

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL INCOME FUND
Form DEF 14A
October 23, 2015

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
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Nuveen Dividend Advantage Municipal Income Fund

(Name of Registrant as Specified In Its Charter)

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

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**IMPORTANT NOTICE TO HOLDERS OF
VARIABLE RATE DEMAND PREFERRED SHARES OF
NUVEEN DIVIDEND ADVANTAGE MUNICIPAL INCOME FUND (NVG)
NUVEEN QUALITY INCOME MUNICIPAL FUND, INC. (NQU)
AND
NUVEEN MUNICIPAL OPPORTUNITY FUND, INC. (NIO)**

OCTOBER 23, 2015

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 the enclosed Joint Proxy Statement?

- A.** You are receiving the Joint Proxy Statement as a holder of Variable Rate Demand Preferred Shares (VRDP Shares) of Nuveen Dividend Advantage Municipal Income Fund (the Acquiring Fund), Nuveen Quality Income Municipal Fund, Inc. (Quality Income) or Nuveen Municipal Opportunity Fund, Inc. (Municipal Opportunity), in connection with special meetings of the common and preferred shareholders of the Acquiring Fund, Quality Income and Municipal Opportunity.

At the special meetings, holders of the outstanding VRDP Shares of the Acquiring Fund, Quality Income and Municipal Opportunity will vote on the following proposals, as applicable:

(Acquiring Fund, Quality Income and Municipal Opportunity) the reorganization of each of Nuveen Quality Municipal Fund, Inc. (Quality Municipal), Quality Income and Municipal Opportunity into the Acquiring Fund (each, a Reorganization and together, the Reorganizations);

(Acquiring Fund only) the issuance of additional common shares by the Acquiring Fund in connection with the Reorganizations;

(Acquiring Fund only) the approval of a new investment management agreement for the Acquiring Fund; and

(Acquiring Fund only) the approval of a new sub-advisory agreement for the Acquiring Fund.

Quality Municipal, Quality Income and Municipal Opportunity are collectively referred to herein as the Target Funds and each, a Target Fund. The Acquiring Fund and the Target Funds are collectively referred to herein as the Funds and each, a Fund.

Your Fund's Board, including the independent Board members, unanimously recommends that you vote FOR each proposal applicable to your Fund.

Nuveen Fund Advisors, LLC (Nuveen Fund Advisors), the Funds' investment adviser, recommended the proposed Reorganizations as part of a broad initiative to restructure the product offerings of Nuveen's leveraged national municipal closed-end funds by creating fewer funds with greater scale, eliminating overlapping investment mandates of the funds and differentiating the investment strategies of the funds by credit profile and emphasis on securities that generate income exempt from the federal alternative minimum tax applicable to individuals. The Board of each Target Fund and the Acquiring Fund has approved the Reorganizations.

As part of this initiative, the Board of the Acquiring Fund also approved the following proposals: (1) certain changes to the non-fundamental investment policies of the Acquiring Fund, which provide an expanded investment mandate that permits the Acquiring Fund to invest up to 55% of its assets in lower rated municipal securities and require the Acquiring Fund to invest exclusively in municipal securities that generate income exempt from the federal alternative minimum tax applicable to individuals; (2) a new investment management agreement and a new sub-advisory agreement with higher fees that reflect the increased level of credit research and surveillance resulting from the expanded investment mandate; and (3) a change of the name of the Acquiring Fund to Nuveen Enhanced AMT-Free Municipal Credit Opportunities Fund. See How will the Acquiring Fund's expanded investment mandate differ from the Funds' current investment mandates? below.

Q. How will the Acquiring Fund's expanded investment mandate differ from the Funds' current investment mandates?

- A.** Each Fund currently has a fundamental investment policy requiring it to invest at least 80% of its managed assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes. This policy will not change under the Acquiring Fund's new investment mandate. In addition, each Fund currently has non-fundamental investment policies requiring it to invest at least 80% of its managed assets in investment-grade municipal securities (which includes Baa/BBB-rated municipal securities) and permitting it to invest up to 20% of its managed assets in below-investment-grade municipal securities. Both investment-grade and below-investment-grade municipal securities may include unrated securities judged to be of comparable quality by the Fund's investment adviser or sub-adviser. Under the new investment mandate, the Acquiring Fund will adopt a non-fundamental investment policy permitting it to invest up to 55% of its managed assets in municipal securities rated, at the time of investment, Baa/BBB or below, including below-investment-grade municipal securities, or unrated securities judged to be of comparable quality by the Fund's sub-adviser.

The repositioning of the Acquiring Fund's portfolio will occur over time. Based on current market conditions, approximately 45% of the Acquiring Fund's managed assets are expected to be invested in lower rated municipal securities following the completion of the initial repositioning. Current market conditions may change, and the combined fund may not be able to reposition its portfolio as planned. The Acquiring Fund's allocation to lower rated municipal securities may vary over time, consistent with its investment objectives and policies. However, it is expected that a greater percentage of the Acquiring Fund's portfolio would be allocated to lower rated municipal securities relative to the historical allocations to such securities of each Target Fund and the Acquiring Fund. The Acquiring Fund's greater allocation to lower rated municipal securities is expected to result in meaningfully higher net earnings. However, investments in lower rated securities are subject to higher risks than investments in higher rated securities, including a higher risk that the issuer will be unable to pay interest or principal when

due. In addition, the Acquiring Fund's greater allocation to lower rated municipal securities may have a negative effect on one or more long-term ratings of the Acquiring Fund's preferred shares. See "Risk Factors" in the Confidential Information Memorandum, which is attached as Appendix G to the Joint Proxy Statement and forms a part of the Joint Proxy Statement, for a discussion of the risks associated with an increased exposure to lower rated municipal securities and for a discussion of ratings risks.

In addition, each Fund currently may invest without limit in securities that generate income subject to the federal alternative minimum tax applicable to individuals. Under the new investment mandate, the Acquiring Fund will adopt a non-fundamental investment policy of investing, under normal circumstances, 100% of its managed assets in securities that, at the time of investment, generate income exempt from the federal alternative minimum tax applicable to individuals.

Proposals Regarding the Reorganizations

Q. Why has each Fund's Board recommended the Reorganization proposal(s)?

A. As noted above, Nuveen recommended the Reorganizations as part of a broad initiative to restructure its leveraged national municipal closed-end funds to eliminate funds with overlapping investment mandates and to better differentiate Nuveen's product offerings. The reorganization of each Target Fund into the Acquiring Fund, together with the changes to the investment policies of the Acquiring Fund described above, are intended to create a combined fund with significantly greater scale and an expanded investment mandate. Among other things, the Board considered information provided by Nuveen Fund Advisors with respect to the return potential of the Acquiring Fund's new investment mandate, the higher risk profile of the new investment mandate, the impact of the increased management fee on the fees and expenses of the combined fund, and the impact of the larger size of the combined fund on fees and expenses. The Board determined that the Reorganizations were in the best interest of the Funds.

