern prompting the loan policy proposal?**

A. This proposal is part of a broader policy initiative undertaken by Nuveen for the past several years. There are currently no identified credit situations within the complex where the use of this greater loan flexibility is intended or targeted. As stated in the Joint Proxy Statement, this policy change proposal reflects the broader intent to provide Nuveen's municipal closed-end funds, including the Affected Municipal Funds, the same portfolio management flexibility already available to other funds with similar investment objectives within the Nuveen complex.

**Q. Does the loan policy proposal reflect a growing concern on Nuveen's part over the state of municipal issuers?**

A. Nuveen's portfolio management and research team is actively engaged in monitoring both macro issues impacting the municipal bond market as well as individual credit holdings held by the various Nuveen funds. The team regularly comments on the strength of the municipal bond market as well as provides in-depth research articles. Providing an Affected Municipal Fund with the option of making loans to help facilitate a timely workout of a distressed issuer's situation merely provides the Fund with an additional tool to help preserve shareholder value, and, importantly, should not be viewed as a commentary on the state of the municipal bond market.

**Q. Have the Nuveen municipal closed-end funds participated in loans to municipal issuers in the past?**

A. Though such a loan situation in the municipal market is rare, it represents a more common workout practice in the corporate bond market. The most recent situation where a Nuveen fund with the flexibility to do so made a loan to an issuer facing a credit workout situation occurred approximately eight years ago. Since that time, a limited number of funds having a policy permitting the making of loans have considered doing so in particular workout situations, but ultimately determined to take other actions in pursuit of maximizing shareholder value.

**Q. Is this proposal in response to any past or current municipal credit litigation?**

A. This proposal is not related to any past or pending litigation.

**Q. If approved, do you know when/if you plan to employ this option?**

A. As stated in the Joint Proxy Statement, this policy is designed to provide each Affected Municipal Fund with the flexibility to make loans in circumstances where a municipal issuer is in distress if the adviser believes that doing so would both:

facilitate a timely workout of the issuer's situation in a manner that benefits the Fund; and,

is the best choice for reducing the likelihood or severity of loss on the Fund's investment.

Again, there are currently no identified credit situations within the complex where this option is intended or targeted.

**Q. Will this option impact how the underlying bonds should be valued?**

- A. The Affected Municipal Funds will value a loan based on several factors that draw upon policies and procedures adopted and approved by each Fund's Board that are able to value instruments issued in these types of situations. As with any investment, risks exist, and if the adviser is wrong, the valuation of a particular loan could be impacted and affect the value of the underlying bond held in the Fund. However, we would not expect that any loans would constitute a meaningful portion of a Fund's total assets.

**General**

**Q. What actions are required in order to implement the new investment policy for each Affected Mutual Fund?**

- A. In order to implement the new investment policy relating to the Fund's ability to make loans and obtain the potential benefits described above, shareholders are being asked to approve the elimination of the existing fundamental policy and the implementation of the new replacement fundamental policy.

**Q. What happens if shareholders do not approve the elimination of the fundamental investment policy and/or do not approve the new investment policy?**

- A. The Fund will not be able to implement the new investment policy as discussed above. The Fund would likely incur further expenses to solicit additional shareholder participation, and may experience potential disruptions to its investment operations. Each Fund's Board urges you to vote without delay in order to avoid the potential for higher costs and/or disruptions to portfolio operations.

**Q. Who do I call if I have questions?**

- A. If you need any assistance, or have any questions regarding the proposals or how to vote your shares, please call Computershare Fund Services, your Fund's proxy solicitor, at (866) 209-5784 weekdays during its business hours of 9:00 a.m. to 11:00 p.m. and Saturdays from 12:00 p.m. to 6:00 p.m. Eastern time. Please have your proxy materials available when you call.

**Q. How do I vote my shares?**

- A. You can vote your shares by completing and signing the enclosed proxy card, and mailing it in the enclosed postage-paid envelope. Alternatively, you may vote by telephone by calling the toll-free number on the proxy card or by computer by going to the Internet address provided on the proxy card and following the instructions, using your proxy card as a guide.

**Q. Will anyone contact me?**

- A. You may receive a call from Computershare Fund Services, the proxy solicitor hired by your Fund, to verify that you received your proxy materials, to answer any questions you may have about the proposals and to encourage you to vote your proxy. We recognize the inconvenience of the proxy solicitation process and would not impose on you if we did not believe that the matters being proposed were important and in the best interests of the Funds. Once your vote has been registered with the proxy solicitor, your name will be



removed from the solicitor s follow-up contact list.

333 West Wacker Drive

Chicago, Illinois 60606

(800) 257-8787

## **Notice of Annual Meeting of Shareholders November 14, 2012**

**October 16, 2012**

**Nuveen Floating Rate Income Fund (JFR)**

**Nuveen Floating Rate Income Opportunity Fund (JRO)**

**Nuveen Senior Income Fund (NSL)**

**Nuveen Short Duration Credit Opportunities Fund (JSD)**

**Nuveen California AMT-Free Municipal Income Fund (NKX)**

**Nuveen California Dividend Advantage Municipal Fund (NAC)**

**Nuveen California Dividend Advantage Municipal Fund 2 (NVX, NVX PrA, NVX PrC)**

**Nuveen California Dividend Advantage Municipal Fund 3 (NZH, NZH PrC, NZH PrA, NZH PrB)**

**Nuveen California Investment Quality Municipal Fund, Inc. (NQC)**

**Nuveen California Municipal Market Opportunity Fund, Inc. (NCO)**

**Nuveen California Municipal Value Fund, Inc. (NCA)**

**Nuveen California Municipal Value Fund 2 (NCB)**

**Nuveen California Performance Plus Municipal Fund, Inc. (NCP)**

**Nuveen California Premium Income Municipal Fund (NCU, NCU PrC)**

**Nuveen California Quality Income Municipal Fund, Inc. (NUC)**

**Nuveen California Select Quality Municipal Fund, Inc. (NVC)**

**Nuveen Connecticut Premium Income Municipal Fund (NTC, NTC PrC, NTC PrD, NTC PrE, NTC PrF, NTC PrG)**

**Nuveen Georgia Dividend Advantage Municipal Fund 2 (NKG, NKG PrC, NKG PrD, NKG PrE)**

**Nuveen Maryland Premium Income Municipal Fund (NMY, NMY PrC, NMY PrD, NMY PrE, NMY PrF, NMY PrG, NMY PrH)**

**Nuveen Massachusetts AMT-Free Municipal Income Fund (NGX, NGX PrC)**

**Nuveen Massachusetts Dividend Advantage Municipal Fund (NMB, NMB PrC)**

**Nuveen Massachusetts Premium Income Municipal Fund (NMT, NMT PrC, NMT PrD)**

**Nuveen Missouri Premium Income Municipal Fund (NOM, NOM PrC)**

**Nuveen New Jersey Dividend Advantage Municipal Fund (NXJ, NXJ PrA)**

**Nuveen New Jersey Dividend Advantage Municipal Fund 2 (NUJ, NUJ PrC)**

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

**Nuveen New Jersey Municipal Value Fund (NJV)**

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

**Nuveen North Carolina Premium Income Municipal Fund (NNC, NNC PrC, NNC PrD, NNC PrE, NNC PrF, NNC PrG)**

**Nuveen Pennsylvania Dividend Advantage Municipal Fund (NXM, NXM PrC)**

**Nuveen Pennsylvania Dividend Advantage Municipal Fund 2 (NVY, NVY PrC)**

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

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

**Nuveen Pennsylvania Municipal Value Fund (NPN)**

**Nuveen Texas Quality Income Municipal Fund (NTX, NTX PrC)**

**Nuveen Virginia Premium Income Municipal Fund (NPV, NPV PrC, NPV PrA, NPV PrD, NPV PrE)**

**To the Shareholders of the Above Funds:**

Notice is hereby given that the Annual Meeting of Shareholders (the Annual Meeting ) of Nuveen California Investment Quality Municipal Fund, Inc. ( California Investment Quality ), Nuveen California Municipal Market Opportunity Fund, Inc. ( California Market Opportunity ), Nuveen California Municipal Value Fund, Inc. ( California Value ), Nuveen California Performance Plus Municipal Fund, Inc. ( California Performance Plus ), Nuveen California Quality Income Municipal Fund, Inc. ( California Quality Income ), Nuveen California Select Quality Municipal Fund, Inc. ( California Select Quality ), Nuveen New Jersey Investment Quality Municipal Fund, Inc. ( New Jersey Investment Quality ) and Nuveen New Jersey Premium Income Municipal Fund, Inc. ( New Jersey Premium Income ), **each a Minnesota corporation** (each a Minnesota Fund and collectively, the Minnesota Funds ), and Nuveen Floating Rate Income Fund ( Floating Rate Income ), Nuveen Floating Rate Income Opportunity Fund ( Floating Rate Income Opportunity ), Nuveen Senior Income Fund ( Senior Income ), Nuveen Short Duration Credit Opportunities Fund ( Short Duration Credit Opportunities ), Nuveen California AMT-Free Municipal Income Fund ( California AMT-Free ), Nuveen California Dividend Advantage Municipal Fund ( California Dividend Advantage ), Nuveen California Dividend Advantage Municipal Fund 2 ( California Dividend Advantage 2 ), Nuveen California Dividend Advantage Municipal Fund 3 ( California Dividend Advantage 3 ), Nuveen California Municipal Value 2 ( California Value 2 ), Nuveen California Premium Income Municipal Fund ( California Premium Income ), Nuveen Connecticut Premium Income Municipal Fund ( Premium Income ), Nuveen Georgia Dividend Advantage Municipal Fund 2 ( Georgia Dividend Advantage 2 ), Nuveen Maryland Premium Income Municipal Fund ( Maryland Premium Income ), Nuveen Massachusetts AMT-Free Municipal Income Fund ( Massachusetts AMT Free ), Nuveen Massachusetts Dividend Advantage Municipal Fund ( Massachusetts Dividend Advantage ), Nuveen Massachusetts Premium Income Municipal Fund ( Massachusetts Premium Income ), Nuveen Missouri Premium Income Municipal Fund ( Missouri Premium Income ), Nuveen New Jersey Dividend Advantage Municipal Fund ( New Jersey Dividend Advantage ), Nuveen New Jersey Dividend Advantage Municipal Fund 2 ( New Jersey Dividend Advantage 2 ), Nuveen New Jersey Municipal Value Fund ( New Jersey Value ), Nuveen North Carolina Premium Income Municipal Fund ( North Carolina Premium Income ), Nuveen Pennsylvania Municipal Value Fund ( Pennsylvania Value ), Nuveen Pennsylvania Dividend Advantage Municipal Fund ( Pennsylvania Dividend Advantage ), Nuveen Pennsylvania Dividend Advantage Municipal Fund 2 ( Pennsylvania Dividend Advantage 2 ), Nuveen Pennsylvania Investment Quality Municipal Fund ( Pennsylvania Investment Quality ), Nuveen Pennsylvania Premium Income Municipal Fund 2 ( Pennsylvania Premium Income 2 ), Nuveen Texas Quality Income Municipal Fund ( Texas Quality Income ) and Nuveen Virginia Premium Income Municipal Fund ( Virginia Premium Income ), **each a Massachusetts business trust** (each a Massachusetts Fund and collectively, the Massachusetts Funds ) (the Minnesota Funds and Massachusetts Funds are each, a Fund and collectively, the Funds ), will be held in the principal executive offices of Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606, on Wednesday, November 14, 2012, at 11:00 a.m., Central time, for the following purposes and to transact such other business, if any, as may properly come before the Annual Meeting:

**Matters to Be Voted on by Shareholders:**

1. To elect Members to the Board of Directors/Trustees (each a Board and each Director or Trustee a Board Member ) of each Fund as outlined below:
  - a. For each Minnesota Fund, except California Value, to elect ten (10) Board Members:
    - (i) eight (8) Board Members to be elected by the holders of Common Shares and Municipal Auction Rate Cumulative Preferred Shares ( Preferred Shares ), voting together as a single class; and
    - (ii) two (2) Board Members to be elected by the holders of Preferred Shares only, voting as a single class.
  - b. For California Value, to elect three (3) Board Members.
  - c. For each Massachusetts Fund, except Floating Rate Income, Floating Rate Income Opportunity, Senior Income, Short Duration Credit Opportunities, California Value 2, New Jersey Value and Pennsylvania Value, to elect four (4) Board Members:
    - (i) two (2) Board Members to be elected by the holders of Common Shares and Preferred Shares, voting together as a single class; and
    - (ii) two (2) Board Members to be elected by the holders of Preferred Shares only, voting as a single class.
  - d. For Floating Rate Income, Floating Rate Income Opportunity, Senior Income, Short Duration Credit Opportunities, California Value 2, New Jersey Value and Pennsylvania Value to elect three (3) Board Members.
2. To approve the elimination of the fundamental investment policy and to approve the new fundamental investment policy for each Affected Municipal Fund (as defined in the Joint Proxy Statement).
  - (a)(i) For shareholders of each Affected Municipal Fund, all shareholders voting as a single class, to approve the elimination of each Fund s existing fundamental investment policy related to the Fund s ability to make loans.
  - (a)(ii) For shareholders of each Affected Municipal Fund, the Preferred Shares voting as a single class, to approve the elimination of each Fund s existing fundamental investment policy related to the Fund s ability to make loans.
  - (b)(i) For shareholders of each Affected Municipal Fund, all shareholders voting as a single class, to approve a new fundamental investment policy related to the Fund s ability to make loans.
  - (b)(ii) For shareholders of each Affected Municipal Fund, the Preferred Shares voting as a single class, to approve a new fundamental investment policy related to the Fund s ability to make loans.

3. To transact such other business as may properly come before the Annual Meeting.

Shareholders of record at the close of business on September 17, 2012 are entitled to notice of and to vote at the Annual Meeting.

**All shareholders are cordially invited to attend the Annual Meeting. In order to avoid delay and additional expense and to assure that your shares are represented, please vote as promptly as possible, regardless of whether or not you plan to attend the Annual Meeting. You may vote by mail, telephone or over the Internet. To vote by mail, please mark, sign, date and mail the enclosed proxy card. No postage is required if mailed in the United States. To vote by telephone, please call the toll-free number located on your proxy card and follow the recorded instructions, using your proxy card as a guide. To vote over the Internet, go to the Internet address provided on your proxy card and follow the instructions, using your proxy card as a guide.**

Kevin J. McCarthy

*Vice President and Secretary*



333 West Wacker Drive

## Joint Proxy Statement

Chicago, Illinois 60606

(800) 257-8787

**October 16, 2012**

This Joint Proxy Statement is first being mailed to shareholders on or about October 17, 2012.