Q. How will holders of VRDP Shares be affected by the Reorganizations?

The Acquiring Fund currently has one series of VRDP Shares outstanding as of the date of the enclosed Joint Proxy Statement, and those shares will remain outstanding following the Reorganizations. Each of Quality Income and Municipal Opportunity also has one series of VRDP Shares outstanding as of the date of the enclosed Joint Proxy Statement. Upon the closing of the Reorganizations, holders of VRDP Shares of Quality Income and Municipal Opportunity will receive on a one-for-one basis newly issued VRDP Shares of the Acquiring Fund with substantially similar terms, as of the closing of the Reorganizations, as the VRDP Shares of Quality Income or Municipal Opportunity, as applicable, exchanged therefor. The documents governing each series of VRDP Shares will be substantially similar. However, dividend rates may vary among the series of VRDP Shares, and redemptions prior to the final mandatory redemption date for each series of VRDP Shares may occur at different times and in different amounts. In addition, the outstanding VRDP Shares of the Acquiring Fund were issued with a special rate period, which is scheduled to continue until December 14, 2016, subject to early transition or extension. The terms of the various series of VRDP Shares are discussed in more detail in the enclosed Joint Proxy Statement. See "Proposal No. 1 C. Information About the Reorganizations" "Description of VRDP Shares to Be Issued by the Acquiring Fund" beginning on page 38 of the Joint Proxy Statement and "Additional Information About the Acquiring Fund" "Description of Outstanding Acquiring Fund VRDP Shares" beginning on page 80 of the Joint Proxy Statement.

Quality Municipal has one series of Variable Rate MuniFund Term Preferred Shares (VMTP Shares) outstanding as of the date of the enclosed Joint Proxy Statement. In addition to issuing two new series of VRDP Shares to the holders of VRDP Shares of Quality Income and Municipal Opportunity, the Acquiring Fund also will issue a new series of VMTP Shares to holders of VMTP Shares of Quality Municipal in connection with the Reorganization of Quality Municipal into the Acquiring Fund. As a result, preferred shareholders of the Funds will become preferred shareholders of a combined fund with multiple series and types of preferred shares (i.e., VRDP Shares and VMTP Shares) outstanding. The outstanding VRDP Shares of the Acquiring Fund and the preferred shares to be issued in the Reorganizations will have equal priority with each other and with any other preferred shares that the Acquiring Fund may issue in the future as to the payment of dividends and the distribution of assets upon the dissolution, liquidation or winding up of the affairs of the Acquiring Fund. The different series and types of preferred shares may be subject to differing provisions regarding redemptions, dividend payments, rating requirements and other matters as discussed in more detail in the enclosed Joint Proxy Statement.

Following the Reorganizations, holders of preferred shares of the combined fund will hold a smaller percentage of the outstanding preferred shares of the combined fund as compared to their percentage holdings of their respective Fund prior to the Reorganizations. In addition, the voting power of certain series of preferred shares may be more concentrated than others. All of the VRDP Shares of the Acquiring Fund are currently owned by a single institutional investor that also is the liquidity provider for the VRDP Shares of Municipal Opportunity, and all of the VMTP Shares of Quality Municipal are currently owned by a single institutional investor.

Q. Will the terms of the VRDP Shares to be issued by the Acquiring Fund as part of the Reorganizations be substantially similar to the terms of the Target Fund VRDP Shares currently outstanding?

A. Yes. The terms of the VRDP Shares to be issued by the Acquiring Fund as part of the Reorganizations will be substantially similar, as of the closing of the Reorganizations, to the terms of the VRDP Shares of Quality Income or Municipal Opportunity, as applicable, exchanged therefor, including:

the same short-term credit ratings (without regard to rating modifiers) from one or more rating agencies;

the same liquidation preference and final mandatory redemption date;

the same terms with respect to the payment of an adjustable dividend rate set weekly by a remarketing agent;

the same right to give notice on any business day to tender the securities for remarketing in seven days;

the same terms with respect to the mandatory tender for remarketing upon the occurrence of certain events; and

the benefit of an unconditional demand feature pursuant to a purchase agreement provided by a liquidity provider substantially identical to the unconditional demand feature in effect immediately prior to the closing of the Reorganizations with respect to the outstanding series of VRDP Shares.

However, there are certain differences between the VRDP Shares to be issued in the Reorganizations and the Target Fund VRDP Shares exchanged therefor, including changes to: (i) resolve certain inconsistencies and ambiguities created by having multiple series of VRDP Shares and other preferred shares concurrently outstanding; (ii) provide increased flexibility and clarification regarding rating agency requirements, consistent with the terms of the outstanding VRDP Shares of the Acquiring Fund, further to the increased flexibility and clarification included in offerings by Nuveen funds since December 2012; (iii) increase flexibility to replace a liquidity provider; and (iv) provide flexibility for different or modified terms in connection with a special rate period. A vote by a holder of VRDP Shares of Quality Income or Municipal Opportunity for that Fund's Reorganization is effectively a vote in favor of the foregoing changes.

Q. Do the Reorganizations constitute a taxable event for Target Fund shareholders?

- A.** No. Each Reorganization is intended to qualify as a tax-free reorganization for federal income tax purposes. It is expected that you will recognize no gain or loss for federal income tax purposes as a direct result of the Reorganization, except that gain or loss may be recognized by preferred shareholders of Quality Income or Municipal Opportunity who exercise dissenters' rights of appraisal under Minnesota law. Prior to the closing of the Reorganizations, each of the Funds is expected to sell the municipal securities in its portfolio that generate income subject to the federal alternative minimum tax applicable to individuals. Such sales are expected to be less than 5% of the assets of each Fund. To the extent that portfolio securities of a Fund are sold prior to the closing of the Reorganizations, such Fund may realize gains or losses. Gains from such sales will be taxable to a Fund's preferred shareholders to the extent such amounts are required to be allocated to distributions received by preferred shareholders.

After the closing of the Reorganizations, the Acquiring Fund is expected to reposition the combined portfolio to take advantage of its ability to hold a greater percentage of lower rated municipal securities. To the extent that portfolio investments of the Acquiring Fund are sold before or after the closing of the Reorganizations, the Acquiring Fund may recognize gains or losses. Gains from such sales will be taxable to Acquiring Fund preferred shareholders (including former Target Fund preferred shareholders who hold preferred shares of the Acquiring Fund following the Reorganizations) to the extent such amounts are required to be allocated to distributions received by preferred shareholders. If such repositioning had been completed as of April 30, 2015, the repositioning would have resulted in net realized losses. Securities held by the Funds are purchased and sold on a principal basis rather than an agency basis, and such transactions are not subject to separate brokerage commissions.