**Nuveen Floating Rate Income Fund (JFR)**

**Nuveen Floating Rate Income Opportunity Fund (JRO)**

**Nuveen Senior Income Fund (NSL)**

**Nuveen Short Duration Credit Opportunities Fund (JSD)**

**Nuveen California AMT-Free Municipal Income Fund (NKX)**

**Nuveen California Dividend Advantage Municipal Fund (NAC)**

**Nuveen California Dividend Advantage Municipal Fund 2 (NVX, NVX PrA, NVX PrC)**

**Nuveen California Dividend Advantage Municipal Fund 3 (NZH, NZH PrC, NZH PrA, NZH PrB)**

**Nuveen California Investment Quality Municipal Fund, Inc. (NQC)**

**Nuveen California Municipal Market Opportunity Fund, Inc. (NCO)**

**Nuveen California Municipal Value Fund, Inc. (NCA)**

**Nuveen California Municipal Value Fund 2 (NCB)**

**Nuveen California Performance Plus Municipal Fund, Inc. (NCP)**

**Nuveen California Premium Income Municipal Fund (NCU, NCU PrC)**

**Nuveen California Quality Income Municipal Fund, Inc. (NUC)**

**Nuveen California Select Quality Municipal Fund, Inc. (NVC)**

**Nuveen Connecticut Premium Income Municipal Fund (NTC, NTC PrC, NTC PrD, NTC PrE, NTC PrF, NTC PrG)**

**Nuveen Georgia Dividend Advantage Municipal Fund 2 (NKG, NKG PrC, NKG PrD, NKG PrE)**

**Nuveen Maryland Premium Income Municipal Fund (NMY, NMY PrC, NMY PrD, NMY PrE, NMY PrF, NMY PrG, NMY PrH)**

**Nuveen Massachusetts AMT-Free Municipal Income Fund (NGX, NGX PrC)**

**Nuveen Massachusetts Dividend Advantage Municipal Fund (NMB, NMB PrC)**

**Nuveen Massachusetts Premium Income Municipal Fund (NMT, NMT PrC, NMT PrD)**

**Nuveen Missouri Premium Income Municipal Fund (NOM, NOM PrC)**

**Nuveen New Jersey Dividend Advantage Municipal Fund (NXJ, NXJ PrA)**

**Nuveen New Jersey Dividend Advantage Municipal Fund 2 (NUJ, NUJ PrC)**

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

**Nuveen New Jersey Municipal Value Fund (NJV)**

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

**Nuveen North Carolina Premium Income Municipal Fund (NNC, NNC PrC, NNC PrD, NNC PrE, NNC PrF, NNC PrG)**

**Nuveen Pennsylvania Dividend Advantage Municipal Fund (NXM, NXM PrC)**

**Nuveen Pennsylvania Dividend Advantage Municipal Fund 2 (NVY, NVY PrC)**

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

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

**Nuveen Pennsylvania Municipal Value Fund (NPN)**

**Nuveen Texas Quality Income Municipal Fund (NTX, NTX PrC)**

**Nuveen Virginia Premium Income Municipal Fund (NPV, NPV PrC, NPV PrA, NPV PrD, NPV PrE)**

---

**General Information**

This Joint Proxy Statement is furnished in connection with the solicitation by the Board of Directors or Trustees (each a Board and collectively, the Boards, and each Director or Trustee, a Board Member and collectively, the Board Members) of Nuveen California Investment Quality Municipal Fund, Inc. (California Investment Quality), Nuveen California Municipal Market Opportunity Fund, Inc. (California Market Opportunity), Nuveen California Municipal Value Fund, Inc. (California Value), Nuveen California Performance Plus Municipal Fund, Inc. (California Performance Plus), Nuveen California Quality Income Municipal Fund, Inc. (California Quality Income), Nuveen California Select Quality Municipal Fund, Inc. (California Select Quality), Nuveen New Jersey Investment Quality Municipal Fund, Inc. (New Jersey Investment Quality), and Nuveen New Jersey Premium Income Municipal Fund, Inc. (New Jersey Premium Income), **each a Minnesota Corporation** (each a Minnesota Fund and collectively, the Minnesota Funds), and Nuveen Floating Rate Income Fund (Floating Rate Income), Nuveen Floating Rate Income Opportunity Fund (Floating Rate Income Opportunity), Nuveen Senior Income Fund (Senior Income), Nuveen Short Duration Credit Opportunities Fund (Short Duration Credit Opportunities), Nuveen California AMT-Free Municipal Income Fund (California AMT-Free), Nuveen California Dividend Advantage Municipal Fund (California Dividend Advantage), Nuveen California Dividend Advantage Municipal Fund 2 (California Dividend Advantage 2), Nuveen California Dividend Advantage Municipal Fund 3 (California Dividend Advantage 3), Nuveen California Municipal Value 2 (California Value 2), Nuveen California Premium Income Municipal Fund (California Premium Income), Nuveen Connecticut Premium Income Municipal Fund (Connecticut Premium Income), Nuveen Georgia Dividend Advantage Municipal Fund 2 (Georgia Dividend Advantage 2), Nuveen Maryland Premium Income Municipal Fund (Maryland Premium Income), Nuveen Massachusetts AMT-Free Municipal Income Fund (Massachusetts AMT Free), Nuveen Massachusetts Dividend Advantage Municipal Fund (Massachusetts Dividend Advantage), Nuveen Massachusetts Premium Income Municipal Fund (Massachusetts Premium Income), Nuveen Missouri Premium Income Municipal Fund (Missouri Premium Income), Nuveen New Jersey Dividend Advantage Municipal Fund (New Jersey Dividend Advantage), Nuveen New Jersey Dividend Advantage Municipal Fund 2 (New Jersey Dividend Advantage 2), Nuveen New Jersey Municipal Value Fund (New Jersey Value), Nuveen North Carolina Premium Income Municipal Fund (North Carolina Premium Income), Nuveen Pennsylvania Dividend Advantage Municipal Fund (Pennsylvania Dividend Advantage), Nuveen Pennsylvania Dividend Advantage Municipal Fund 2 (Pennsylvania Dividend Advantage 2), Nuveen Pennsylvania Investment Quality Municipal Fund (Pennsylvania Investment Quality), Nuveen Pennsylvania Premium Income Municipal Fund 2 (Pennsylvania Premium Income 2), Nuveen Pennsylvania Municipal Value Fund (Pennsylvania Value), Nuveen Texas Quality Income Municipal Fund (Texas Quality Income) and Nuveen Virginia Premium Income Municipal Fund (Virginia Premium Income), **each a Massachusetts Business Trust** (each a Massachusetts Fund and collectively, the Massachusetts Funds) (the Massachusetts Funds and Minnesota Funds are each, a Fund and collectively, the Funds), of proxies to be voted at the Annual Meeting of Shareholders to be held in the principal executive offices of Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606, on Wednesday, November 14, 2012, at 11:00 a.m., Central time (for each Fund, an Annual Meeting and collectively, the Annual Meetings), and at any and all adjournments thereof.

On the matters coming before each Annual Meeting as to which a choice has been specified by shareholders on the proxy, the shares will be voted accordingly. If a proxy is returned and no choice is specified, the shares will be voted **FOR** the election of the nominees as listed in this Joint Proxy Statement and **FOR** the elimination of the current fundamental investment policy and the adoption of a new fundamental investment policy for California Dividend Advantage 2, Massachusetts Premium Income and New Jersey Dividend Advantage 2 (each an Affected Municipal Fund and collectively, the Affected Municipal Funds ). Shareholders of a Fund who execute proxies may revoke them at any time before they are voted by filing with that Fund a written notice of revocation, by delivering a duly executed proxy bearing a later date, or by attending the Annual Meeting and voting in person.

The Board of each Fund has determined that the use of this Joint Proxy Statement for each Annual Meeting is in the best interest of each Fund and its shareholders in light of the similar matters being considered and voted on by the shareholders.

The following table indicates which shareholders are solicited with respect to each matter:

| <b>Matter</b>   | <b>Common Shares</b> | <b>Preferred Shares<sup>(1)</sup></b> |
|---|----------------------|---------------------------------------|
| 1(a)(i) For each Minnesota Fund, except California Value, election of eight (8) Board Members by all shareholders.  | X                    | X                                     |
| 1(a)(ii) For each Minnesota Fund, except California Value, election of two (2) Board Members by Preferred Shares only.  |                      | X                                     |
| 1(b) For California Value, election of three (3) Board Members by all shareholders.   | X                    | N/A                                   |
| 1(c)(i) For each Massachusetts Fund, except Floating Rate Income, Floating Rate Income Opportunity, Senior Income, Short Duration Credit Opportunities, California Value 2, New Jersey Value and Pennsylvania Value, election of four (4) Board Members by all shareholders.      | X                    | X                                     |
| 1(c)(ii) For each Massachusetts Fund, except Floating Rate Income, Floating Rate Income Opportunity, Senior Income, Short Duration Credit Opportunities, California Value 2, New Jersey Value and Pennsylvania Value, election of two (2) Board Members by Preferred Shares only. |                      | X                                     |
| 1(d) For Floating Rate Income, Floating Rate Income Opportunity, Senior Income, Short Duration Credit Opportunities, California Value 2, New Jersey Value and Pennsylvania Value, election of three (3) Board Members by all shareholders.  | X                    | N/A                                   |

| Matter   |  | Common Shares | Preferred Shares <sup>(1)</sup> |
|----------|--|---------------|---------------------------------|
| 2(a)(i)  | For each Affected Municipal Fund, all shareholders voting as a single class, to approve the elimination of the Fund's fundamental investment policy relating to the Fund's ability to make loans.                | X             | X                               |
| 2(a)(ii) | For each Affected Municipal Fund, the Preferred Shares voting separately as a single class, to approve the elimination of the Fund's fundamental investment policy relating to the Fund's ability to make loans. |               | X                               |
| 2(b)(i)  | For each Affected Municipal Fund, all shareholders voting as a single class, to approve a new fundamental investment policy relating to the Fund's ability to make loans.  | X             | X                               |
| 2(b)(ii) | For each Affected Municipal Fund, the Preferred Shares voting separately as a single class, to approve a new fundamental investment policy relating to the Fund's ability to make loans.                         |               | X                               |

(1) Municipal Term Preferred Shares for California Dividend Advantage 2, California Dividend Advantage 3, California Premium Income, Connecticut Premium Income, Georgia Dividend Advantage 2, Maryland Premium Income, Massachusetts AMT-Free Massachusetts, Dividend Advantage, Massachusetts Premium Income, Missouri Premium Income, New Jersey Dividend Advantage, New Jersey Dividend Advantage 2, North Carolina Premium Income, Pennsylvania Dividend Advantage, Pennsylvania Dividend Advantage 2, Texas Quality Income and Virginia Premium Income; Variable Rate Demand Preferred Shares for California AMT-Free, California Dividend Advantage, California Investment Quality, California Market Opportunity, California Performance Plus, California Select Quality, California Quality Income, New Jersey Investment Quality, New Jersey Premium Income, Pennsylvania Investment Quality, and Pennsylvania Premium Income 2 are referred to as Preferred Shares. California Value, California Value 2, New Jersey Value, Pennsylvania Value, Floating Rate Income, Floating Rate Income Opportunity, Senior Income and Short Duration Credit Opportunities do not have any Preferred Shares outstanding.

A quorum of shareholders is required to take action at each Annual Meeting. A majority of the shares entitled to vote at each Annual Meeting, represented in person or by proxy, will constitute a quorum of shareholders at that Annual Meeting, except that for the election of the two Board Member nominees to be elected by holders of Preferred Shares of each Fund (except California Value, California Value 2, New Jersey Value, Pennsylvania Value, Floating Rate Income, Floating Rate Income Opportunity, Senior Income and Short Duration Credit Opportunities), 33 1/3% of the Preferred Shares entitled to vote and represented in person or by proxy will constitute a quorum. Votes cast by proxy or in person at each Annual Meeting will be tabulated by the inspectors of election appointed for that Annual Meeting. The inspectors of election will determine whether or not a quorum is present at the Annual Meeting. The inspectors of election will treat abstentions and broker non-votes (i.e., shares held by brokers or nominees, typically in street name, as to which (i) instructions have not been received from the beneficial owners or persons entitled to vote and (ii) the broker or nominee does not have discretionary voting power on a particular matter) as present for purposes of determining a quorum.

For each Fund, the affirmative vote of a plurality of the shares present and entitled to vote at the Annual Meeting will be required to elect the Board Members of that Fund. For purposes of

determining the approval of the proposal to elect nominees for each Fund, abstentions and broker non-votes will have no effect on the election of Board Members. For purposes of determining the approval of the elimination of the fundamental investment policies and the approval of the new fundamental investment policies for the Affected Municipal Funds, a change will only be consummated if approved by the affirmative vote of the holders of a majority of the outstanding shares of a Fund's Common Shares and Preferred Shares, voting together as a single class, and by the affirmative vote of a majority of the Fund's outstanding Preferred Shares, voting as a separate class. For this purpose, a majority of the outstanding shares means, as defined in the Investment Company Act of 1940, as amended (the "1940 Act"), (a) 67% or more of the voting securities present at the Annual Meeting, if the holders of more than 50% of the outstanding voting securities are present or represented by proxy; or (b) more than 50% of the outstanding voting securities, whichever is less. For purposes of determining the approval of the elimination of the fundamental investment policies and the approval of the new fundamental investment policies, abstentions and broker non-votes will have the same effect as shares voted against the proposal.

Variable Rate Demand Preferred Shares held in street name as to which voting instructions have not been received from the beneficial owners or persons entitled to vote as of one business day before the Annual Meeting, or, if adjourned, one business day before the day to which the Annual Meeting is adjourned, and that would otherwise be treated as broker non-votes may, pursuant to Rule 452 of the New York Stock Exchange, be voted by the broker on the proposal in the same proportion as the votes cast by all holders of Variable Rate Demand Preferred Shares as a class who have voted on the proposal or in the same proportion as the votes cast by all holders of Preferred Shares of the Fund who have voted on that item. Rule 452 permits proportionate voting of Variable Rate Demand Preferred Shares with respect to a particular item if, among other things, (i) a minimum of 30% of the Variable Rate Demand Preferred Shares or shares of a series of Variable Rate Demand Preferred Shares outstanding has been voted by the holders of such shares with respect to such item and (ii) less than 10% of the Variable Rate Demand Preferred Shares or shares of a series of Variable Rate Demand Preferred Shares outstanding has been voted by the holders of such shares against such item. For the purpose of meeting the 30% test, abstentions will be treated as shares voted and, for the purpose of meeting the 10% test, abstentions will not be treated as shares voted against the item.

Those persons who were shareholders of record at the close of business on September 17, 2012 will be entitled to one vote for each share held and a proportionate fractional vote for each fractional share held. As of September 17, 2012, the shares of the Funds were issued and outstanding as follows:

| Fund                                | Ticker Symbol* | Common Shares | Preferred Shares |
|-------------------------------------|----------------|---------------|------------------|
| Floating Rate Income                | JFR            |               | N/A              |
| Floating Rate Income Opportunity    | JRO            |               | N/A              |
| Senior Income                       | NSL            |               | N/A              |
| Short Duration Credit Opportunities | JSD            |               | N/A              |
| California AMT-Free                 | NKX            |               | Series 2 355     |
|                                     |                |               | Series 3 427     |
|                                     |                |               | Series 4 740     |
|                                     |                |               | Series 5 1,044   |

| Fund                             | Ticker Symbol* | Common Shares | Preferred Shares  |
|----------------------------------|----------------|---------------|-------------------|
| California Dividend Advantage    | NAC            |               | Series 1 1,362    |
| California Dividend Advantage 2  | NVX            |               | NVX PrC 5,500,000 |
|                                  |                |               | NVX PrA 4,284,630 |
| California Dividend Advantage 3  | NZH            |               | NZH PrC 8,625,000 |
|                                  |                |               | NZH PrA 2,700,000 |
|                                  |                |               | NZH PrB 4,629,500 |
| California Investment Quality    | NQC            |               | Series 1 956      |
| California Market Opportunity    | NCO            |               | Series 1 498      |
| California Value                 | NCA            |               | N/A               |
| California Value 2               | NCB            |               | N/A               |
| California Performance Plus      | NCP            |               | Series 1 810      |
| California Premium Income        | NCU            |               | NCU PrC 3,525,000 |
| California Quality Income        | NUC            |               | Series 1 1,581    |
| California Select Quality        | NVC            |               | Series 1 1,589    |
| Connecticut Premium Income       | NTC            |               | NTC PrC 1,830,000 |
|                                  |                |               | NTC PrD 1,778,000 |
|                                  |                |               | NTC PrE 2,047,000 |
|                                  |                |               | NTC PrF 1,695,000 |
|                                  |                |               | NTC PrG 3,200,000 |
| Georgia Dividend Advantage 2     | NKG            |               | NKG PrC 3,226,500 |
|                                  |                |               | NKG PrD 2,834,000 |
|                                  |                |               | NKG PrE 1,434,000 |
| Maryland Premium Income          | NMY            |               | NMY PrC 3,877,500 |
|                                  |                |               | NMY PrD 3,581,800 |
|                                  |                |               | NMY PrE 2,648,500 |
|                                  |                |               | NMY PrF 2,730,000 |
|                                  |                |               | NMY PrG 2,070,000 |
|                                  |                |               | NMY PrH 1,706,600 |
| Massachusetts AMT-Free           | NGX            |               | NGX PrC 2,207,500 |
| Massachusetts Dividend Advantage | NMB            |               | NMB PrC 1,472,500 |
| Massachusetts Premium Income     | NMT            |               | NMT PrC 2,021,000 |
|                                  |                |               | NMT PrD 1,643,500 |
| Missouri Premium Income          | NOM            |               | NOM PrC 1,788,000 |
| New Jersey Dividend Advantage    | NXJ            |               | NXJ PrA 4,486,100 |
| New Jersey Dividend Advantage 2  | NUJ            |               | NUJ PrC 3,505,000 |
| New Jersey Investment Quality    | NQJ            |               | Series 1 1,443    |
| New Jersey Value                 | NJV            |               | N/A               |
| New Jersey Premium Income        | NNJ            |               | Series 1 886      |
| North Carolina Premium Income    | NNC            |               | NNC PrC 2,430,000 |
|                                  |                |               | NNC PrD 2,553,500 |
|                                  |                |               | NNC PrE 1,660,000 |
|                                  |                |               | NNC PrF 2,970,000 |
|                                  |                |               | NNC PrG 2,872,500 |
| Pennsylvania Value               | NPN            |               | N/A               |
| Pennsylvania Dividend Advantage  | NXM            |               | NXM PrC 2,319,000 |



| Fund                              | Ticker Symbol* | Common Shares | Preferred Shares |           |
|-----------------------------------|----------------|---------------|------------------|-----------|
| Pennsylvania Dividend Advantage 2 | NVY            |               | NVY PrC          | 2,455,000 |
| Pennsylvania Investment Quality   | NQP            |               | Series 1         | 1,125     |
| Pennsylvania Premium Income 2     | NPY            |               | Series 1         | 1,000     |
| Texas Quality Income              | NTX            |               | NTX PrC          | 7,092,000 |
| Virginia Premium Income           | NPV            |               | NPV PrC          | 3,220,500 |
|                                   |                |               | NPV PrA          | 2,920,300 |
|                                   |                |               | NPV PrD          | 2,280,000 |
|                                   |                |               | NPV PrE          | 4,320,000 |

\*The Common Shares of all of the Funds are listed on the NYSE MKT, except JRO, NSL, JSD, JFR, NAC, NQC, NCO, NCA, NCP, NUC, NVC, NTC, NMY, NMT, NNC, NQJ, NNJ, NQP, NPY, NTX and NPV, which are listed on the New York Stock Exchange ( NYSE ). The Preferred Shares of all of the Funds with MuniFund Term Preferred Shares are listed on the NYSE, except for NMB PrC shares which are listed on the NYSE MKT.

## 1. Election of Board Members

### Minnesota Funds

At the Annual Meeting of each Minnesota Fund, except California Value, Board Members are to be elected to serve until the next annual meeting or until their successors have been duly elected and qualified. Under the terms of each Minnesota Fund's organizational documents (except California Value), under normal circumstances, holders of Preferred Shares are entitled to elect two (2) Board Members, and the remaining Board Members are to be elected by holders of Common Shares and Preferred Shares, voting together as a single class. Pursuant to the organizational documents of California Value, its Board is divided into three classes, with each class being elected to serve until the third succeeding annual meeting subsequent to their election or thereafter in each case when their respective successors are duly elected and qualified. For California Value, three (3) Board Members are nominated to be elected at this Annual Meeting.

#### (a) For each Minnesota Fund, except California Value:

- (i) Eight (8) Board Members are to be elected by holders of Common Shares and Preferred Shares, voting together as a single class. Board Members Amboian, Bremner, Evans, Kundert, Stockdale, Stone, Stringer and Toth are nominees for election by all shareholders.
- (ii) Two (2) Board Members are to be elected by holders of Preferred Shares, each series voting together as a single class. Board Members Hunter and Schneider are nominees for election by holders of Preferred Shares.

#### (b) For California Value: Three (3) Board Members are to be elected by all shareholders.

With respect to California Value, Board Members Bremner, Evans, and Schneider have been designated as Class III Board Members and as nominees for Board Members for a term expiring at the annual meeting of shareholders in 2015 or until their successors have been duly elected and qualified. Board Members Amboian, Kundert, Toth, Hunter, Stockdale, Stone and Stringer are current and continuing Board Members. Board Members Hunter, Stockdale, Stone and Stringer have been designated

as Class I Board Members for a term expiring at the annual meeting of shareholders in 2013 or until their successors have been duly elected and qualified. Board Members Amboian, Kundert and Toth have been designated as Class II Board Members for a term expiring at the annual meeting of shareholders in 2014 or until their successors have been duly elected and qualified.

#### **Massachusetts Funds**

Pursuant to the organizational documents of each Massachusetts Fund, each Board is divided into three classes, Class I, Class II and Class III, to be elected by the holders of the outstanding Common Shares and any outstanding Preferred Shares, voting together as a single class to serve until the third succeeding annual meeting subsequent to their election or thereafter, in each case until their successors have been duly elected and qualified. For each Massachusetts Fund, under normal circumstances, holders of Preferred Shares are entitled to elect two (2) Board Members. The Board Members elected by holders of Preferred Shares will be elected to serve until the next annual meeting or until their successors have been duly elected and qualified.

**(c) For each Massachusetts Fund, except Floating Rate Income, Floating Rate Income Opportunity, Senior Income, Short Duration Credit Opportunities, California Value 2, New Jersey Value and Pennsylvania Value:**

- (i) Two (2) Board Members are to be elected by holders of Common Shares and Preferred Shares, voting together as a single class. Board Members Bremner and Evans have been designated as Class III Board Members and as nominees for a term expiring at the annual meeting of shareholders in 2015 or until their successors have been duly elected and qualified. Board Members Amboian, Kundert, Toth, Stockdale, Stone and Stringer are current and continuing Board Members. Board Members Stockdale, Stone and Stringer have been designated Class I Board Members for a term expiring at the annual meeting of shareholders in 2013 or until their successors have been duly elected and qualified. Board Members Amboian, Kundert and Toth have been designated as Class II Board Members for a term expiring at the annual meeting of shareholders in 2014 or until their successors have been duly elected and qualified.
- (ii) Two (2) Board Members are to be elected by holders of Preferred Shares, voting separately as a single class. Board Members Hunter and Schneider are nominees for election by holders of Preferred Shares for a term expiring at the next annual meeting or until their successors have been duly elected and qualified.

**(d) For Floating Rate Income, Floating Rate Income Opportunity, Senior Income, Short Duration Credit Opportunities, California Value 2, New Jersey Value and Pennsylvania Value:**

Three (3) Board Members are to be elected by all shareholders. Board Members Bremner, Evans and Schneider have been designated as Class III Board Members for a term expiring at the annual meeting of shareholders in 2015 or until their successors have been duly elected and qualified. Board Members Amboian, Kundert, Toth, Hunter, Stockdale, Stone and Stringer are current and continuing Board Members. Board Members Hunter, Stockdale, Stone and Stringer have

been designated Class I Board Members for a term expiring at the annual meeting of shareholders in 2013 or until their successors have been duly elected and qualified. Board Members Amboian, Kundert and Toth have been designated as Class II Board Members for a term expiring at the annual meeting of shareholders in 2014 or until their successors have been duly elected and qualified.

It is the intention of the persons named in the enclosed proxy to vote the shares represented thereby for the election of the nominees listed in the table below unless the proxy is marked otherwise. Each of the nominees has agreed to serve as a Board Member of each Fund if elected. However, should any nominee become unable or unwilling to accept nomination for election, the proxies will be voted for substitute nominees, if any, designated by that Fund's present Board.

For each Minnesota Fund, except for California Value, each Board Member was last elected to each Fund's Board at the annual meeting of shareholders held on November 15, 2011 and adjourned to December 16, 2011.

For California Value, Board Members Amboian, Kundert and Toth were last elected to the Fund's Board as Class II Board Members at the annual meeting of shareholders held on November 15, 2011 and adjourned to December 16, 2011. Board Members Hunter, Stockdale and Stone were last elected to the Fund's Board as Class I Board Members at the annual meeting of shareholders held on November 16, 2010. Board Members Bremner, Evans and Schneider were last elected as Class III Board Members at the annual meeting of shareholders held on November 30, 2009.

For each Massachusetts Fund, except Floating Rate Income, Floating Rate Income Opportunity, Senior Income, Short Duration Credit Opportunities, California Value 2, New Jersey Value and Pennsylvania Value, Board Members Stockdale and Stone were last elected to the Fund's Board as Class I Board Members at the annual meeting of shareholders held on November 16, 2010 and, for California Premium Income, Missouri Premium Income and Texas Quality Income, adjourned to January 6, 2011.

For each Massachusetts Fund, except Floating Rate Income, Floating Rate Income Opportunity, Senior Income, Short Duration Credit Opportunities, California AMT-Free, California Value 2, Connecticut Premium Income, Georgia Dividend Advantage 2, Massachusetts AMT-Free, New Jersey Value, North Carolina Premium Income and Pennsylvania Value, Board Members Amboian, Kundert and Toth were last elected to each Fund's Board as Class II Board Members at the annual meeting of shareholders held on November 15, 2011 and adjourned to December 16, 2011. For Connecticut Premium Income, Georgia Dividend Advantage 2, Massachusetts AMT-Free and North Carolina Premium Income, Board Members Amboian, Kundert and Toth were last elected to each Fund's Board as Class II Board Members at the annual meeting of shareholders held on December 16, 2011 and adjourned to January 31, 2012. For California AMT-Free, Board Members Amboian, Kundert and Toth were last elected to each Fund's Board as Class II Board Members at the annual meeting of shareholders held on February 24, 2012. For Floating Rate Income, Floating Rate Income Opportunity and Senior Income, Board Members Amboian, Kundert and Toth were last elected to each Fund's Board as Class II Board Members at the annual meeting of shareholders held on November 15, 2011.

For each Massachusetts Fund, except Floating Rate Income, Floating Rate Income Opportunity, Senior Income, Short Duration Credit Opportunities, Maryland Premium Income, California

Value 2, New Jersey Value and Pennsylvania Value, Board Members Bremner and Evans were last elected to each Fund's Board as Class III Board Members at the annual meeting of shareholders held on November 30, 2009 and adjourned to January 12, 2010. For Maryland Premium Income, Board Members Bremner and Evans were last elected to each Fund's Board at the annual meeting of shareholders held on November 30, 2009. For Floating Rate Income, Floating Rate Income Opportunity and Senior Income, Board Members Bremner, Evans and Schneider were last elected to each Fund's Board as Class III Board Members at the annual meeting of shareholders held on November 30, 2009.

For each Massachusetts Fund, except Floating Rate Income, Floating Rate Income Opportunity, Senior Income, Short Duration Credit Opportunities, California Value 2, New Jersey Value and Pennsylvania Value, Board Members Hunter and Schneider were last elected to each Fund's Board at the annual meeting of shareholders held on November 15, 2011 and adjourned to December 16, 2011.

For California Value 2, New Jersey Value and Pennsylvania Value, all of the Board Members were elected by the initial shareholder of the Funds, Nuveen Fund Advisors, Inc. f/k/a Nuveen Asset Management (the Adviser), on February 26, 2009 and Board Members Amboian, Kundert and Toth were last elected to each Fund's Board as Class II Board Members at the annual meeting of shareholders held on November 15, 2011. Board Members Hunter, Stockdale and Stone were last elected to each Fund's Board as Class I Board Members at the annual meeting of shareholders held on November 16, 2010. For Floating Rate Income, Floating Rate Income Opportunity and Senior Income, Board Members Hunter, Stockdale and Stone were last elected to each Fund's Board as Class I Board Members at the annual meeting of shareholders held on November 16, 2010.

On January 1, 2011, Ms. Stringer was appointed as a Board Member for each Fund except Short Duration Credit Opportunities, and designated as a Class I Board Member with respect to California Value and each Massachusetts Fund.

For Short Duration Credit Opportunities each Board Member was elected by the initial shareholder of the Fund, the Adviser, on May 23, 2011.

Other than Mr. Amboian (for all Funds), all Board Member nominees are not interested persons as defined in the 1940 Act, of the Funds or of the Adviser and have never been an employee or director of Nuveen Investments, Inc. (Nuveen), the Adviser's parent company, or any affiliate. Accordingly, such Board Members are deemed Independent Board Members.

The Board unanimously recommends that shareholders vote FOR the election of the nominees named below.

**Board Nominees/Board Members**

| <b>Name, Address<br/>and Birth Date<br/>Nominees/Board Members who are not interested persons of the Funds</b>               | <b>Position(s)<br/>Held with<br/>Fund</b>   | <b>Term of Office<br/>and Length<br/>of Time Served<sup>(1)</sup></b>   | <b>Principal Occupation(s)<br/>During Past Five Years</b>   | <b>Number of<br/>Portfolios<br/>in Fund<br/>Complex<br/>Overseen<br/>by Board<br/>Member</b> | <b>Other<br/>Directorships<br/>Held by<br/>Board<br/>Member<br/>During the<br/>Past Five<br/>Years</b>                  |
|--|---|---|---|--|---|
| Robert P. Bremner<br><br>c/o Nuveen Investments, Inc.<br><br>333 West Wacker Drive<br><br>Chicago, IL 60606<br><br>(8/22/40) | Chairman of<br>Board and<br>Board<br>Member | Term: Annual or<br>Class III Board<br>Member until 2012<br><br>Length of Service:<br>Since 1996,<br>Chairman of the<br>Board since 2008;<br>Lead Independent<br>Director<br>(2005-2008) | Private Investor and Management<br>Consultant; Treasurer and<br>Director, Humanities Council,<br>Washington, D.C.; Board<br>Member, Independent Directors<br>Council affiliated with the<br>Investment Company Institute.   | 217  | None  |
| Jack B. Evans<br><br>c/o Nuveen Investments, Inc.<br><br>333 West Wacker Drive<br><br>Chicago, IL 60606<br><br>(10/22/48)    | Board<br>Member                             | Term: Annual or<br>Class III Board<br>Member until 2012<br><br>Length of Service:<br>Since 1999   | President, The Hall-Perrine<br>Foundation, a private<br>philanthropic corporation (since<br>1996). Member of the Board of<br>Regents for the State of Iowa<br>University System; Director,<br>Source Media Group; Life Trustee<br>of Coe College and the Iowa<br>College Foundation; formerly,<br>Director, Federal Reserve Bank of<br>Chicago; formerly, President and<br>Chief Operating Officer, SCI<br>Financial Group, Inc. (a regional<br>financial services firm). | 217  | Director and<br>Chairman, United<br>Fire Group, a<br>publicly held<br>company;<br>formerly, Director,<br>Alliant Energy |

| <b>Name, Address<br/>and Birth Date</b>  | <b>Position(s)<br/>Held with<br/>Fund</b> | <b>Term of Office<br/>and Length<br/>of Time Served<sup>(1)</sup></b>                              | <b>Principal Occupation(s)<br/>During Past Five Years</b>  | <b>Number of<br/>Portfolios<br/>in Fund<br/>Complex<br/>Overseen<br/>by Board<br/>Member</b> | <b>Other<br/>Directorships<br/>Held by<br/>Board<br/>Member<br/>During the<br/>Past Five<br/>Years</b> |
|--|---|--|--|--|--|
| William C. Hunter<br><br>c/o Nuveen Investments, Inc.<br><br>333 West Wacker Drive<br><br>Chicago, IL 60606<br><br>(3/6/48)  | Board<br>Member                           | Term: Annual or<br>Class I Board<br>Member until 2013<br><br><br>Length of Service:<br>Since 2004  | Dean Emeritus (since June 30,<br>2012), formerly Dean<br>(2006-2012), Tippie College of<br>Business, University of Iowa;<br>Director (since 2005) and<br>President (since July 2012), Beta<br>Gamma Sigma, Inc., The<br>International Business Honor<br>Society; Director of Wellmark,<br>Inc. (since 2009); formerly,<br>Director (1997-2007), Credit<br>Research Center at Georgetown<br>University; formerly, Dean and<br>Distinguished Professor of<br>Finance, School of Business at the<br>University of Connecticut<br>(2003-2006); previously, Senior<br>Vice President and Director of<br>Research at the Federal Reserve<br>Bank of Chicago (1995-2003).           | 217  | Director (since<br>2004) of Xerox<br>Corporation   |
| David J. Kundert<br><br>c/o Nuveen Investments, Inc.<br><br>333 West Wacker Drive<br><br>Chicago, IL 60606<br><br>(10/28/42) | Board<br>Member                           | Term: Annual or<br>Class II Board<br>Member until 2014<br><br><br>Length of Service:<br>Since 2005 | Director, Northwestern Mutual<br>Wealth Management Company;<br>retired (since 2004) as Chairman,<br>JPMorgan Fleming Asset<br>Management, President and CEO,<br>Banc One Investment Advisors<br>Corporation, and President, One<br>Group Mutual Funds; prior<br>thereto, Executive Vice President,<br>Bank One Corporation and<br>Chairman and CEO, Banc One<br>Investment Management Group;<br>Member, Board of Regents,<br>Luther College; Member of the<br>Wisconsin Bar Association;<br>Member of Board of Directors,<br>Friends of Boerner Botanical<br>Gardens; Member of Board of<br>Directors and Chair of Investment<br>Committee, Greater Milwaukee<br>Foundation. | 217  | None   |