Q. What will happen if the required shareholder approvals in connection with the Reorganizations are not obtained?

- A.** The closing of each Reorganization is contingent upon the closing of all of the Reorganizations. The closing of each Reorganization is subject to the satisfaction or waiver of certain closing conditions, which include customary closing conditions as well as the effectiveness of the new investment management agreement and new sub-advisory agreement. In order for the Reorganizations to occur, all requisite shareholder approvals must be obtained at the special meetings, and certain other consents, confirmations and/or waivers from various third parties, including liquidity providers with respect to the outstanding VRDP Shares of Quality Income and Municipal Opportunity, holders of a majority of the Acquiring Fund's outstanding VRDP Shares and the holder of Quality Municipal's outstanding VMTP Shares, also must be obtained. Because the closing of the Reorganizations is contingent upon each of the Target Funds and the

Acquiring Fund obtaining such shareholder approvals and satisfying (or obtaining the waiver of) other closing conditions, it is possible that the Reorganizations will not occur, even if shareholders of your Fund entitled to vote on your Fund's Reorganization proposal(s) approve such proposal(s) and your Fund satisfies all of its closing conditions, if one or more of the other Funds does not obtain its requisite shareholder approvals or satisfy (or obtain the waiver of) its closing conditions. If the Reorganizations are not consummated, each Fund's Board may take such actions as it deems in the best interests of its Fund.

Q. Will holders of VRDP Shares have to pay any fees or expenses in connection with the Reorganizations?

A. No. Common shareholders will indirectly bear the costs of the Reorganizations, whether or not the Reorganizations are consummated. Preferred shareholders will not bear any costs of the Reorganizations. The total costs of the Reorganizations are estimated to be \$2,415,000 and each Fund's allocable share of such costs will be reflected in its net asset value at or before the close of trading on the business day immediately prior to the closing of the Reorganizations. The estimated allocation of the costs among the Funds is as follows: \$365,000 (0.08%) for the Acquiring Fund, \$370,000 (0.06%) for Quality Municipal, \$620,000 (0.08%) for Quality Income and \$1,060,000 (0.07%) for Municipal Opportunity (all percentages are based on average net assets applicable to common shares for the twelve (12) months ended April 30, 2015). The allocation of the costs of the Reorganizations will be based on the relative expected benefits of the Reorganizations and the Acquiring Fund's expanded investment mandate, including forecasted increases to net earnings, improvements in the secondary trading market for common shares and administrative cost savings, if any, to each Fund following the Reorganizations.

Q. What is the timetable for the Reorganizations?

A. If the requisite shareholder approvals are obtained and the other conditions to closing are satisfied (or waived), the Reorganizations are expected to take effect on or about December 7, 2015, or as soon as practicable thereafter. However, the repositioning of the Acquiring Fund's portfolio, to take advantage of its expanded investment mandate, is expected to occur over time and will depend on market conditions.

Q. How does each Fund's Board recommend that holders of VRDP Shares vote on the Reorganizations?

A. After careful consideration, each Fund's Board has determined that the Reorganizations are in the best interests of its Fund and recommends that you vote FOR your Fund's proposal(s).

(Acquiring Fund Only) Proposals Regarding the New Investment Management and Sub-Advisory Agreements

Q. Why are holders of VRDP Shares voting on new investment management and sub-advisory agreements for the Acquiring Fund?

A. The common and preferred shareholders of a fund, voting together as a single class, are required to approve certain changes to the fund's investment advisory agreement under applicable law. Nuveen Fund Advisors proposed, and the Board of the Acquiring Fund approved, certain changes to the Acquiring Fund's investment management agreement to standardize the investment management agreements of Nuveen's municipal closed-end funds and to reflect the increased level of ongoing credit research and surveillance resulting from the Acquiring Fund's expanded investment mandate. The new investment management agreement

provides for (1) a higher management fee rate payable at each current breakpoint level in the Acquiring Fund's fund-level management fee schedule; and (2) a revised fund-level breakpoint schedule, standardized to conform to the breakpoint schedules of newer Nuveen municipal closed-end funds. For the Acquiring Fund, this means a new breakpoint in the fund-level management fee schedule above \$5 billion of average daily managed assets. In addition, the Board approved increasing the portion of the management fee payable to Nuveen Asset Management, LLC, the Acquiring Fund's sub-adviser, under the sub-advisory agreement with respect to the Acquiring Fund.

Q. How does the Acquiring Fund's Board recommend that holders of VRDP Shares vote on the new investment management and sub-advisory agreements?

A. After careful consideration, the Acquiring Fund's Board has determined that the new investment management and sub-advisory agreements are in the best interests of the Fund and recommends that you vote FOR approval of each agreement.

General

Q. Who do I call if I have questions?

A. If you need any assistance, or have any questions regarding the proposal or how to vote your shares, please call Computershare Fund Services, the proxy solicitor hired by your Fund, at (866) 434-7510 weekdays during its business hours of 9:00 a.m. to 11:00 p.m. and Saturdays 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 may vote by mail, by 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.

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. Once your vote has been registered with the proxy solicitor, your name will be removed from the solicitor's follow-up contact list.

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 fail to 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.

OCTOBER 23, 2015

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL INCOME FUND (NVG)

NUVEEN QUALITY INCOME MUNICIPAL FUND, INC. (NQU)

AND

NUVEEN MUNICIPAL OPPORTUNITY FUND, INC. (NIO)

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON NOVEMBER 9, 2015

To Holders of Variable Rate Demand Preferred Shares:

Notice is hereby given that a Special Meeting of the Common and Preferred Shareholders (the *Special Meeting*) of Nuveen Dividend Advantage Municipal Income Fund (the *Acquiring Fund*), Nuveen Quality Income Municipal Fund, Inc. (*Quality Income*) and Nuveen Municipal Opportunity Fund, Inc. (*Municipal Opportunity*) will be held in the offices of Nuveen Investments, Inc., 333 West Wacker Drive, Chicago, Illinois 60606, on Monday, November 9, 2015, at 2:00 p.m. Central time. Nuveen Quality Municipal Fund, Inc. (*Quality Municipal*), Quality Income and Municipal Opportunity are collectively referred to herein as the *Target Funds* and each, a *Target Fund*. The *Acquiring Fund* and the *Target Funds* are collectively referred to herein as the *Funds* and each, a *Fund*.