| Name, Address<br>and Birth Date  | Position(s)<br>Held with<br>Fund | Term of Office<br>and Length<br>of Time Served <sup>(1)</sup>                                   | Principal Occupation(s)<br>During Past Five Years  | Number of<br>Portfolios<br>in Fund<br>Complex<br>Overseen<br>by Board<br>Member | Other<br>Directorships<br>Held by<br>Board<br>Member<br>During the<br>Past Five<br>Years |
|--|----------------------------------|---|--|---|--|
| William J. Schneider <sup>(2)</sup><br><br>c/o Nuveen Investments, Inc.<br><br>333 West Wacker Drive<br><br>Chicago, IL 60606<br><br>(9/24/44) | Board<br>Member                  | Term: Annual or<br>Class III Board<br>Member until 2012<br><br>Length of Service:<br>Since 1996 | Chairman of Miller-Valentine<br>Partners Ltd., a real estate<br>investment company; Member,<br>Mid-America Health System<br>Board; Member, University of<br>Dayton Business School Advisory<br>Council; formerly, Senior Partner<br>and Chief Operating Officer<br>(retired, 2004) of Miller-Valentine<br>Group; formerly, Member,<br>Dayton Philharmonic Orchestra<br>Association; formerly, Director,<br>Dayton Development Coalition;<br>formerly, Member, Business<br>Advisory Council, Cleveland<br>Federal Reserve Bank. | 217   | None   |
| Judith M. Stockdale<br><br>c/o Nuveen Investments, Inc.<br><br>333 West Wacker Drive<br><br>Chicago, IL 60606<br><br>(12/29/47)                | Board<br>Member                  | Term: Annual or<br>Class I Board<br>Member until 2013<br><br>Length of Service:<br>Since 1997   | Executive Director, Gaylord and<br>Dorothy Donnelley Foundation<br>(since 1994); prior thereto,<br>Executive Director, Great Lakes<br>Protection Fund (1990-1994).   | 217   | None   |
| Carole E. Stone<br><br>c/o Nuveen Investments, Inc.<br><br>333 West Wacker Drive<br><br>Chicago, IL 60606<br><br>(6/28/47)                     | Board<br>Member                  | Term: Annual or<br>Class I Board<br>Member until 2013<br><br>Length of Service:<br>Since 2007   | Director, C2 Options Exchange,<br>Incorporated (since 2009);<br>formerly, Commissioner,<br>New York State Commission on<br>Public Authority Reform<br>(2005-2010); formerly, Chair,<br>New York Racing Association<br>Oversight Board (2005-2007).   | 217   | Director, Chicago<br>Board Options<br>Exchange (since<br>2006).                          |

| Name, Address<br>and Birth Date   | Position(s)<br>Held with<br>Fund | Term of Office<br>and Length<br>of Time Served <sup>(1)</sup>                                      | Principal Occupation(s)<br>During Past Five Years  | Number of<br>Portfolios<br>in Fund<br>Complex<br>Overseen<br>by Board<br>Member | Other<br>Directorships<br>Held by<br>Board<br>Member<br>During the<br>Past Five<br>Years                              |
|---|----------------------------------|--|--|---|---|
| Virginia L. Stringer<br><br>c/o Nuveen Investments, Inc.<br><br>333 West Wacker Drive<br><br>Chicago, IL 60606<br><br>(8/16/44)           | Board<br>Member                  | Term: Annual or<br>Class I Board<br>Member until 2013<br><br><br>Length of Service:<br>Since 2011  | Board Member, Mutual Fund<br>Directors Forum; former Member,<br>Governing Board, Investment<br>Company Institute's Independent<br>Directors Council; governance<br>consultant and non-profit board<br>member; former owner and<br>president, Strategic Management<br>Resources, Inc., a management<br>consulting firm; previously, held<br>several executive positions in<br>general management, marketing<br>and human resources at IBM and<br>The Pillsbury Company.   | 217   | Previously,<br>Independent<br>Director<br>(1987-2010) and<br>Chair<br>(1997-2010), First<br>American Fund<br>Complex. |
| Terence J. Toth <sup>(3)</sup><br><br>c/o Nuveen Investments, Inc.<br><br>333 West Wacker Drive<br><br>Chicago, IL 60606<br><br>(9/29/59) | Board<br>Member                  | Term: Annual or<br>Class II Board<br>Member until 2014<br><br><br>Length of Service:<br>Since 2008 | Director, Legal & General<br>Investment Management America,<br>Inc. (since 2008); Managing<br>Partner, Promus Capital (since<br>2008); formerly, CEO and<br>President, Northern Trust Global<br>Investments (2004- 2007);<br>Executive Vice President,<br>Quantitative Management &<br>Securities Lending (2000-2004);<br>prior thereto, various positions<br>with Northern Trust Company<br>(since 1994); Member, Goodman<br>Theatre Board (since 2004);<br>Chicago Fellowship Board (since<br>2005), and Catalyst Schools of<br>Chicago Board (since 2008);<br>formerly Member, Northern Trust<br>Mutual Funds Board (2005-2007),<br>Northern Trust Global<br>Investments Board (2004-2007),<br>Northern Trust Japan Board<br>(2004-2007), Northern Trust<br>Securities Inc. Board (2003-2007)<br>and Northern Trust Hong Kong<br>Board (1997-2004). | 217   | None  |



| Name, Address<br>and Birth Date<br>Nominee/Board Member who is an interested person of the Funds      | Position(s)<br>Held with<br>Fund | Term of Office<br>and Length<br>of Time Served <sup>(1)</sup>                                      | Principal Occupation(s)<br>During Past Five Years   | Number of<br>Portfolios<br>in Fund<br>Complex<br>Overseen<br>by Board<br>Member | Other<br>Directorships<br>Held by<br>Board<br>Member<br>During the<br>Past Five<br>Years |
|---|----------------------------------|--|---|---|--|
| John P. Amboian <sup>(4)</sup><br><br>333 West Wacker Drive<br><br>Chicago, IL 60606<br><br>(6/14/61) | Board<br>Member                  | Term: Annual or<br>Class II Board<br>Member until 2014<br><br><br>Length of Service:<br>Since 2008 | Chief Executive Officer and<br>Chairman (since 2007) and<br>Director (since 1999) of Nuveen<br>Investments, Inc.; Chief Executive<br>Officer (since 2007) of Nuveen<br>Investments Advisers Inc.;<br>Director (since 1998) formerly,<br>Chief Executive Officer<br>(2007-2010) of Nuveen Fund<br>Advisors, Inc. | 217   | None   |

- (1) Length of Time Served indicates the year in which the individual became a Board Member of a fund in the Nuveen Fund complex.
- (2) Mr. Schneider is one of several owners and managing members in two limited liability companies and a general partner and one member of the governing body of a general partnership, each engaged in real estate ownership activities. In connection with their ordinary course of investment activities, court appointed receivers have been named for certain individual properties owned by such entities. The individual properties for which a receiver has been appointed represent an immaterial portion of the portfolio assets owned by these entities.
- (3) Mr. Toth serves as a director on the Board of Directors of the Mather Foundation (the Foundation) and is a member of its investment committee. The Foundation is the parent of the Mather LifeWays organization, a non-profit charitable organization. Prior to Mr. Toth joining the Board of the Foundation, the Foundation selected Gresham Investment Management (Gresham), an affiliate of Nuveen Fund Advisors, Inc., to manage a portion of the Foundation's investment portfolio, and pursuant to this selection, the Foundation has invested that portion of its investment portfolio in a private commodity pool managed by Gresham.
- (4) Interested person as defined in the 1940 Act, by reason of being an officer and director of each Fund's Adviser.
- The dollar range of equity securities beneficially owned by each Board Member in each Fund and all Nuveen funds overseen by the Board Member as of January 31, 2012 is set forth in Appendix A. The number of shares of each Fund beneficially owned by each Board Member and by the Board Members and officers of the Funds as a group as of January 31, 2012 is set forth in Appendix A. On January 31, 2012, Board Members and executive officers as a group beneficially owned approximately 1,300,000 shares of all funds managed by the Adviser (including shares held by the Board Members through the Deferred Compensation Plan for Independent Board Members and by executive officers in Nuveen's 401(k)/profit sharing plan). As of September 17, 2012, each Board Member's individual beneficial shareholdings of each Fund constituted less than 1% of the outstanding shares of each Fund. As of September 17, 2012, the Board Members and executive officers as a group beneficially owned less than 1% of the outstanding shares of each Fund. As of September 17, 2012, no shareholder beneficially owned more than 5% of any class of shares of any Fund, except as provided in Appendix B.

### Compensation

Prior to January 1, 2012, each Independent Board Member receives a \$120,000 annual retainer plus (a) a fee of \$4,500 per day for attendance in person or by telephone at regularly scheduled meetings of the Board; (b) a fee of \$3,000 per meeting for attendance in person or

by telephone at special, non-regularly scheduled Board meetings where in-person attendance is required and \$2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required; (c) a fee of \$2,500 per meeting for attendance in person or by telephone at Audit Committee meetings where in-person attendance is required and \$2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required; (d) a fee of \$2,500 per meeting for attendance in person or by telephone at Compliance, Risk Management and Regulatory Oversight Committee meetings where in-person attendance is required and \$2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required; (e) a fee of \$1,000 per meeting for attendance in person or by telephone at Dividend Committee meetings; and (f) a fee of \$500 per meeting for attendance in person or by telephone at all other committee meetings (\$1,000 for shareholder meetings) where in-person attendance is required and \$250 per meeting for attendance by telephone or in person at such committee meetings (excluding shareholder meetings) where in-person attendance is not required, and \$100 per meeting when the Executive Committee acts as pricing committee for IPOs, plus, in each case, expenses incurred in attending such meetings, provided that no fees are received for meetings held on days on which regularly scheduled Board meetings are held. In addition to the payments described above, the Chairman of the Board receives \$75,000, the chairpersons of the Audit Committee, the Dividend Committee and the Compliance, Risk Management and Regulatory Oversight Committee receive \$10,000 each and the chairperson of the Nominating and Governance Committee receives \$5,000 as additional retainers. Independent Board Members also receive a fee of \$3,000 per day for site visits to entities that provide services to the Nuveen funds on days on which no Board meeting is held. When ad hoc committees are organized, the Nominating and Governance Committee will at the time of formation determine compensation to be paid to the members of such committees; however, in general, such fees will be \$1,000 per meeting for attendance in person or by telephone at ad hoc committee meetings where in-person attendance is required and \$500 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required. The annual retainer, fees and expenses are allocated among the Nuveen funds on the basis of relative net assets, although management may, in its discretion, establish a minimum amount to be allocated to each Fund.

Effective January 1, 2012, each Independent Board Member receives a \$130,000 annual retainer plus (a) a fee of \$4,500 per day for attendance in person or by telephone at regularly scheduled meetings of the Board; (b) a fee of \$3,000 per meeting for attendance in person or by telephone at special, non-regularly scheduled Board meetings where in-person attendance is required and \$2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required; (c) a fee of \$2,500 per meeting for attendance in person or by telephone at Audit Committee meetings where in-person attendance is required and \$2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required; (d) a fee of \$2,500 per meeting for attendance in person or by telephone at Compliance, Risk Management and Regulatory Oversight Committee meetings where in-person attendance is required and \$2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required; (e) a fee of \$1,000 per meeting for attendance in person or by telephone at Dividend Committee meetings; (f) a fee of \$500 per meeting for attendance in person or by telephone at all other committee meetings (\$1,000 for shareholder meetings) where in-person attendance is required and \$250 per meeting for attendance by telephone or in person at such committee meetings (excluding

shareholder meetings) where in-person attendance is not required, and \$100 per meeting when the Executive Committee acts as pricing committee for IPOs, plus, in each case, expenses incurred in attending such meetings, provided that no fees are received for meetings held on days on which regularly scheduled Board meetings are held; and (g) a fee of \$2,500 per meeting for attendance in person or by telephone at Closed-End Funds Committee meetings where in-person attendance is required and \$2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required; provided that no fees are received for meetings held on days on which regularly scheduled Board meetings are held. In addition to the payments described above, the Chairman of the Board receives \$75,000, the chairpersons of the Audit Committee, the Dividend Committee, the Compliance, Risk Management and Regulatory Oversight Committee and the Closed-End Funds Committee receive \$12,500 each and the chairperson of the Nominating and Governance Committee receives \$5,000 as additional retainers. Independent Board Members also receive a fee of \$3,000 per day for site visits to entities that provide services to the Nuveen Funds on days on which no Board meeting is held. When ad hoc committees are organized, the Nominating and Governance Committee will at the time of formation determine compensation to be paid to the members of such committee; however, in general, such fees will be \$1,000 per meeting for attendance in person or by telephone at ad hoc committee meetings where in-person attendance is required and \$500 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required. The annual retainer, fees and expenses are allocated among the Nuveen funds on the basis of relative net assets, although management may, in its discretion, establish a minimum amount to be allocated to each fund.

The boards of certain Nuveen funds (the Participating Funds ) established a Deferred Compensation Plan for Independent Board Members ( Deferred Compensation Plan ). Under the Deferred Compensation Plan, Independent Board Members of the Participating Funds may defer receipt of all, or a portion, of the compensation they earn for their services to the Participating Funds, in lieu of receiving current payments of such compensation. Any deferred amount is treated as though an equivalent dollar amount had been invested in shares of one or more eligible Nuveen funds.

The table below shows, for each Independent Board Member, the aggregate compensation paid by each Fund to each Board Member nominee for its last fiscal year:

| Fund                                | Aggregate Compensation from the Funds <sup>(1)</sup> |               |                   |                  |                      |                     |                 |                      |                 |
|-------------------------------------|--|---------------|-------------------|------------------|----------------------|---------------------|-----------------|----------------------|-----------------|
|                                     | Robert P. Bremner                                    | Jack B. Evans | William C. Hunter | David J. Kundert | William J. Schneider | Judith M. Stockdale | Carole E. Stone | Virginia L. Stringer | Terence J. Toth |
| Floating Rate Income                | \$ 2,777   | \$ 2,139      | \$ 1,966          | \$ 2,038         | \$ 2,253             | \$ 2,090            | \$ 2,128        | \$ 1,925             | \$ 2,294        |
| Floating Rate Income Opportunity    | 1,732  | 1,335         | 1,227             | 1,272            | 1,405                | 1,304               | 1,326           | 1,201                | 1,431           |
| Senior Income                       | 1,088  | 838           | 771               | 799              | 883                  | 819                 | 833             | 754                  | 899             |
| Short Duration Credit Opportunities | 930  | 905           | 639               | 685              | 760                  | 887                 | 706             | 639                  | 959             |
| California AMT-Free                 | 429  | 329           | 304               | 329              | 335                  | 327                 | 327             | 304                  | 336             |
| California Dividend Advantage       | 1,642  | 1,258         | 1,221             | 1,310            | 1,279                | 1,262               | 1,235           | 1,146                | 1,273           |
| California Dividend Advantage 2     | 1,238  | 879           | 854               | 913              | 885                  | 980                 | 864             | 804                  | 890             |
| California Dividend Advantage 3     | 1,934  | 1,339         | 1,300             | 1,391            | 1,349                | 1,539               | 1,316           | 1,224                | 1,355           |
| California Investment Quality       | 1,056  | 815           | 792               | 847              | 821                  | 818                 | 801             | 745                  | 825             |
| California Market Opportunity       | 601  | 460           | 425               | 461              | 469                  | 457                 | 457             | 425                  | 471             |
| California Value                    | 841  | 638           | 615               | 683              | 649                  | 639                 | 626             | 579                  | 646             |
| California Value 2                  | 178  | 134           | 123               | 139              | 138                  | 133                 | 133             | 123                  | 138             |
| California Performance Plus         | 969  | 748           | 727               | 777              | 753                  | 750                 | 735             | 684                  | 757             |
| California Premium Income           | 423  | 324           | 300               | 325              | 330                  | 322                 | 322             | 300                  | 332             |
| California Quality Income           | 1,774  | 1,369         | 1,330             | 1,422            | 1,379                | 1,373               | 1,345           | 1,251                | 1,385           |
| California Select Quality           | 1,798  | 1,387         | 1,348             | 1,441            | 1,397                | 1,392               | 1,363           | 1,268                | 1,404           |
| Connecticut Premium Income          | 417  | 309           | 286               | 310              | 331                  | 309                 | 317             | 286                  | 331             |
| Georgia Dividend Advantage 2        | 351  | 261           | 241               | 261              | 279                  | 261                 | 267             | 241                  | 279             |
| Maryland Premium Income             | 847  | 628           | 582               | 629              | 674                  | 628                 | 645             | 582                  | 672             |
| Massachusetts AMT-Free              | 225  | 167           | 155               | 167              | 179                  | 167                 | 171             | 155                  | 178             |
| Massachusetts Dividend Advantage    | 157  | 116           | 108               | 117              | 125                  | 116                 | 119             | 108                  | 124             |
| Massachusetts Premium Income        | 388  | 288           | 266               | 288              | 308                  | 288                 | 295             | 266                  | 308             |
| Missouri Premium Income             | 181  | 135           | 125               | 135              | 144                  | 135                 | 138             | 125                  | 144             |

| Fund   | Aggregate Compensation from the Funds <sup>(1)</sup> |                |                   |                  |                      |                     |                 |                      |                 |
|--|--|----------------|-------------------|------------------|----------------------|---------------------|-----------------|----------------------|-----------------|
|  | Robert P. Bremner                                    | Jack B. Evans  | William C. Hunter | David J. Kundert | William J. Schneider | Judith M. Stockdale | Carole E. Stone | Virginia L. Stringer | Terence J. Toth |
| New Jersey Dividend Advantage  | \$ 510   | \$ 379         | \$ 351            | \$ 379           | \$ 406               | \$ 379              | \$ 388          | \$ 351               | \$ 405          |
| New Jersey Dividend Advantage 2  | 365  | 271            | 251               | 271              | 291                  | 271                 | 278             | 251                  | 290             |
| New Jersey Investment Quality  | 1,604  | 1,201          | 1,151             | 1,214            | 1,269                | 1,210               | 1,221           | 1,102                | 1,272           |
| New Jersey Value   | 86   | 63             | 58                | 65               | 68                   | 63                  | 65              | 58                   | 67              |
| New Jersey Premium Income  | 982  | 735            | 705               | 743              | 777                  | 741                 | 748             | 675                  | 779             |
| North Carolina Premium Income  | 521  | 387            | 358               | 387              | 415                  | 387                 | 397             | 358                  | 414             |
| Pennsylvania Value   | 67   | 49             | 45                | 51               | 53                   | 49                  | 50              | 45                   | 53              |
| Pennsylvania Dividend Advantage  | 262  | 195            | 180               | 195              | 209                  | 195                 | 200             | 180                  | 208             |
| Pennsylvania Dividend Advantage 2  | 287  | 213            | 198               | 214              | 229                  | 213                 | 219             | 198                  | 228             |
| Pennsylvania Investment Quality  | 1,284  | 961            | 922               | 972              | 1,016                | 969                 | 977             | 882                  | 1,019           |
| Pennsylvania Premium Income 2  | 1,179  | 883            | 846               | 892              | 933                  | 889                 | 897             | 810                  | 935             |
| Texas Quality Income   | 780  | 598            | 553               | 600              | 609                  | 594                 | 595             | 553                  | 612             |
| Virginia Premium Income  | 712  | 528            | 489               | 529              | 566                  | 528                 | 542             | 489                  | 565             |
| <b>Total Compensation from Nuveen Funds Paid to Board Members/Nominees</b> | <b>329,731</b>                                       | <b>260,124</b> | <b>218,576</b>    | <b>244,966</b>   | <b>259,415</b>       | <b>248,033</b>      | <b>245,650</b>  | <b>175,000</b>       | <b>263,891</b>  |

(1) Includes deferred fees. Pursuant to a deferred compensation agreement with certain of the Funds, deferred amounts are treated as though an equivalent dollar amount has been invested in shares of one or more Participating Funds. Total deferred fees for the Funds (including the return from the assumed investment in the Participating Funds) payable are:

| Fund                                | Robert P. Bremner | Jack B. Evans | William C. Hunter | David J. Kundert | William J. Schneider | Judith M. Stockdale | Carole E. Stone | Virginia L. Stringer | Terence J. Toth |
|-------------------------------------|-------------------|---------------|-------------------|------------------|----------------------|---------------------|-----------------|----------------------|-----------------|
| Floating Rate Income                | \$ 410            | \$ 540        | \$ 974            | \$ 2,038         | \$ 1,202             | \$ 1,262            | \$              | \$                   | \$              |
| Floating Rate Income Opportunity    | 256               | 337           | 601               | 1,272            | 757                  | 788                 |                 |                      |                 |
| Senior Income                       | 161               | 212           | 378               | 799              | 475                  | 495                 |                 |                      |                 |
| Short Duration Credit Opportunities | 37                | 53            |                   | 191              | 206                  | 126                 |                 |                      |                 |
| California AMT-Free                 |                   |               |                   |                  |                      |                     |                 |                      |                 |
| California Dividend Advantage       | 253               | 325           | 1,221             | 1,310            |                      | 707                 |                 |                      |                 |

| <b>Fund</b>                     | <b>Robert P.<br/>Bremner</b> | <b>Jack B.<br/>Evans</b> | <b>William C.<br/>Hunter</b> | <b>David J.<br/>Kundert</b> | <b>William J.<br/>Schneider</b> | <b>Judith M.<br/>Stockdale</b> | <b>Carole E.<br/>Stone</b> | <b>Virginia L.<br/>Stringer</b> | <b>Terence J.<br/>Toth</b> |
|---------------------------------|------------------------------|--------------------------|------------------------------|-----------------------------|---------------------------------|--------------------------------|----------------------------|---------------------------------|----------------------------|
| California Dividend Advantage 2 | \$ 189                       | \$ 227                   | \$ 854                       | \$ 913                      | \$                              | \$ 546                         | \$                         | \$                              | \$                         |
| California Dividend Advantage 3 | 295                          | 345                      | 1,300                        | 1,391                       |                                 | 857                            |                            |                                 |                            |
| California Investment Quality   | 162                          | 210                      | 792                          | 847                         |                                 | 457                            |                            |                                 |                            |
| California Value                | 129                          | 164                      | 615                          | 683                         |                                 | 357                            |                            |                                 |                            |
| California Performance Plus     | 149                          | 193                      | 727                          | 777                         |                                 | 420                            |                            |                                 |                            |
| California Quality Income       | 272                          | 353                      | 1,330                        | 1,422                       |                                 | 768                            |                            |                                 |                            |
| California Select Quality       | 276                          | 358                      | 1,348                        | 1,441                       |                                 | 778                            |                            |                                 |                            |
| Connecticut Premium Income      |                              |                          |                              |                             |                                 |                                |                            |                                 |                            |
| Georgia Dividend Advantage 2    |                              |                          |                              |                             |                                 |                                |                            |                                 |                            |
| New Jersey Investment Quality   | 241                          | 309                      | 902                          | 1,214                       | 340                             | 702                            |                            |                                 |                            |
| New Jersey Premium Income       | 147                          | 189                      | 552                          | 743                         | 209                             | 430                            |                            |                                 |                            |
| North Carolina Premium Income   |                              |                          |                              |                             |                                 |                                |                            |                                 |                            |
| Pennsylvania Investment Quality | 193                          | 247                      | 722                          | 972                         | 273                             | 562                            |                            |                                 |                            |
| Pennsylvania Premium Income 2   | 177                          | 227                      | 663                          | 892                         | 250                             | 516                            |                            |                                 |                            |

### **Board Leadership Structure and Risk Oversight**

The Board of each Fund (collectively, the Board) oversees the operations and management of the Fund, including the duties performed for the Funds by the Adviser. The Board has adopted a unitary board structure. A unitary board consists of one group of directors who serve on the board of every fund in the complex. In adopting a unitary board structure, the Board Members seek to provide effective governance through establishing a board, the overall composition of which will, as a body, possess the appropriate skills, independence and experience to oversee the Funds' business. With this overall framework in mind, when the Board, through its Nominating and Governance Committee discussed below, seeks nominees for the Board, the Board Members consider, not only the candidate's particular background, skills and experience, among other things, but also whether such background, skills and experience enhance the Board's diversity and at the same time complement the Board given its current composition and the mix of skills and experiences of the incumbent Board Members. The Nominating and Governance Committee believes that the Board generally benefits from diversity of background, experience and views among its members, and considers this a factor in evaluating the composition of the Board, but has not adopted any specific policy on diversity or any particular definition of diversity.

The Board believes the unitary board structure enhances good and effective governance, particularly given the nature of the structure of the investment company complex. Funds in the same complex generally are served by the same service providers and personnel and are governed by the same regulatory scheme which raises common issues that must be addressed by the Board Members across the fund complex (such as compliance, valuation, liquidity, brokerage, trade allocation or risk management). The Board believes it is more efficient to have a single board review and oversee common policies and procedures which increases the Board's knowledge and expertise with respect to the many aspects of fund operations that are complex-wide in nature. The unitary structure also enhances the Board's influence and oversight over the Adviser and other service providers.

In an effort to enhance the independence of the Board, the Board also has a Chairman that is an Independent Board Member. The Board recognizes that a chairman can perform an important role in setting the agenda for the Board, establishing the boardroom culture, establishing a point person on behalf of the Board for Fund management, and reinforcing the Board's focus on the long-term interests of shareholders. The Board recognizes that a chairman may be able to better perform these functions without any conflicts of interests arising from a position with Fund management. Accordingly, the Board Members have elected Robert P. Bremner as the independent Chairman of the Board. Specific responsibilities of the Chairman include: (i) presiding at all meetings of the Board and of the shareholders; (ii) seeing that all orders and resolutions of the Board Members are carried into effect; and (iii) maintaining records of and, whenever necessary, certifying all proceedings of the Board Members and the shareholders.

Although the Board has direct responsibility over various matters (such as advisory contracts, underwriting contracts and Fund performance), the Board also exercises certain of its oversight responsibilities through several committees that it has established and which report back to the full Board. The Board believes that a committee structure is an effective means to permit Board Members to focus on particular operations or issues affecting the Funds, including risk oversight. More specifically, with respect to risk oversight, the Board has delegated

matters relating to valuation and compliance to certain committees (as summarized below) as well as certain aspects of investment risk. In addition, the Board believes that the periodic rotation of Board Members among the different committees allows the Board Members to gain additional and different perspectives of a Fund's operations. The Board has established six standing committees: the Executive Committee, the Dividend Committee, the Audit Committee, the Compliance, Risk Management and Regulatory Oversight Committee, the Nominating and Governance Committee and the Closed-End Funds Committee. The Board may also from time to time create ad hoc committees to focus on particular issues as the need arises. The membership and functions of the standing committees are summarized below.

The Executive Committee, which meets between regular meetings of the Board, is authorized to exercise all of the powers of the Board. The members of the Executive Committee are Robert P. Bremner, Chair, Judith M. Stockdale and John P. Amboian. The number of Executive Committee meetings of each Fund held during its last fiscal year is shown in Appendix C.

The Dividend Committee is authorized to declare distributions on each Fund's shares including, but not limited to, regular and special dividends, capital gains and ordinary income distributions. The members of the Dividend Committee are Jack B. Evans, Chair, Judith M. Stockdale and Terence J. Toth. The number of Dividend Committee meetings of each Fund held during its last fiscal year is shown in Appendix C.

The Board has an Audit Committee, in accordance with Section 3(a)(58)(A) of the 1934 Act, that is composed of Independent Board Members who are also independent as that term is defined in the listing standards pertaining to closed-end funds of the NYSE or NYSE MKT, as applicable. The Audit Committee assists the Board in: the oversight and monitoring of the accounting and reporting policies, processes and practices of the Funds, and the audits of the financial statements of the Funds; the quality and integrity of the financial statements of the Funds; the Funds' compliance with legal and regulatory requirements relating to the Funds' financial statements; the independent auditors' qualifications, performance and independence; and the pricing procedures of the Funds and the internal valuation group of Nuveen. It is the responsibility of the Audit Committee to select, evaluate and replace any independent auditors (subject only to Board and, if applicable, shareholder ratification) and to determine their compensation. The Audit Committee is also responsible for, among other things, overseeing the valuation of securities comprising the Funds' portfolios. Subject to the Board's general supervision of such actions, the Audit Committee addresses any valuation issues, oversees the Funds' pricing procedures and actions taken by Nuveen's internal valuation group which provides regular reports to the committee, reviews any issues relating to the valuation of the Funds' securities brought to its attention, and considers the risks to the Funds in assessing the possible resolutions of these matters. The Audit Committee may also consider any financial risk exposures for the Funds in conjunction with performing its functions.

To fulfill its oversight duties, the Audit Committee receives annual and semi-annual reports and has regular meetings with the external auditors for the Funds and the internal audit group at Nuveen. The Audit Committee also may review, in a general manner, the processes the Board or other Board committees have in place with respect to risk assessment and risk management as well as compliance with legal and regulatory matters relating to the Funds' financial statements. The Audit Committee operates under a written Audit Committee Charter (the Charter) adopted and approved by the Board, which Charter conforms to the listing standards of the NYSE or NYSE MKT, as applicable. Members of the Audit Committee are



independent (as set forth in the Charter) and free of any relationship that, in the opinion of the Board Members, would interfere with their exercise of independent judgment as an Audit Committee member. The members of the Audit Committee are Robert P. Bremner, David J. Kundert, Chair, William J. Schneider, Carole E. Stone and Terence J. Toth, each of whom is an Independent Board Member of the Funds. A copy of the Charter is attached as Appendix D. The number of Audit Committee Meetings of each Fund held during its last fiscal year is shown in Appendix C.

The Compliance, Risk Management and Regulatory Oversight Committee (the Compliance Committee) is responsible for the oversight of compliance issues, risk management and other regulatory matters affecting the Funds that are not otherwise under or within the jurisdiction of the other committees. The Board has adopted and periodically reviews policies and procedures designed to address the Funds' compliance and risk matters. As part of its duties, the Compliance Committee: reviews the policies and procedures relating to compliance matters and recommends modifications thereto as necessary or appropriate to the full Board; develops new policies and procedures as new regulatory matters affecting the Funds arise from time to time; evaluates or considers any comments or reports from examinations from regulatory authorities and responses thereto; and performs any special reviews, investigations or other oversight responsibilities relating to risk management, compliance and/or regulatory matters as requested by the Board.

In addition, the Compliance Committee is responsible for risk oversight, including, but not limited to, the oversight of risks related to investments and operations. Such risks include, among other things, exposures to: particular issuers, market sectors, or types of securities; risks related to product structure elements, such as leverage; and techniques that may be used to address those risks, such as hedging and swaps. In assessing issues brought to the Compliance Committee's attention or in reviewing a particular policy, procedure, investment technique or strategy, the Compliance Committee evaluates the risks to the Funds in adopting a particular approach or resolution compared to the anticipated benefits to the Funds and their shareholders. In fulfilling its obligations, the Compliance Committee meets on a quarterly basis, and at least once a year in person. The Compliance Committee receives written and oral reports from the Funds' Chief Compliance Officer (CCO) and meets privately with the CCO at each of its quarterly meetings. The CCO also provides an annual report to the full Board regarding the operations of the Funds' and other service providers' compliance programs, as well as any recommendations for modifications thereto. The Compliance Committee also receives reports from the investment services group of Nuveen regarding various investment risks. Notwithstanding the foregoing, the full Board also participates in discussions with management regarding certain matters relating to investment risk, such as the use of leverage and hedging. The investment services group therefore also reports to the full Board at its quarterly meetings regarding, among other things, Fund performance and the various drivers of such performance. Accordingly, the Board directly and/or in conjunction with the Compliance Committee oversees matters relating to investment risks. Matters not addressed at the committee level are addressed directly by the full Board. The Compliance Committee operates under a written charter adopted and approved by the Board. The members of the Compliance Committee are Jack B. Evans, William C. Hunter, William J. Schneider, Judith M. Stockdale, Chair, and Virginia L. Stringer. The number of Compliance Committee meetings of each Fund held during its last fiscal year is shown in Appendix C.