The Special Meeting will be held for the following purposes:

1. Agreement and Plan of Reorganization. The shareholders of each Fund voting as set forth below for an Agreement and Plan of Reorganization pursuant to which each Target Fund would: (i) transfer substantially all of its assets to the Acquiring Fund in exchange solely for newly issued common shares and preferred shares of the Acquiring Fund, and the Acquiring Fund's assumption of substantially all of the liabilities of the Target Fund; (ii) distribute such newly issued shares of the Acquiring Fund to the common shareholders and preferred shareholders of the Target Fund (with cash being distributed in lieu of fractional common shares); and (iii) liquidate, dissolve and terminate in accordance with applicable law.

(a) *For the Acquiring Fund:*

The preferred shareholders voting separately to approve the Agreement and Plan of Reorganization.

(b) *For each Target Fund:*

- (i) The preferred shareholders, voting together with the common shareholders as a single class, to approve the Agreement and Plan of Reorganization.
- (ii) The preferred shareholders voting separately to approve the Agreement and Plan of Reorganization.

2. Approval of Issuance of Additional Common Shares by the Acquiring Fund.

For the Acquiring Fund:

The preferred shareholders, voting together with the common shareholders as a single class, to approve the issuance of additional common shares in connection with each reorganization pursuant to the Agreement and Plan of Reorganization.

(The common shareholders of the Acquiring Fund must also vote separately to approve the issuance of additional common shares in connection with each reorganization pursuant to the Agreement and Plan of Reorganization.)

3. Approval of New Investment Management and Sub-Advisory Agreements for the Acquiring Fund.

For the Acquiring Fund:

- (a) The preferred shareholders, voting together with the common shareholders as a single class, to approve a new investment management agreement between the Acquiring Fund and Nuveen Fund Advisors, LLC.
- (b) The preferred shareholders, voting together with the common shareholders as a single class, to approve a new sub-advisory agreement between Nuveen Fund Advisors, LLC and Nuveen Asset Management, LLC, with respect to the Acquiring Fund.

4. To transact such other business as may properly come before the Special Meeting.

Together with this notice, each of the Acquiring Fund, Quality Income and Municipal Opportunity is delivering to holders of its preferred shares a Joint Proxy Statement. Common shareholders of the Funds are being solicited with respect to the applicable matters described above pursuant to a separate joint proxy statement/prospectus, and preferred shareholders of Quality Municipal are being solicited with respect to the applicable matters described above pursuant to a separate proxy statement.

Only shareholders of record of the Acquiring Fund as of the close of business on August 24, 2015 and shareholders of record of the Target Funds as of the close of business on September 14, 2015 are entitled to notice of and to vote at the Special Meeting and any adjournments or postponements thereof.

All shareholders are cordially invited to attend the Special Meeting. In order to avoid delay and additional expense for the Funds and to assure that your shares are represented, please vote as promptly as possible, regardless of whether or not you plan to attend the Special Meeting. You may vote by mail, by 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.

If you intend to attend the Special Meeting in person and you are a record holder of a Fund's shares, in order to gain admission you must show photographic identification, such as your driver's license. If you intend to attend the Special Meeting in person and you hold your shares through a bank, broker or other custodian, in order to gain admission you must show photographic identification, such as your driver's license, and satisfactory proof of ownership of shares of a Fund, such as your voting instruction form (or a copy thereof) or broker's statement indicating ownership as of a recent date. If you hold your shares in a brokerage account or through a bank or other nominee, you will not be able to vote in person at the Special Meeting unless you have previously requested and obtained a legal proxy from your broker, bank or other nominee and present it at the Special Meeting.

Kevin J. McCarthy

Vice President and Secretary

The Nuveen Funds

NUVEEN FUNDS

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JOINT PROXY STATEMENT

FOR

HOLDERS OF VARIABLE RATE DEMAND PREFERRED SHARES

OF

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL INCOME FUND (NVG)

NUVEEN QUALITY INCOME MUNICIPAL FUND, INC. (NQU)

AND

NUVEEN MUNICIPAL OPPORTUNITY FUND, INC. (NIO)

OCTOBER 23, 2015

This Joint Proxy Statement is being furnished to the holders of Variable Rate Demand Preferred Shares (VRDP Shares) of Nuveen Dividend Advantage Municipal Income Fund (the Acquiring Fund), Nuveen Quality Income Municipal Fund, Inc. (Quality Income) and Nuveen Municipal Opportunity Fund, Inc. (Municipal Opportunity) in connection with the solicitation of proxies by the Board of Directors or Board of Trustees, as applicable (each, a Board or the Board and each Director or Trustee, a Board Member), of the Acquiring Fund, Quality Income, Municipal Opportunity and Nuveen Quality Municipal Fund, Inc. (Quality Municipal) (each, a Fund and collectively, the Funds) for use at the Special Meeting of the Common and Preferred Shareholders of each Fund to be held in the offices of Nuveen Investments, Inc. (Nuveen or Nuveen Investments), 333 West Wacker Drive, Chicago, Illinois 60606, on Monday, November 9, 2015, at 2:00 p.m. Central time, and at any and all adjournments or postponements thereof (each, a Special Meeting and collectively, the Special Meetings). At the Special Meeting, holders of the VRDP Shares of the Acquiring Fund, Quality Income and Municipal Opportunity will consider the proposals listed below, as applicable, and discussed in greater detail elsewhere in this Joint Proxy Statement.

Each Fund is a closed-end management investment company. The Acquiring Fund is organized as a Massachusetts business trust. Each of Quality Municipal, Quality Income and Municipal Opportunity is organized as a Minnesota corporation. The enclosed proxy card and this Joint Proxy Statement are first being sent to holders of VRDP Shares of the Acquiring Fund, Quality Income and Municipal Opportunity on or about October 27, 2015. Shareholders of record of the Acquiring Fund as of the close of business on August 24, 2015 and shareholders of record of Quality Municipal, Quality Income and Municipal Opportunity (the Target Funds and each, a Target Fund) as of the close of business on September 14, 2015 are entitled to notice of and to vote at the Special Meeting and any and all adjournments or postponements thereof.

This Joint Proxy Statement explains concisely what you should know before voting on the proposals described in this Joint Proxy Statement or investing in the Acquiring Fund. Please read it carefully and keep it for future reference.

On the matters coming before each Special Meeting as to which a choice has been specified by shareholders on the accompanying proxy card, the shares will be voted accordingly where such proxy card is properly executed, timely received and not properly revoked (pursuant to the instructions below). If a proxy is returned and no choice is specified, the shares will be voted **FOR** the proposal(s).