The Nominating and Governance Committee is responsible for seeking, identifying and recommending to the Board qualified candidates for election or appointment to the Board. In addition, the Nominating and Governance Committee oversees matters of corporate governance, including the evaluation of Board performance and processes, the assignment and rotation of committee members, and the establishment of corporate governance guidelines and procedures, to the extent necessary or desirable, and matters related thereto. Although the unitary and committee structure has been developed over the years and the Nominating and Governance Committee believes the structure has provided efficient and effective governance, the committee recognizes that, as demands on the Board evolve over time (such as through an increase in the number of Funds overseen or an increase in the complexity of the issues raised), the committee must continue to evaluate the Board and committee structures and their processes and modify the foregoing as may be necessary or appropriate to continue to provide effective governance. Accordingly, the Nominating and Governance Committee has a separate meeting each year to, among other things, review the Board and committee structures, their performance and functions, and recommend any modifications thereto or alternative structures or processes that would enhance the Board's governance over the Funds' business.

In addition, the Nominating and Governance Committee, among other things: makes recommendations concerning the continuing education of Board Members; monitors performance of legal counsel and other service providers; establishes and monitors a process by which security holders are able to communicate in writing with Board Members; and periodically reviews and makes recommendations about any appropriate changes to Board Member compensation. In the event of a vacancy on the Board, the Nominating and Governance Committee receives suggestions from various sources, including shareholders, as to suitable candidates. Suggestions should be sent in writing to Lorna Ferguson, Manager of Fund Board Relations, Nuveen Investments, 333 West Wacker Drive, Chicago, IL 60606. The Nominating and Governance Committee sets appropriate standards and requirements for nominations for new Board Members and each nominee is evaluated using the same standards. However, the Nominating and Governance Committee reserves the right to interview any and all candidates and to make the final selection of any new Board Members. In considering a candidate's qualifications, each candidate must meet certain basic requirements, including relevant skills and experience, time availability (including the time requirements for due diligence site visits to internal and external sub-advisers and service providers) and, if qualifying as an Independent Board Member candidate, independence from the Adviser, sub-advisers, underwriters or other service providers, including any affiliates of these entities. These skill and experience requirements may vary depending on the current composition of the Board, since the goal is to ensure an appropriate range of skills, diversity and experience, in the aggregate. Accordingly, the particular factors considered and weight given to these factors will depend on the composition of the Board and the skills and backgrounds of the incumbent Board Members at the time of consideration of the nominees. All candidates, however, must meet high expectations of personal integrity, independence, governance experience and professional competence. All candidates must be willing to be critical within the Board and with management and yet maintain a collegial and collaborative manner toward other Board Members. The Nominating and Governance Committee operates under a written charter adopted and approved by the Board, a copy of which is available on the Funds' website at [www.nuveen.com/CEF/Shareholder/FundGovernance.aspx](http://www.nuveen.com/CEF/Shareholder/FundGovernance.aspx), and is composed entirely of Independent Board Members, who are also independent as defined by NYSE or NYSE MKT listing standards, as applicable. Accordingly, the members of the Nominating and Governance Committee are Robert P. Bremner, Chair, Jack B. Evans, William C. Hunter, David J. Kundert, William J. Schneider,

Judith M. Stockdale, Carole E. Stone, Virginia L. Stringer and Terence J. Toth. The number of Nominating and Governance Committee meetings of each Fund held during its last fiscal year is shown in Appendix C.

Effective January 1, 2012, the Board approved the creation of the Closed-End Funds Committee. The Closed-End Funds Committee is responsible for assisting the Board in the oversight and monitoring of the Nuveen Funds that are registered as closed-end investment companies ( Closed-End Funds ). The committee may review and evaluate matters related to the formation and the initial presentation to the Board of any new Closed-End Fund and may review and evaluate any matters relating to any existing Closed-End Fund. The committee operates under a written charter adopted and approved by the Board. The members of the Closed-End Funds Committee are Robert P. Bremner, Jack B. Evans, William C. Hunter, William J. Schneider, Chair, and Carole E. Stone. The number of Closed-End Funds Committee meetings of each Fund held during its last fiscal year is shown in Appendix C.

The number of regular quarterly meetings and special meetings held by the Board of each Fund during the Fund's last fiscal year is shown in Appendix C. During the last fiscal year, each Board Member attended 75% or more of each Fund's Board meetings and the committee meetings (if a member thereof) held during the period for which such Board Member was a Board Member. The policy of the Board relating to attendance by Board Members at annual meetings of the Funds and the number of Board Members who attended the last annual meeting of shareholders of each Fund is posted on the Funds' website at [www.nuveen.com/CEF/Shareholder/](http://www.nuveen.com/CEF/Shareholder/).

**Board Diversification and Board Member Qualifications.** In determining that a particular Board Member was qualified to serve on the Board, the Board considers each Board Member's background, skills, experience and other attributes in light of the composition of the Board with no particular factor controlling. The Board believes that Board Members need to have the ability to critically review, evaluate, question and discuss information provided to them, and to interact effectively with Fund management, service providers and counsel, in order to exercise effective business judgment in the performance of their duties, and the Board believes each Board Member satisfies this standard. An effective Board Member may achieve this ability through his or her educational background; business, professional training or practice; public service or academic positions; experience from service as a board member or executive of investment funds, public companies or significant private or not-for-profit entities or other organizations; and/or other life experiences. Accordingly, set forth below is a summary of the experiences, qualifications, attributes, and skills that led to the conclusion, as of the date of this document, that each Board Member should serve in that capacity. References to the experiences, qualifications, attributes and skills of Board Members are pursuant to requirements of the SEC, do not constitute holding out the Board or any Board Member as having any special expertise or experience and shall not impose any greater responsibility or liability on any such person or on the Board by reason thereof.

**John P. Amboian**

Mr. Amboian, an interested Board Member of the Funds, joined Nuveen in June 1995 and became Chief Executive Officer in July 2007 and Chairman in November 2007. Prior to this, since 1999, he served as President with responsibility for the firm's product, marketing, sales, operations and administrative activities. Mr. Amboian initially served Nuveen as Executive

Vice President and Chief Financial Officer. Prior to joining Nuveen, Mr. Amboian held key management positions with two consumer product firms affiliated with the Phillip Morris Companies. He served as Senior Vice President of Finance, Strategy and Systems at Miller Brewing Company. Mr. Amboian began his career in corporate and international finance at Kraft Foods, Inc., where he eventually served as Treasurer. He received a Bachelor's degree in economics and a Masters of Business Administration (MBA) from the University of Chicago. Mr. Amboian serves on the Board of Directors of Nuveen and is a Board Member or Trustee of the Investment Company Institute Board of Governors, Boys and Girls Clubs of Chicago, Children's Memorial Hospital and Foundation, the Council on the Graduate School of Business (University of Chicago), and the North Shore Country Day School Foundation. He is also a member of the Civic Committee of the Commercial Club of Chicago and the Economic Club of Chicago.

**Robert P. Bremner**

Mr. Bremner, the Board's Independent Chairman, is a private investor and management consultant in Washington, D.C. His biography of William McChesney Martin, Jr., a former chairman of the Federal Reserve Board, was published by Yale University Press in November 2004. From 1994 to 1997, he was a Senior Vice President at Samuels International Associates, an international consulting firm specializing in governmental policies, where he served in a part-time capacity. Previously, Mr. Bremner was a partner in the LBK Investors Partnership and was chairman and majority stockholder with ITC Investors Inc., both private investment firms. He currently serves on the Board and as Treasurer of the Humanities Council of Washington D.C. and is a Board Member of the Independent Directors Council affiliated with the Investment Company Institute. From 1984 to 1996, Mr. Bremner was an independent Trustee of the Flagship Funds, a group of municipal open-end funds. He began his career at the World Bank in Washington D.C. He graduated with a Bachelor of Science degree from Yale University and received his MBA from Harvard University.

**Jack B. Evans**

President of the Hall-Perrine Foundation, a private philanthropic corporation, since 1996, Mr. Evans was formerly President and Chief Operating Officer of the SCI Financial Group, Inc., a regional financial services firm headquartered in Cedar Rapids, Iowa. Formerly, he was a Member of the Board of the Federal Reserve Bank of Chicago as well as a Director of Alliant Energy. Mr. Evans is Chairman of the Board of United Fire Group, sits on the Board of the Source Media Group, is a Member of the Board of Regents for the State of Iowa University System, is a Life Trustee of Coe College and the Iowa College Foundation. He has a Bachelor of Arts degree from Coe College and an MBA from the University of Iowa.

**William C. Hunter**

Mr. Hunter became Dean Emeritus of the Henry B. Tippie College of Business at the University of Iowa on June 30, 2012. He was appointed Dean of the Henry B. Tippie College of Business at the University of Iowa on July 1, 2006. He had been Dean and Distinguished Professor of Finance at the University of Connecticut School of Business (June 2003-June 2006). From 1995 to 2003, he was the Senior Vice President and Director of Research at the Federal Reserve

Bank of Chicago. While there he served as the Bank's Chief Economist and was an Associate Economist on the Federal Reserve System's Federal Open Market Committee (FOMC). In addition to serving as a Vice President in charge of financial markets and basic research at the Federal Reserve Bank in Atlanta, he held faculty positions at Emory University, Atlanta University, the University of Georgia and Northwestern University. A past Director of the Credit Research Center at Georgetown University and past President of the Financial Management Association International, he has consulted with numerous foreign central banks and official agencies in Western Europe, Central and Eastern Europe, Asia, Central America and South America. From 1990 to 1995, he was a U.S. Treasury Advisor to Central and Eastern Europe. He has been a Director of the Xerox Corporation since 2004. He is Director and President of Beta Gamma Sigma, Inc., the International Business Honor Society.

**David J. Kundert**

Mr. Kundert retired in 2004 as Chairman of JPMorgan Fleming Asset Management, as President and CEO of Banc One Investment Advisors Corporation, and as President of One Group Mutual Funds. Prior to the merger between Bank One Corporation and JPMorgan Chase and Co., he was Executive Vice President, Bank One Corporation and, since 1995, the Chairman and CEO, Banc One Investment Management Group. From 1988 to 1992, he was President and CEO of Bank One Wisconsin Trust Company. Currently, Mr. Kundert is a Director of the Northwestern Mutual Wealth Management Company. He started his career as an attorney for Northwestern Mutual Life Insurance Company. Mr. Kundert has served on the Board of Governors of the Investment Company Institute and is currently a member of the Wisconsin Bar Association. He is on the Board of the Greater Milwaukee Foundation and chairs its Investment Committee. He received his Bachelor of Arts degree from Luther College and his Juris Doctor from Valparaiso University.

**William J. Schneider**

Mr. Schneider is currently Chairman, formerly Senior Partner and Chief Operating Officer (retired, December 2004) of Miller-Valentine Partners Ltd., a real estate investment company. He was formerly a Director and Past Chair of the Dayton Development Coalition. He was formerly a Member of the Community Advisory Board of the National City Bank in Dayton as well as a former Member of the Business Advisory Council of the Cleveland Federal Reserve Bank. Mr. Schneider is a Member of the Business Advisory Council for the University of Dayton College of Business and a Member of the Mid-America Health System Board. Mr. Schneider was an Independent Trustee of the Flagship Funds, a group of municipal open-end funds. He also served as Chair of the Miami Valley Hospital and as Chair of the Finance Committee of its parent holding company. Mr. Schneider has a Bachelor of Science degree in Community Planning from the University of Cincinnati and a Masters of Public Administration degree from the University of Dayton.

**Judith M. Stockdale**

Ms. Stockdale is currently Executive Director of the Gaylord and Dorothy Donnelley Foundation, a private foundation working in land conservation and artistic vitality in the Chicago region and the Lowcountry of South Carolina. Her previous positions include Executive Director

of the Great Lakes Protection Fund, Executive Director of Openlands, and Senior Staff Associate at the Chicago Community Trust. She has served on the Boards of the Land Trust Alliance, the National Zoological Park, the Governor's Science Advisory Council (Illinois), the Nancy Ryerson Ranney Leadership Grants Program, Friends of Ryerson Woods and the Donors Forum. Ms. Stockdale, a native of the United Kingdom, has a Bachelor of Science degree in geography from the University of Durham (UK) and a Master of Forest Science degree from Yale University.

**Carole E. Stone**

Ms. Stone retired from the New York State Division of the Budget in 2004, having served as its Director for nearly five years and as Deputy Director from 1995 through 1999. Ms. Stone is currently on the Board of Directors of the Chicago Board Options Exchange, CBOE Holdings, Inc. and C2 Options Exchange, Incorporated. She has also served as the Chair of the New York Racing Association Oversight Board, as Chair of the Public Authorities Control Board, as a Commissioner on the New York State Commission on Public Authority Reform and as a Member of the Boards of Directors of several New York State public authorities. Ms. Stone has a Bachelor of Arts in Business Administration from Skidmore College.

**Virginia L. Stringer**

Ms. Stringer served as the Independent Chair of the Board of the First American Fund Complex from 1997 to 2010, having joined such Board in 1987. Ms. Stringer serves on the Board of the Mutual Fund Directors Forum. She is a recipient of the Outstanding Corporate Director award from Twin Cities Business Monthly and the Minnesota Chapter of the National Association of Corporate Directors. Ms. Stringer is the past Board Chair of the Oak Leaf Trust, Director of the Saint Paul Riverfront Corporation and also served as President of the Minneapolis Club's Governing Board. She is a Director and former Board Chair of the Minnesota Opera and a Life Trustee and former Board Member of the Voyageur Outward Bound School. She also served as a Trustee of Outward Bound USA. She was appointed by the Governor of Minnesota Board on Judicial Standards and recently served on a Minnesota Supreme Court Judicial Advisory Committee to reform the state's judicial disciplinary process. She is a member of the International Women's Forum and attended the London Business School as an International Business Fellow. Ms. Stringer also served as Board Chair of the Human Resource Planning Society, the Minnesota Women's Campaign Fund and the Minnesota Women's Economic Roundtable. Ms. Stringer is the retired founder of Strategic Management Resources, a consulting practice focused on corporate governance, strategy and leadership. She has twenty-five years of corporate experience, having held executive positions in general management, marketing and human resources with IBM and the Pillsbury Company.

**Terence J. Toth**

Mr. Toth has served as a Director of Legal & General Investment Management America, Inc. since 2008 and as a Managing Partner at Promus Capital since 2008. From 2004 to 2007, he was Chief Executive Officer and President of Northern Trust Global Investments, and Executive Vice President of Quantitative Management & Securities Lending from 2000 to 2004. He also formerly served on the Board of the Northern Trust Mutual Funds. He joined Northern Trust in

1994 after serving as Managing Director and Head of Global Securities Lending at Bankers Trust (1986 to 1994) and Head of Government Trading and Cash Collateral Investment at Northern Trust from 1982 to 1986. He currently serves on the Boards of the Goodman Theatre, Chicago Fellowship and the Mather Foundation, and is Chairman of the Board of Catalyst Schools of Chicago. Mr. Toth graduated with a Bachelor of Science degree from the University of Illinois, and received his MBA from New York University. In 2005, he graduated from the CEO Perspectives Program at Northwestern University.

Board Member Terms. For each Minnesota Fund except California Value, all Board Members are elected annually. For each Massachusetts Fund, and California Value, shareholders will be asked to elect Board Members as each Board Member's term expires, and with respect to Board Members elected by holders of Common Shares such Board Member shall be elected for a term expiring at the time of the third succeeding annual meeting subsequent to their election or thereafter in each case when their respective successors are duly elected and qualified. These provisions could delay for up to two years the replacement of a majority of the Board.