Shareholders of a Fund who execute proxies or provide voting instructions by telephone or by Internet may revoke them at any time before a vote is taken on the proposal by filing with that Fund a written notice of revocation, by delivering a duly executed proxy bearing a later date, or by attending the Special Meeting and voting in person. A prior proxy can also be revoked by voting again through the toll-free number or the Internet address listed in the proxy card. Merely attending the Special Meeting, however, will not revoke any previously submitted proxy.

The Board of each of the Acquiring Fund, Quality Income and Municipal Opportunity has determined that the use of this Joint Proxy Statement for the Special Meetings is in the best interests of each Fund and the holders of its VRDP Shares in light of the similar matters being considered and voted on by shareholders.

Pursuant to this Joint Proxy Statement, holders of VRDP Shares of the Acquiring Fund, Quality Income and Municipal Opportunity are being solicited to vote on the following proposals:

Proposal No. 1. To approve the Agreement and Plan of Reorganization (VRDP shareholders of the Acquiring Fund, Quality Income and Municipal Opportunity);

Proposal No. 2. To approve the issuance of additional common shares in connection with each reorganization pursuant to the Agreement and Plan of Reorganization (VRDP shareholders of the Acquiring Fund only);

Proposal No. 3(a). To approve a new investment management agreement between Nuveen Fund Advisors, LLC and the Acquiring Fund (VRDP shareholders of the Acquiring Fund only); and

Proposal No. 3(b). To approve a new sub-advisory agreement between Nuveen Fund Advisors, LLC and Nuveen Asset Management, LLC (VRDP shareholders of the Acquiring Fund only).

In addition to its VRDP Shares, each Fund has common shares outstanding, and Quality Municipal has one series of Variable Rate MuniFund Term Preferred Shares (VMTP Shares) outstanding. To be approved, the proposals described above must be approved by the Funds' common and preferred shareholders as follows:

Proposal No. 1. With respect to each Target Fund, Proposal No. 1 must be approved (i) by the Target Fund's common and preferred shareholders, voting together as a single class, and (ii) by the Target Fund's preferred shareholders, voting separately.

With respect to the Acquiring Fund, Proposal No. 1 must be approved by the Acquiring Fund's preferred shareholders, voting separately (but not by the Acquiring Fund's common shareholders).

Proposal No. 2. Proposal No. 2 must be approved (i) by the Acquiring Fund's common and preferred shareholders, voting together as a single class, and (ii) by the Acquiring Fund's common shareholders, voting separately.

Proposal No. 3(a).

Proposal No. 3(a) must be approved by the Acquiring Fund's common and preferred shareholders, voting together as a single class.

Proposal No. 3(b).

Proposal No. 3(b) must be approved by the Acquiring Fund's common and preferred shareholders, voting together as a single class.

Only the holders of VRDP Shares of the Acquiring Fund, Quality Income and Municipal Opportunity are being solicited to vote on the proposals described above pursuant to this Joint Proxy Statement. The common shareholders of the Funds are being solicited to vote on the proposals described above by means of a separate joint proxy statement/prospectus, and the holders of VMTP Shares of Quality Municipal are being solicited to vote on that Fund's reorganization proposal by means of a separate proxy statement.

A quorum of shareholders is required to take action at each Special Meeting. A majority of the shares entitled to vote at each Special Meeting, represented in person or by proxy, will constitute a quorum of shareholders at that Special Meeting. Votes cast in person or by proxy at each Special Meeting will be tabulated by the inspectors of election appointed for that Special Meeting. The inspectors of election will determine whether or not a quorum is present at the Special 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 (1) instructions have not been received from the beneficial owners or persons entitled to vote and (2) the broker or nominee does not have discretionary voting power on a particular matter), if any, as present for purposes of determining a quorum.

Broker-dealer firms holding shares of a Fund in street name for the benefit of their customers and clients will request the instructions of such customers and clients on how to vote their shares before the Special Meeting. The Funds understand that, under the rules of the New York Stock Exchange (the NYSE), such broker-dealer firms may, for certain routine matters, grant discretionary authority to the proxies designated by each Board to vote without instructions from their customers and clients if no instructions have been received prior to the date specified in the broker-dealer firm's request for voting instructions. None of the proposals described in this Joint Proxy Statement is considered a routine matter under the rules of the NYSE.

VRDP 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 Special Meeting, or, if adjourned or postponed, one business day before the day to which the Special Meeting is adjourned or postponed, and that would otherwise be treated as broker non-votes may, pursuant to Rule 452 of the NYSE, be voted by the broker on the proposal in the same proportion as the votes cast by all holders of VRDP Shares who have voted on the proposal. Rule 452 permits proportionate voting of a Fund's VRDP Shares with respect to a particular item if, among other things, (1) a minimum of 30% of that Fund's outstanding VRDP Shares has been voted by the holders of such shares with respect to such item, (2) less than 10% of that Fund's outstanding VRDP Shares has been voted by the holders of such shares against such item and (3) for any proposal as to which holders of common shares and preferred shares vote as a single class, holders of common shares approve the proposal. 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.

Broker-dealers who are not members of the NYSE may be subject to other rules, which may or may not permit them to vote your shares without instruction. We urge you to provide instructions to your broker or nominee so that your votes may be counted.

Those persons who were shareholders of record of the Acquiring Fund as of the close of business on August 24, 2015 and those persons who were shareholders of record of a Target Fund as of the close of business on September 14, 2015 will be entitled to one vote for each share held and, with respect to holders of common shares, a proportionate fractional vote for each fractional common share held.

As of August 24, 2015 (for the Acquiring Fund) and September 14, 2015 (for each Target Fund), the shares of the Funds issued and outstanding are as follows:

Fund	Common	VRDP	VMTP
(Ticker Symbol)	Shares⁽¹⁾	Shares⁽¹⁾	Shares⁽¹⁾
Acquiring Fund (NVG)	24,646,630	1,790	
Quality Municipal (NQI)	38,406,871		2,404
Quality Income (NQU)	48,920,182	3,854	
Municipal Opportunity (NIO)	95,610,971	6,672	

- (1) The common shares of the Acquiring Fund are listed on the NYSE MKT, and the common shares of Quality Municipal, Quality Income and Municipal Opportunity are listed on the NYSE. Upon the closing of the reorganizations, it is expected that the Acquiring Fund will transfer the listing of its common shares to the NYSE. Each of the Acquiring Fund, Quality Income and Municipal Opportunity has one series of VRDP Shares outstanding. Quality Municipal has one series of VMTP Shares outstanding. Neither the VRDP Shares of the Acquiring Fund, Quality Income or Municipal Opportunity nor the VMTP Shares of Quality Municipal are listed on any exchange.