## The Officers

The following table sets forth information with respect to each officer of the Funds. Officers receive no compensation from the Funds. The officers are elected by the Board on an annual basis to serve until successors are elected and qualified.

| Name, Address and Birth Date   | Position(s) Held with Fund   | Term of Office and Length of Time Served <sup>(1)</sup> | Principal Occupation(s) During Past 5 Years  | Number of Portfolios in Fund Complex Served by Officer |
|--|------------------------------|---|--|--|
| Gifford R. Zimmerman<br>333 West Wacker Drive<br>Chicago, IL 60606<br>(9/9/56)   | Chief Administrative Officer | Term/Annual<br>Length of Service:<br>Since 1988         | Managing Director (since 2002), Assistant Secretary and Associate General Counsel of Nuveen Securities, LLC; Managing Director (since 2002), Assistant Secretary (since 1997) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director (since 2004) and Assistant Secretary (since 1994) of Nuveen Investments, Inc.; Managing Director, Assistant Secretary and Associate General Counsel of Nuveen Asset Management, LLC (since 2011); Vice President and Assistant Secretary of NWQ Investment Management Company, LLC and Nuveen Investments Advisers Inc. (since 2002); Managing Director, Associate General Counsel and Assistant Secretary of Symphony Asset Management LLC (since 2003); Vice President and Assistant Secretary of Santa Barbara Asset Management, LLC (since 2006) and of Winslow Capital Management, Inc. (since 2010); Chief Administrative Officer and Chief Compliance Officer (since 2010) of Nuveen Commodities Asset Management, LLC; Chartered Financial Analyst. | 217  |
| William Adams IV<br>333 West Wacker Drive<br>Chicago, IL 60606<br>(6/9/55)       | Vice President               | Term/Annual<br>Length of Service:<br>Since 2007         | Senior Executive Vice President, Global Structured Products, formerly, Executive Vice President (1999-2010) of Nuveen Securities, LLC; Co-President of Nuveen Fund Advisors, Inc. (since 2011); President (since 2011), formerly, Managing Director (2010-2011) of Nuveen Commodities Asset Management, LLC.   | 117  |
| Cedric H. Antosiewicz<br>333 West Wacker Drive<br>Chicago, IL 60606<br>(1/11/62) | Vice President               | Term/Annual<br>Length of Service:<br>Since 2007         | Managing Director (since 2004) of Nuveen Securities LLC.   | 117  |



| Name, Address and Birth Date  | Position(s) Held with Fund    | Term of Office and Length of Time Served <sup>(1)</sup> | Principal Occupation(s) During Past 5 Years   | Number of Portfolios in Fund Complex Served by Officer |
|---|-------------------------------|---|---|--|
| Margo L. Cook<br>333 West Wacker Drive<br>Chicago, IL 60606<br>(4/11/64)      | Vice President                | Term/Annual<br>Length of Service:<br>Since 2009         | Executive Vice President (since 2008) of Nuveen Investments, Inc. and of Nuveen Fund Advisors (since 2011); Managing Director Investment Services of Nuveen Commodities Asset Management, LLC (since 2011); previously, Head of Institutional Asset Management (2007-2008) of Bear Stearns Asset Management; Head of Institutional Asset Management (1986-2007) of Bank of NY Mellon; Chartered Financial Analyst.  | 217  |
| Lorna C. Ferguson<br>333 West Wacker Drive<br>Chicago, IL 60606<br>(10/24/45) | Vice President                | Term/Annual<br>Length of Service:<br>Since 1998         | Managing Director (since 2004) of Nuveen Securities, LLC; Managing Director (since 2005) of Nuveen Fund Advisors, Inc.  | 217  |
| Stephen D. Foy<br>333 West Wacker Drive<br>Chicago, IL 60606<br>(5/31/54)     | Vice President and Controller | Term/Annual<br>Length of Service:<br>Since 1993         | Senior Vice President (since 2010); formerly, Vice President (1993-2010) and Funds Controller (since 1998) of Nuveen Securities, LLC; Vice President (since 2005) of Nuveen Fund Advisors, Inc.; Chief Financial Officer (since 2010) of Nuveen Commodities Asset Management, LLC; Certified Public Accountant.   | 217  |
| Scott S. Grace<br>333 West Wacker Drive<br>Chicago, IL 60606<br>(8/20/70)     | Vice President and Treasurer  | Term/Annual<br>Length of Service:<br>Since 2009         | Managing Director, Corporate Finance & Development, Treasurer (since 2009) of Nuveen Securities, LLC; Managing Director and Treasurer of Nuveen Investments Advisers, Inc., Nuveen Investments Holdings, Inc., Nuveen Fund Advisors, Inc. and Nuveen Asset Management, LLC (since 2011); Vice President and Treasurer of NWQ Investment Management Company, LLC, Tradewinds Global Investors, LLC, Symphony Asset Management LLC and Winslow Capital Management, Inc.; Vice President of Santa Barbara Asset Management, LLC; formerly, Treasurer (2006-2009), Senior Vice President (2008-2009), previously, Vice President (2006- 2008) of Janus Capital Group, Inc.; formerly, Senior Associate in Morgan Stanley's Global Financial Services Group (2000-2003); Chartered Accountant Designation. | 217  |

| <b>Name, Address and Birth Date</b>   | <b>Position(s) Held with Fund</b>           | <b>Term of Office and Length of Time Served<sup>(1)</sup></b> | <b>Principal Occupation(s) During Past 5 Years</b>   | <b>Number of Portfolios in Fund Complex Served by Officer</b> |
|---|---|---|--|---|
| Walter M. Kelly<br>333 West Wacker Drive<br>Chicago, IL 60606<br>(2/24/70)                      | Chief Compliance Officer and Vice President | Term/Annual<br>Length of Service:<br>Since 2003               | Senior Vice President (since 2008) of Nuveen Investments Holdings, Inc.; Senior Vice President (since 2008 and Assistant Secretary (since 2003), of Nuveen Fund Advisors, Inc.; formerly, Vice President, of Nuveen Securities, LLC;   | 217   |
| Tina M. Lazar<br><br>333 West Wacker Drive<br><br>Chicago, IL 60606<br><br>(8/27/61)            | Vice President                              | Term/Annual<br>Length of Service:<br>Since 2002               | Senior Vice President (since 2010), formerly, Vice President (2005-2010) of Nuveen Fund Advisors, Inc.   | 217   |
| Kevin J. McCarthy<br><br>333 West Wacker Drive<br><br>Chicago, IL 60606<br><br>(3/26/66)        | Vice President and Secretary                | Term/Annual<br>Length of Service:<br>Since 2007               | Managing Director and Assistant Secretary (since 2008), formerly, Vice President (2007-2008) of Nuveen Securities, LLC; Managing Director (since 2008), Assistant Secretary (since 2007) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Asset Management, LLC; Vice President and Assistant Secretary of Nuveen Investment Advisers Inc., NWQ Investment Management Company, LLC, NWQ Holdings, LLC, Symphony Asset Management LLC, Santa Barbara Asset Management, LLC and of Winslow Capital Management, Inc. (since 2010); Vice President and Secretary (since 2010) of Nuveen Commodities Asset Management, LLC; prior thereto, Partner, Bell, Boyd & Lloyd LLP (1997-2007). | 217   |
| Kathleen L. Prudhomme<br><br>901 Marquette Avenue<br><br>Minneapolis, MN 55402<br><br>(3/30/53) | Vice President and Assistant Secretary      | Term/Annual<br>Length of Service:<br>Since 2011               | Managing Director and Assistant Secretary of Nuveen Securities, LLC (since 2011); Managing Director, Assistant Secretary and Co-General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Asset Management, LLC; formerly, Deputy General Counsel, FAF Advisors, Inc. (2004-2010).   | 217   |

<sup>(1)</sup> Length of Time Served indicates the year the individual became an officer of a fund in the Nuveen fund complex.

**2. Approval of the Elimination of Fundamental Investment Policies and Approval of New Fundamental Policies for each Affected Municipal Fund**

Each Affected Municipal Fund has adopted a fundamental investment policy relating to the Fund's ability to make loans (together, the Current Fundamental Policies, and each, a Current Fundamental Policy), that can be changed only by shareholder vote. The Current Fundamental Policy adopted by each Affected Municipal Fund reflects industry and other market conditions present at the time of the inception of each such Fund.

As a general matter, Nuveen's municipal closed-end funds are seeking to adopt a uniform set of investment policies (together, the New Investment Policies, and each, a New Investment Policy). Investment policies currently vary across otherwise-similar Nuveen municipal closed-end funds, reflecting evolving markets and guidelines as the different funds were launched over the past 20 years. As part of a continuing broader best practices initiative begun approximately three years ago, all Nuveen municipal closed-end funds, including the Affected Municipal Funds, are seeking to adopt a uniform set of investment policies that reflect municipal market and regulatory developments over time.

The proposed New Investment Policy with respect to loans would permit the Affected Municipal Funds to make loans to the extent permitted by securities laws. Among other things, this change is intended to provide each Affected Municipal Fund with the flexibility to make loans in circumstances where a municipal issuer is in distress, if the Adviser believes that doing so would both:

facilitate a timely workout of the issuer's situation in a manner that benefits the Fund; and

be or represent the best choice for reducing the likelihood or severity of loss on the Fund's investment.

Conforming and updating these investment policies is intended to benefit common shareholders by increasing portfolio manager efficiency and flexibility to take advantage of a wide range of appropriate opportunities in the municipal bond markets in pursuit of the Affected Municipal Funds' investment objectives. Providing an Affected Municipal Fund with the option of making loans to help facilitate a timely workout of a distressed issuer's situation merely provides the Fund with an additional tool to help preserve shareholder value and should not be viewed as a commentary on the state of the municipal bond market or as indicative of an immediate need or desire to make a loan to an issuer facing a credit workout situation.

In order to implement the New Investment Policy, each Affected Municipal Fund must change its Current Fundamental Policy, which change requires your approval. In particular, shareholders must first approve the elimination of their Affected Municipal Fund's Current Fundamental Policy as well as the implementation of the New Investment Policy.

The primary purposes of these changes are to provide the Affected Municipal Funds with increased flexibility in diversifying portfolio risks and optimizing returns on current investments in order to pursue the preservation of and possible growth of capital which, if successful, will help to sustain and build net asset value, and to create consistent investment policies for all Nuveen municipal bond funds to promote operational efficiencies.

The Board has unanimously approved, and unanimously recommends, the approval by shareholders of each Affected Municipal Fund, the elimination of the Current Fundamental Policy of each Affected Municipal Fund and the approval of the New Investment Policy, described below.

**2. For each Affected Municipal Fund:**

(a) **Elimination of Fundamental Policy Relating to Making Loans:** The Current Fundamental Policy with respect to making loans, and which is proposed to be eliminated, provides that the respective Affected Municipal Fund shall not: Make loans, other than by entering into repurchase agreements and through the purchase of [Municipal Obligations/municipal bonds] or [temporary/short-term] investments in accordance with its investment objectives, policies and limitations.

(b) **Approval of New Investment Policy Relating to Making Loans:** It is proposed that each Affected Municipal Fund adopt a New Investment Policy with respect to making loans. The adoption of the following New Investment Policy for each Affected Municipal Fund is contingent on shareholder approval of the elimination of that Fund's Current Fundamental Policy with respect to making loans, as reflected in 2(a) above. The proposed New Investment Policy provides that each Affected Municipal Fund shall not: Make loans, except as permitted by the Investment Company Act of 1940, as amended, and exemptive orders granted under the Investment Company Act of 1940, as amended.

The Affected Municipal Funds have no current intentions of seeking exemptive relief under the Investment Company Act of 1940, as amended, for the purpose of making loans. If such relief was sought, there is no guarantee that it would be granted.

**Board Recommendation**

The Board believes that eliminating the Current Fundamental Policies and adopting the New Investment Policies gives the Adviser flexibility to rapidly respond to continuing developments in the municipal market and would enhance the portfolio managers' ability to meet each Affected Municipal Fund's investment objective. In addition, the Board believes that the proposed changes will create consistent investment policies for all Nuveen municipal bond funds and will help to promote operational efficiencies.

**The Board recommends that shareholders of each Affected Municipal Fund to approve the elimination of the Current Fundamental Policy and vote to approve the New Fundamental Policy.**

**Audit Committee Report**

The Audit Committee of each Board is responsible for the oversight and monitoring of (1) the accounting and reporting policies, processes and practices, and the audit of the financial statements, of each Fund, (2) the quality and integrity of the Fund's financial statements and (3) the independent registered public accounting firm's qualifications, performance and

independence. In its oversight capacity, the committee reviews each Fund's annual financial statements with both management and the independent registered public accounting firm and the committee meets periodically with the independent registered public accounting firm and internal auditors to consider their evaluation of each Fund's financial and internal controls. The committee also selects, retains, evaluates and may replace each Fund's independent registered public accounting firm. The committee is currently composed of five Independent Board Members and operates under a written charter adopted and approved by each Board. Each committee member meets the independence and experience requirements, as applicable, of the New York Stock Exchange, NYSE MKT, Section 10A of the 1934 Act and the rules and regulations of the SEC.

The committee, in discharging its duties, has met with and held discussions with management and each Fund's independent registered public accounting firm. The committee has also reviewed and discussed the audited financial statements with management. Management has represented to the independent registered public accounting firm that each Fund's financial statements were prepared in accordance with generally accepted accounting principles. The committee has also discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards (SAS) No. 114, (The Auditor's Communication With Those Charged With Governance), which supersedes SAS No. 61 (Communication with Audit Committees). Each Fund's independent registered public accounting firm provided to the committee the written disclosure required by Public Company Accounting Oversight Board Rule 3526 (Communications with Audit Committees Concerning Independence), and the committee discussed with representatives of the independent registered public accounting firm their firm's independence. As provided in the Audit Committee Charter, it is not the committee's responsibility to determine, and the considerations and discussions referenced above do not ensure, that each Fund's financial statements are complete and accurate and presented in accordance with generally accepted accounting principles.

Based on the committee's review and discussions with management and the independent registered public accounting firm, the representations of management and the report of the independent registered public accounting firm to the committee, the committee has recommended that the audited financial statements be included in each Fund's Annual Report.

The current members of the committee are:

Robert P. Bremner

David J. Kundert

William J. Schneider

Carole E. Stone

Terence J. Toth

**Audit and Related Fees.** The following tables provide the aggregate fees billed during each Fund's last two fiscal years by each Fund's independent registered accounting firm for engagements directly related to the operations and financial reporting of each Fund, including those relating (i) to each Fund for services provided to the Fund and (ii) to the Adviser and certain entities controlling, controlled by, or under common control with the Adviser that provide ongoing services to each Fund (Adviser Entities).

|                                  | Audit Fees             |                        | Audit Related Fees     |                        |                              |                        | Tax Fees               |                        |                              |                        | All Other Fees         |  |                        |                        |
|----------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------------|------------------------|------------------------|------------------------|------------------------------|------------------------|------------------------|--|------------------------|------------------------|
|                                  | Fund <sup>(1)</sup>    |                        | Fund <sup>(2)</sup>    |                        | Adviser and Adviser Entities |                        | Fund <sup>(3)</sup>    |                        | Adviser and Adviser Entities |                        |                        | Fund <sup>(4)</sup> Adviser and Adviser Entities |                        |                        |
|                                  | Fiscal Year Ended 2011 | Fiscal Year Ended 2012 | Fiscal Year Ended 2011 | Fiscal Year Ended 2012 | Fiscal Year Ended 2011       | Fiscal Year Ended 2012 | Fiscal Year Ended 2011 | Fiscal Year Ended 2012 | Fiscal Year Ended 2011       | Fiscal Year Ended 2012 | Fiscal Year Ended 2011 | Fiscal Year Ended 2012                           | Fiscal Year Ended 2011 | Fiscal Year Ended 2012 |
| Floating Rate Income             | \$ 51,100              | \$ 27,000              | \$ 32,000              | \$ 18,000              | \$ 0                         | \$ 0                   | \$ 0                   | \$ 0                   | \$ 0                         | \$ 0                   | \$ 0                   | \$ 8,000   | \$ 0                   | \$ 0                   |
| Floating Rate Income Opportunity | 51,100                 | 27,000                 | 32,000                 | 18,000                 | 0                            | 6,450                  | —                      | 22,550                 |                              |                        |                        |  |                        |                        |
| David N. Roberts                 | 16,900                 | —3,870                 | —                      | —                      | 20,770                       |                        |                        |                        |                              |                        |                        |  |                        |                        |
| Basil Sabbah                     | 6,200                  | —3,870                 | —                      | —                      | 10,070                       |                        |                        |                        |                              |                        |                        |  |                        |                        |
| F. Stanley Sena                  | 8,600                  | —6,450                 | —                      | —                      | 15,050                       |                        |                        |                        |                              |                        |                        |  |                        |                        |
| Larry D. Trujillo                | 9,400                  | —3,870                 | —                      | —                      | 13,270                       |                        |                        |                        |                              |                        |                        |  |                        |                        |
| Kent C. Veio                     | 8,800                  | —6,450                 | —                      | —                      | 15,250                       |                        |                        |                        |                              |                        |                        |  |                        |                        |

Neither John P. Carmichael, Chief Executive Officer and President, nor Douglas Crichfield, former Chief

(1) Executive Officer and President, are included in this table as they did not receive compensation for their services as directors during 2013.