The proposed reorganizations are part of a broad initiative to restructure the product offerings of Nuveen's leveraged national municipal closed-end funds by creating fewer funds with greater scale, eliminate overlapping investment mandates of the funds and differentiate the investment strategies of the funds by credit profile and emphasis on securities that generate income exempt from the federal alternative minimum tax applicable to individuals. As part of this initiative, the Board of the Acquiring Fund approved the following proposals: (1) certain changes to the non-fundamental policies of the Acquiring Fund, which provide an expanded investment mandate that permits the Acquiring Fund to invest up to 55% of its managed assets in lower rated municipal securities and require the Acquiring Fund to invest exclusively in municipal securities that generate income exempt from the federal alternative minimum tax applicable to individuals; (2) a new investment management agreement and a new sub-advisory agreement with higher fees that reflect the increased level of credit research and surveillance resulting from the expanded investment mandate; and (3) a change of the name of the Acquiring Fund to Nuveen Enhanced AMT-Free Municipal Credit Opportunities Fund.

The Acquiring Fund currently has a fundamental investment policy requiring it to invest at least 80% of its managed assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes. The Acquiring Fund's current non-fundamental investment policies require, under normal circumstances, that the Fund invest at least 80% of its managed assets in investment-grade municipal securities (which includes Baa/BBB-rated municipal securities) and may invest no more than 10% of its managed assets in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Fund's sub-adviser. In addition, the Fund currently may invest without limit in securities that generate income subject to the federal alternative minimum tax applicable to individuals.

Under the expanded investment mandate, the Acquiring Fund's fundamental investment policy to invest at least 80% of its managed assets in municipal securities and other related investments the

income from which is exempt from regular federal income taxes will not change. However, the Acquiring Fund will adopt a non-fundamental investment policy permitting it to invest, under normal circumstances, up to 55% of its managed assets in municipal securities rated, at the time of investment, Baa/BBB or below, including below-investment-grade municipal securities, or unrated securities judged to be of comparable quality by the Fund's sub-adviser. In addition, the Acquiring Fund will adopt a non-fundamental investment policy pursuant to which the Acquiring Fund will, under normal circumstances, invest 100% of its managed assets in securities that, at the time of investment, generate income exempt from the federal alternative minimum tax applicable to individuals.

The current and new investment policies set forth above are non-fundamental policies. Non-fundamental investment policies may be changed by the Board at any time without shareholder approval. Accordingly, shareholders are not being asked to approve these changes.

The terms of the reorganization of each Target Fund into the Acquiring Fund are set forth in an Agreement and Plan of Reorganization by and among the Acquiring Fund and each Target Fund. The Agreement and Plan of Reorganization provides for: (1) the Acquiring Fund's acquisition of substantially all of the assets of each Target Fund in exchange for newly issued common shares of the Acquiring Fund, par value \$0.01 per share, and newly issued VMTP Shares of the Acquiring Fund, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share, or newly issued VRDP Shares of the Acquiring Fund, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share, as applicable, and the Acquiring Fund's assumption of substantially all of the liabilities of each Target Fund; and (2) the distribution of the newly issued Acquiring Fund common shares and Acquiring Fund preferred shares received by each Target Fund to its common and preferred shareholders, respectively, as part of the liquidation, dissolution and termination of each Target Fund in accordance with applicable law (each, a Reorganization and together, the Reorganizations). Preferred shareholders of each Target Fund will receive the same number of Acquiring Fund VMTP Shares or VRDP Shares, as applicable, having substantially identical terms (with respect to VMTP Shares) or substantially similar terms (with respect to VRDP Shares) as the outstanding preferred shares of the Target Fund held by such preferred shareholders immediately prior to the closing of the Reorganizations. The aggregate liquidation preference of the Acquiring Fund preferred shares received in connection with the Reorganizations will equal the aggregate liquidation preference of the corresponding Target Fund preferred shares held immediately prior to the closing of the Reorganization. The Agreement and Plan of Reorganization may be amended by the Funds, as specifically authorized by each Fund's Board, provided that following the Special Meeting, no such amendment may change the provisions for determining the number of Acquiring Fund shares to be issued to Target Fund shareholders to the detriment of such shareholders without their further approval.

Each new series of Acquiring Fund VRDP Shares will have the same variable dividend rate terms, mandatory tender terms, liquidity provider purchase obligation and liquidation preference as the series of Target Fund VRDP Shares for which it will be exchanged. The optional tender for remarketing right of each new series of Acquiring Fund VRDP Shares will be the same as the right of the corresponding series of Target Fund VRDP Share as of the closing of the Reorganizations. However, there are certain differences between the Acquiring Fund VRDP Shares being issued in the Reorganizations and the Target Fund VRDP Shares being exchanged therefor. The changes are described in detail in this Joint Proxy Statement. A vote by a holder of Target Fund VRDP Shares for the applicable Reorganization is effectively a vote in favor of those changes.

The preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations will have equal priority with each other and with the Acquiring Fund's other outstanding preferred

shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. In addition, the preferred shares of the Acquiring Fund, including the preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations, will be senior in priority to the Acquiring Fund's common shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. The Acquiring Fund will continue to operate after the Reorganizations as a registered closed-end management investment company, with the investment objectives and policies described in this Joint Proxy Statement.

With respect to the Reorganization of each Target Fund into the Acquiring Fund, the Reorganization is required to be approved by the affirmative vote of the holders of a majority of the Target Fund's outstanding common and preferred shares, voting together as a single class, and by the affirmative vote of a majority of the Target Fund's outstanding preferred shares, voting separately. The affirmative vote of a majority of the common and preferred shareholders of the Acquiring Fund, voting together as a single class, and the affirmative vote of a majority of the common shareholders of the Acquiring Fund, voting separately, are required to approve the issuance of additional common shares of the Acquiring Fund in connection with the Reorganizations. In addition, the Reorganizations are required to be approved by the affirmative vote of a majority of the Acquiring Fund's outstanding preferred shares, voting separately.