(2) Includes fees paid for attendance at board of director and committee meetings for both Solera National Bank and the Company.

As of December 31, 2013, each non-employee director had the following number of option awards outstanding:

(3) Ms. Akers - 16,000 options; Mr. Alvarado - 14,000 options; Ms. Arias - 18,000 options; Mr. Eller - 6,000 options; Mr. Gallegos - 14,000 options; Mr. Montoya - 32,000 options; Mr. Nash - 20,000 options; Mr. Roberts - 6,000 options; Mr. Sabbah - 21,000 options; Mr. Sena - 18,000 options; Mr. Trujillo - 9,000 options; and Mr. Veio - 20,000 options. Additional information concerning the security ownership of our directors is set forth in this proxy statement under "Security Ownership of Certain Beneficial Owners and Management."

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

### General

Under Section 402 of the Sarbanes-Oxley Act of 2002, it is unlawful for any issuer to extend, renew or arrange for the extension of credit in the form of a personal loan to or for any director or executive officer of that issuer. This prohibition does not apply to loans that were made on or prior to July 30, 2002, or certain types of loans described in Section 402 that are (i) made available by the issuer in the ordinary course of the issuer's consumer credit business; (ii) of a type generally made available by such issuer to the public; and (iii) made by the issuer on market terms, or terms that are no more favorable than those offered by the issuer to the general public.

Section 402 also does not apply to loans by an insured depository institution, such as Solera National Bank, if the loan is subject to the insider lending restrictions of Section 22(h) of the Federal Reserve Act or the Federal Reserve's Regulation O. We believe that all related transactions comply with Section 402 of the Sarbanes-Oxley Act or have been made pursuant to a valid exception from Section 402 of the Sarbanes-Oxley Act.

Certain of our officers, directors and principal shareholders and their affiliates have had transactions with Solera National Bank, including borrowings and deposits with the Bank. Our management believes that all such loans and deposits have been and will continue to be made in the ordinary course of business of Solera National Bank on substantially the same

terms, including interest rates paid and collateral required, as those prevailing at the time for comparable transactions with unaffiliated persons, and do not involve more than the normal risk of collectibles or present other unfavorable features.

The Company has a written policy in place to identify potential related party transactions, which are reported and reviewed with the Company's Audit Committee. Some related party banking and lending transactions entered into in the ordinary course of business may not be reviewed by the Audit Committee because the Company has other written policies and procedures in place to ensure compliance with applicable bank regulatory requirements. Furthermore, the Company's Conflicts of Interest and Code of Ethics policy addresses potential conflicts of interest and requires that any conflicts be disclosed to the Company.

#### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our officers and directors, and persons who own more than 10% of a registered class of our equity securities (the "10% Shareholders"), to file reports of ownership and changes of ownership with the Securities and Exchange Commission. Our officers, directors and 10% Shareholders are required by the Securities and Exchange Commission regulation to furnish us with copies of all Section 16(a) forms so filed.

Based solely on review of copies of such forms received, we believe that, during the last fiscal year, all filing requirements under Section 16(a) applicable to its officers, directors and 10% Shareholders were filed timely.

#### PROPOSAL TWO:

#### RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

##### Background

The Audit Committee has selected McGladrey LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014 and has further directed that management submit the selection of independent accountants for ratification by our shareholders at the annual meeting.

Representatives of McGladrey LLP will be available at the annual meeting, will have the opportunity to make a statement if they desire and will be available to respond to appropriate questions from shareholders.

Shareholder ratification of the selection of McGladrey LLP as our independent registered public accounting firm is not required by our bylaws or otherwise. However, we are submitting the selection of McGladrey LLP to our shareholders for ratification as a matter of good corporate practice. If our shareholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain McGladrey LLP. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent accounting firm at any time during the year if it is determined that a change would be in the best interests of our Company and shareholders.

##### Vote Required

Ratification of the selection of McGladrey LLP requires the affirmative vote of a majority of the shares present and entitled to vote.

##### Recommendation of the Board of Directors

The Board of Directors recommends a vote "FOR" the ratification of the selection of McGladrey LLP as our independent registered public accounting firm for 2014.





**Principal Auditor Fees and Services**

The following table shows the fees incurred by us for the audit and other services provided by our auditor, McGladrey LLP, for the fiscal years 2013 and 2012.

|                    | 2013       | 2012       |
|--------------------|------------|------------|
| Audit fees         | \$ 115,208 | \$ 101,500 |
| Audit-related fees | —          | 3,980      |
| Tax fees           | 4,200      | 4,000      |
| All other fees     | —          | —          |
| Total              | \$ 119,408 | \$ 109,480 |

As defined by the Securities and Exchange Commission, (i) “audit fees” are fees for professional services rendered by the company’s principal accountant for the audit of the company’s annual financial statements and review of financial statements included in the company’s Form 10-Q and Form 10-K, or for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years; (ii) “audit-related fees” are fees for assurance and related services by the company’s principal accountant that are reasonably related to the performance of the audit or review of the company’s financial statements and are not reported under “audit fees;” (iii) “tax fees” are fees for professional services rendered by the company’s principal accountant for tax compliance, tax advice, and tax planning; and (iv) “all other fees” are fees for products and services provided by the company’s principal accountant, other than the services reported under “audit fees,” “audit-related fees,” and “tax fees.”

Under applicable Securities and Exchange Commission rules, the Audit Committee is required to pre-approve the audit and non-audit services performed by the independent accountants in order to ensure that they do not impair the accountants’ independence. The Commission’s rules specify the types of non-audit services that an independent auditor may not provide to its audit client and establish the Audit Committee’s responsibility for administration of the engagement of the independent accountants.

Consistent with the Commission’s rules, the Audit Committee Charter requires that the Audit Committee review and pre-approve all audit services and permitted non-audit services provided by the independent accountants to us or any of our subsidiaries. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee and if it does, the decisions of that member must be presented to the full Audit Committee at its next scheduled meeting. All of the fees in the table above were approved pursuant to the Company’s policy.

**PROPOSAL THREE:  
SHAREHOLDER PROPOSAL TO AMEND THE BYLAWS**

On February 21, 2014, the Company received notice from Quagliano regarding his intention to present to the Company’s shareholders the following proposal at the 2014 annual meeting:

“That the Bylaws of the Corporation be and hereby are amended, effective from and after the time of adoption, as follows:

Article III, Section 2 of the Bylaws shall be deleted in its entirety and replaced with the following:

The number of directors of the corporation shall be five (5). The board of directors may increase or decrease the number of directors of the corporation from time to time, but in no event shall the number of directors of the corporation be greater than twenty-five (25) or less than five (5). Whenever the number of directors is increased between annual meetings of the stockholders, a majority of the directors then in office shall have the power to elect

such new directors for the balance of the term and until their successors are chosen and qualified. Any decrease in the authorized number of directors shall not become effective until the expiration of the term of the directors then in office unless, at the time of such decrease, there shall be vacancies on the board which are being eliminated by the decrease.”

The Board recognizes that there would be some benefit to having fewer directors in terms of reduced cost, and, partially for this reason, has nominated 11 candidates for election at the annual meeting compared to 13 directors in office currently. However, the Board also believes that the drastic reduction in the size of the Board contemplated by the proposal would be harmful to shareholder interests in that a Board with only five members could not provide the Company the same range and depth of valuable skills, experience and community contacts its nominees collectively offer. Moreover, this proposal is intended to ensure that if elected as directors, Quagliano's nominees will constitute the entire board of directors. These nominees include his daughter, his fiancé, and a person we understand to be his personal attorney. We believe that the close personal relationships among these nominees suggest that they would likely act collectively to control the Company if elected.

The proposal would facilitate Quagliano's plan to take control of your Company by allowing control to be effectively exercised by himself and his close relatives and associates. Accordingly, the Board of Directors unanimously recommends a vote "AGAINST" this proposal on the enclosed WHITE proxy card.

#### OTHER MATTERS

To the best knowledge, information and belief of the directors, there are no other matters that are to be acted upon at the annual meeting. If such matters arise, the form of proxy provides that discretionary authority is conferred on the designated persons in the enclosed form of proxy to vote with respect to such matters.

Except for reports of operations and activities by management, which are for informational purposes only and require no action of approval or disapproval, management neither knows of nor contemplates any other business that will be presented for action by the shareholders at the annual meeting. If any further business is properly presented at the annual meeting, the persons named as proxies will act in their discretion on behalf of the shareholders they represent.

#### SHAREHOLDER PROPOSALS FOR THE NEXT ANNUAL MEETING OF SHAREHOLDERS

Shareholder proposals for consideration at our 2015 annual meeting must follow the procedures set forth in Rule 14a-8 under the Exchange Act or our bylaws, as applicable. To be timely under Rule 14a-8, they must be received by our Corporate Secretary at Solera National Bancorp, Inc., 319 South Sheridan Blvd., Lakewood, CO 80226 by \_\_\_\_\_, \_\_ 2015 in order to be included in the proxy statement. Under the Company's bylaws, as amended, if a shareholder plans to propose an item of business to be considered at any annual meeting of shareholders other than under Rule 14a-8, that shareholder is required to give notice of such proposal to our Corporate Secretary between 90 days prior to the anniversary of the preceding year's annual meeting, or February 23, 2015 for our 2015 annual meeting, and the close of business 120 days prior to the anniversary of the preceding year's annual meeting, or January 22, 2015 for our 2015 annual meeting, subject to certain exceptions, and to comply with certain other requirements. The proposals also must comply with all applicable statutes and regulations.

#### ADDITIONAL INFORMATION

A copy of our 2013 Annual Report on Form 10-K, this proxy statement and a WHITE Proxy card are being mailed to each shareholder of record. Shareholders not receiving a copy of the annual report may obtain one without charge. Requests and inquiries should be addressed to: Solera National Bancorp, Inc., 319 South Sheridan Blvd., Lakewood, Colorado 80226, Attn: John P. Carmichael (303) 937-6422.

Whether you intend to be present at the annual meeting or not, we urge you to vote by the Internet, telephone or by signing and mailing the enclosed WHITE proxy card promptly.

By Order of the Board of Directors,

Catherine J. Eden  
Secretary

Lakewood, Colorado  
April \_\_, 2014

27

---

APPENDIX A  
 INFORMATION CONCERNING PARTICIPANTS  
 IN THE COMPANY'S SOLICITATION OF PROXIES

The following tables ("Directors and Nominees" and "Officers and Employees") set forth the name and business address of our directors and nominees, and the name, present principal occupation and business address of our officers and employees who, under the rules of the Securities and Exchange Commission, are considered to be "participants" in our solicitation of proxies from our shareholders in connection with our 2014 annual meeting of shareholders.

Directors and Nominees

The principal occupations of our directors and nominees who are considered "participants" in our solicitation are set forth under the section above titled "Proposal One-Election of Directors" of this proxy statement. The name and business addresses, and address of the organization of employment, of our directors and nominees are as follows:

| Name               | Business Address  |
|--------------------|---|
| Norma R. Akers     | Retired, Solera National Bancorp, Inc., 319 S. Sheridan Blvd, Lakewood, CO 80226  |
| Maria G. Arias     | Comcast Corporation, 1701 John F. Kennedy Blvd. Philadelphia, PA 19103  |
| John P. Carmichael | Solera National Bancorp, Inc., 319 S. Sheridan Blvd, Lakewood, CO 80226   |
| Ron Eller          | Clean Coal Solutions, 5251 DTC Parkway, Suite 825, Greenwood Village, CO 80111  |
| Ronald E. Montoya  | Innov8 Solutions USA, 1500 W. 47th Avenue Denver, CO 80211  |
| Ray L. Nash        | Nash Family LLC, Solera National Bancorp, Inc., 319 S. Sheridan Blvd, Lakewood, CO 80226  |
| David N. Roberts   | The Newport Board Group, LLC, Solera National Bancorp, Inc., 319 S. Sheridan Blvd, Lakewood, CO 80226                               |
| Basil Sabbah       | Sabbro, LLC, Solera National Bancorp, Inc., 319 S. Sheridan Blvd, Lakewood, CO 80226  |
| F. Stanley Sena    | SNAP Staffing Services / Goodwin Personnel, 6025 S. Quebec St., # 135 Centennial, CO 80111  |
| Larry D. Trujillo  | Modern Real Estate / LDT Consulting, LLC / CovertaCard, LLC, Solera National Bancorp, Inc., 319 S Sheridan Blvd, Lakewood, CO 80226 |
| Kent C. Veio       | Kline, Alvarado & Veio, P.C., 1775 Sherman Street, Suite 1790, Denver, CO 80203   |

Officers and Employees

The principal occupations of our executive officers and employees who are considered "participants" in our solicitation of proxies are set forth below. The principal occupation refers to such person's position with the Company, and the business address for each person is 319 South Sheridan Boulevard, Lakewood, Colorado 80226.

| Name               | Principal Occupation                  |
|--------------------|---------------------------------------|
| John P. Carmichael | President and Chief Executive Officer |

Information Regarding Ownership of Solera National Bancorp, Inc. Securities by Participants

The number of shares of our common stock held by our directors and named executive officers as of March 31, 2014 is set forth under the "Security Ownership of Certain Beneficial Owners and Management" section of this proxy statement. Shares of our common stock owned of record by each of our directors, named executive officers and other participants are beneficially owned by such person.

Information Regarding Transactions in Solera National Bancorp, Inc. Securities by Participants

The following table sets forth information regarding purchases and sales of our securities by each of the participants listed above under "Directors and Nominees" and "Officers and Employees" during the past two years. Unless otherwise indicated, all transactions were in the public market or pursuant to our equity compensation plans and none of the purchase price or market value of those shares is represented by funds borrowed or otherwise obtained for the purpose of acquiring or holding such securities.

## Shares of Common Stock Purchased or Sold (April 2, 2012 - April 4, 2014)

| Name               | Date       | # of<br>Shares | Transaction Description               |
|--------------------|------------|----------------|---------------------------------------|
| Norma R. Akers     | 8/14/2013  | 2,500          | Acquisition-Stock option exercise     |
|                    | 8/14/2013  | (2,500 )       | Disposition-Open market sale          |
|                    | 8/14/2013  | 1,000          | Acquisition-Stock option exercise     |
|                    | 8/14/2013  | (1,000 )       | Disposition-Open market sale          |
| John P. Carmichael | 9/30/2013  | 10,000         | Acquisition-Award of restricted stock |
| Ronald E. Montoya  | 8/2/2012   | 3,800          | Acquisition-Open market purchase      |
|                    | 9/6/2012   | 500            | Acquisition-Open market purchase      |
|                    | 12/13/2012 | 10,000         | Acquisition-Open market purchase      |
|                    | 5/9/2013   | 3,000          | Acquisition-Open market purchase      |
|                    | 5/10/2013  | 1,500          | Acquisition-Open market purchase      |
| Kent C. Veio       | 5/29/2013  | 5,000          | Acquisition-Open market purchase      |
|                    | 8/14/2013  | 3,500          | Acquisition-Open market purchase      |

## Miscellaneous Information Concerning Participants

Other than as set forth in this Appendix A or the proxy statement, none of the participants or their associates (i) beneficially owns, directly or indirectly, any shares or other securities of the Company or any of our subsidiaries or (ii) has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon at the annual meeting. In addition, except as set forth in this Appendix A or the proxy statement, none of the participants listed above is, or has been within the past year, a party to any contract, arrangement or understanding with any person with respect to any of our securities, including, but not limited to, joint ventures, loan or option arrangements, puts or calls, guarantees against loss or guarantees of profit, division of losses or profits or the giving or withholding of proxies. To our knowledge, none of the participants has, during the past ten years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

Other than as set forth in this Appendix A or the proxy statement, neither we nor any of the participants listed above or any of their associates have (i) any arrangements or understandings with any person with respect to any future employment by us or our affiliates or with respect to any future transactions to which we or any of our affiliates will or may be a party or (ii) a direct or indirect material interest in any transaction or series of similar transactions since the beginning of our last fiscal year or any currently proposed transactions, or series of similar transactions, to which we or any of our subsidiaries was or is to be a party in which the amount involved exceeds the lesser of \$120,000 or one percent of the average of the Company's total assets at year-end for the last two completed fiscal years.

PRELIMINARY PROXY MATERIAL, DATED APRIL 17, 2014  
SUBJECT TO COMPLETION