The closing of each Reorganization is contingent upon the closing of all of the Reorganizations. The closing of each Reorganization is also subject to the satisfaction or waiver of certain closing conditions, which include customary closing conditions as well as the effectiveness of the new investment management agreement and new sub-advisory agreement. In order for the Reorganizations to occur, all requisite shareholder approvals must be obtained at the Special Meetings, and certain other consents, confirmations and/or waivers from various third parties, including liquidity providers with respect to the outstanding VRDP Shares of Quality Income and Municipal Opportunity, holders of a majority of the Acquiring Fund's outstanding VRDP Shares and the holder of Quality Municipal's outstanding VMTP Shares, must also be obtained. Because the closing of the Reorganizations is contingent upon each of the Target Funds and the Acquiring Fund obtaining such shareholder approvals and satisfying (or obtaining the waiver of) other closing conditions, it is possible that the Reorganizations will not occur, even if shareholders of your Fund entitled to vote on your Fund's Reorganization proposal(s) approve such proposal(s) and your Fund satisfies all of its closing conditions, if one or more of the other Funds does not obtain its requisite shareholder approvals or satisfy (or obtain the waiver of) its closing conditions. The VRDP Shares of the Acquiring Fund, Quality Income and Municipal Opportunity and the VMTP Shares of Quality Municipal were issued on a private placement basis to one or a small number of institutional holders. To the extent that one or more preferred shareholders owns, holds or controls, individually or in the aggregate, all or a significant portion of a Fund's outstanding preferred shares, the shareholder approval required for that Fund's Reorganization(s) may turn on the exercise of voting rights by such particular shareholder(s) and its (or their) determination as to the favorability of the proposal with respect to its (or their) interests. The Funds exercise no influence or control over the determinations of such shareholder(s) with respect to the applicable Reorganization proposal(s), and there is no guarantee that such shareholder(s) will approve the proposal(s). If the requisite shareholder approvals are not obtained, each Fund's Board may take such actions as it deems in the best interests of its Fund.

The following documents have been filed with the SEC and are incorporated into this Joint Proxy Statement by reference:

- (1) the audited financial statements and related independent registered public accounting firm's report for the Acquiring Fund and the financial highlights for the Acquiring Fund contained in the Fund's Annual Report for the fiscal year ended October 31, 2014 (File No. 811-09475);
- (2) the audited financial statements and related independent registered public accounting firm's report for Quality Income and the financial highlights for Quality Income contained in the Fund's Annual Report for the fiscal year ended October 31, 2014 (File No. 811-06303);
- (2) the audited financial statements and related independent registered public accounting firm's report for Municipal Opportunity and the financial highlights for Municipal Opportunity contained in the Fund's Annual Report for the fiscal year ended October 31, 2014 (File No. 811-06379);
- (4) the unaudited financial statements for the Acquiring Fund contained in the Fund's Semi-Annual Report for the fiscal period ended April 30, 2015 (File No. 811-09475);
- (5) the unaudited financial statements for Quality Income contained in the Fund's Semi-Annual Report for the fiscal period ended April 30, 2015 (File No. 811-06303); and
- (6) the unaudited financial statements for Municipal Opportunity contained in the Fund's Semi-Annual Report for the fiscal period ended April 30, 2015 (File No. 811-06379).

No other parts of the Funds' Annual or Semi-Annual Reports are incorporated by reference herein.

Copies of the foregoing may be obtained without charge by calling (800) 257-8787 or writing the Funds at 333 West Wacker Drive, Chicago, Illinois 60606. In addition, each Fund will furnish, without charge, a copy of its most recent Annual or Semi-Annual Report to a shareholder upon request. Any such request should be directed to the Funds by calling (800) 257-8787 or by writing the Funds at 333 West Wacker Drive, Chicago, Illinois 60606.

The Funds are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Investment Company Act of 1940, as amended (the "1940 Act"), and in accordance therewith file reports and other information with the SEC. Reports, proxy statements, registration statements and other information filed by the Funds may be inspected without charge and copied (for a duplication fee at prescribed rates) at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549 or at the SEC's New York Regional Office (Brookfield Place, 200 Vesey Street, Suite 400, New York, New York 10281) or Chicago Regional Office (175 West Jackson Boulevard, Suite 900, Chicago, Illinois 60604). You may call the SEC at (202) 551-8090 for information about the operation of the public reference room. You may obtain copies of this information, with payment of a duplication fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Branch, Office of Consumer Affairs and Information Services, Securities and Exchange Commission, Washington, D.C. 20549. You may also access reports and other information about the Funds on the EDGAR database on the SEC's Internet site at <http://www.sec.gov>.

The common shares of the Acquiring Fund are listed on the NYSE MKT, and the common shares of Quality Municipal, Quality Income and Municipal Opportunity are listed on the NYSE. Upon the closing of the Reorganizations, it is expected that the Acquiring Fund will transfer the listing of its common shares to the NYSE. Neither the VRDP Shares of the Acquiring Fund, Quality Income or Municipal Opportunity nor the VMTP Shares of Quality Municipal are listed on any exchange. Reports, proxy statements and other information concerning the Funds can be inspected at the offices of the NYSE and NYSE MKT, 11 Wall Street, New York, New York 10005.

The offering and issuance of VRDP Shares of the Acquiring Fund have not been registered under the Securities Act of 1933, as amended (the Securities Act), or any state securities laws, and unless so registered, the VRDP Shares may not be offered, sold, assigned, transferred, pledged, encumbered or otherwise disposed of except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the VRDP Shares to be issued in the Reorganizations are being offered and sold only to holders of VRDP Shares of the Target Funds that are qualified institutional buyers (as defined in Rule 144A under the Securities Act) in accordance with the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) of the Securities Act and are subject to restrictions on transfer. See the Confidential Information Memorandum (the Memorandum) attached as Appendix G to this Joint Proxy Statement.

JOINT PROXY STATEMENT

OCTOBER 23, 2015

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL INCOME FUND (NVG)

NUVEEN QUALITY INCOME MUNICIPAL FUND, INC. (NQU)

AND

NUVEEN MUNICIPAL OPPORTUNITY FUND, INC. (NIO)

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PROPOSAL NO. 1 REORGANIZATION OF EACH TARGET FUND INTO THE ACQUIRING FUND (VRDP SHAREHOLDERS OF THE ACQUIRING FUND, QUALITY INCOME AND MUNICIPAL OPPORTUNITY)

A. SYNOPSIS

The following is a summary of certain information contained elsewhere in this Joint Proxy Statement with respect to the proposed Reorganizations. More complete information is contained elsewhere in this Joint Proxy Statement and the appendices hereto. Shareholders should read the entire Joint Proxy Statement carefully.

Background and Reasons for the Reorganizations

The boards of directors/trustees of Nuveen's leveraged national municipal closed-end funds, including the Board of each of the Funds, have approved a series of proposals that are intended to benefit shareholders in a number of ways by streamlining and differentiating Nuveen's product offerings. The proposals included the Acquiring Fund's expanded investment mandate and the Reorganization of each Target Fund into the Acquiring Fund. Each Board has determined that the Reorganization proposed for its Fund would be in the best interests of such Fund. Each Fund's Board considered the Reorganization(s) in connection with these proposals. The Target Funds and the Acquiring Fund have substantially similar investment objectives and invest exclusively in municipal securities and other investments the income from which is exempt from regular federal income taxes.

Based on information provided by Nuveen Fund Advisors, LLC (Nuveen Fund Advisors or the Adviser), the investment adviser to each Fund, each Fund's Board believes that the Reorganizations and the expanded investment mandate of the Acquiring Fund may benefit common shareholders in a number of ways, including, among other things:

Meaningfully higher net earnings, as a result of the Acquiring Fund's greater allocation of assets to lower rated securities, that may support higher common share distributions and result in a more attractive yield, which may increase investor appeal and in turn enhance secondary market trading prices of common shares relative to net asset value;

Increased portfolio and leverage management flexibility due to a significantly larger asset base of the combined fund;

Greater liquidity and ease of trading due to substantially more common shares outstanding;

Lower fund administrative costs (excluding the costs of leverage), as certain fixed costs are spread over a larger asset base, which would partially offset the increase in the management fees of the Acquiring Fund; and

Dividends exempt from the federal alternative minimum tax applicable to individuals.

Under its expanded investment mandate, it is expected that a greater percentage of the Acquiring Fund's portfolio would be allocated to lower rated municipal securities relative to the historical allocations to such securities of each Target Fund and the Acquiring Fund. The Acquiring Fund's greater allocation to lower rated municipal securities is expected to result in meaningfully

higher net earnings. However, investments in lower rated securities are subject to higher risks than investments in higher rated securities, including a higher risk that the issuer will be unable to pay interest or principal when due. In addition, the Acquiring Fund's greater allocation to lower rated municipal securities may have a negative effect on one or more long-term ratings of the Acquiring Fund's preferred shares. See "Risk Factors" in the Memorandum, which is attached as Appendix G to this Joint Proxy Statement and forms a part of this Joint Proxy Statement, for a discussion of the risks associated with an increased exposure to lower rated municipal securities and for a discussion of ratings risks.

The closing of each Reorganization is contingent upon the closing of all of the Reorganizations. The closing of each Reorganization is also subject to the satisfaction or waiver of certain closing conditions, which include customary closing conditions as well as the effectiveness of the new investment management agreement and new sub-advisory agreement. In order for the Reorganizations to occur, all requisite shareholder approvals must be obtained at the Special Meetings, and certain other consents, confirmations and/or waivers from various third parties, including liquidity providers with respect to the outstanding VRDP Shares of Quality Income and Municipal Opportunity, holders of a majority of the Acquiring Fund's outstanding VRDP Shares and the holder of Quality Municipal's outstanding VMTP Shares, must also be obtained. Because the closing of the Reorganizations is contingent upon each of the Target Funds and the Acquiring Fund obtaining such shareholder approvals and satisfying (or obtaining the waiver of) other closing conditions, it is possible that the Reorganizations will not occur, even if shareholders of your Fund entitled to vote on your Fund's Reorganization proposal(s) approve such proposal(s) and your Fund satisfies all of its closing conditions, if one or more of the other Funds does not obtain its requisite shareholder approvals or satisfy (or obtain the waiver of) its closing conditions. If the Reorganizations are not consummated, each Fund's Board may take such actions as it deems in the best interests of its Fund. For a fuller discussion of the Boards' considerations regarding the approval of the Reorganizations, see "Proposal No. 1 Information About the Reorganizations Reasons for the Reorganizations."

Material Federal Income Tax Consequences of the Reorganizations

As a condition to closing, each Fund will receive, with respect to its proposed Reorganization(s), an opinion of Vedder Price P.C., subject to certain representations, assumptions and conditions, substantially to the effect that the proposed Reorganization(s) will qualify as a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Accordingly, it is expected that no Fund will recognize gain or loss for federal income tax purposes as a direct result of the Reorganizations. It is also expected that preferred shareholders of a Target Fund who receive Acquiring Fund preferred shares pursuant to a Reorganization will recognize no gain or loss for federal income tax purposes as a result of such exchange. However, gain or loss may be recognized by a shareholder who exercises dissenters' rights under Minnesota Law. Prior to the closing of the Reorganizations, each of the Funds is expected to sell the municipal securities in its portfolio that generate income subject to the federal alternative minimum tax applicable to individuals. Such sales are expected to be less than 5% of the assets of each Fund. To the extent that portfolio securities of a Fund are sold prior to the closing of the Reorganizations, such Fund may realize gains or losses. Gains from such sales will be taxable to a Fund's preferred shareholders to the extent such amounts are required to be allocated to distributions received by preferred shareholders. After the closing of the Reorganizations, the Acquiring Fund is expected to reposition the combined portfolio to take advantage of its ability to hold a greater percentage of lower rated municipal securities. To the extent that portfolio investments of the Acquiring Fund are sold before or after the closing of the

Reorganizations, the Acquiring Fund may recognize gains or losses. Gains from such sales will be taxable to Acquiring Fund preferred shareholders (including former Target Fund preferred shareholders who hold preferred shares of the Acquiring Fund following the Reorganizations) to the extent such amounts are required to be allocated to distributions received by preferred shareholders. If such repositioning had been completed as of April 30, 2015, the repositioning would have resulted in net realized losses. Securities held by the Funds are purchased and sold on a principal basis rather than an agency basis, and such transactions are not subject to separate brokerage commissions.

The foregoing discussion and the tax opinion discussed above to be received by the Funds regarding certain aspects of the Reorganizations, including that the Reorganizations will qualify as tax-free reorganizations under the Code and that preferred shareholders of a Target Fund will not recognize gain or loss upon the exchange of their shares, will rely on the position that the Acquiring Fund preferred shares will constitute equity of the Acquiring Fund. In that regard, each of K&L Gates LLP (with respect to the VMTP Shares) and Sidley Austin LLP (with respect to the VRDP Shares), as special tax counsel to the Acquiring Fund, will deliver an opinion to the Acquiring Fund, subject to certain representations, assumptions and conditions, substantially to the effect that the Acquiring Fund VMTP Shares or VRDP Shares, as applicable, received in the Reorganizations by the holders of preferred shares of the Target Funds will qualify as equity of the Acquiring Fund for federal income tax purposes. Distributions with respect to the preferred shares (other than distributions in redemption of preferred shares subject to Section 302(b) of the Code) will generally constitute dividends to the extent of the Acquiring Fund's allocable current or accumulated earnings and profits, as calculated for federal income tax purposes. Because the treatment of a corporate security as debt or equity is determined on the basis of the facts and circumstances of each case, and no controlling precedent exists for the preferred shares issued in the Reorganizations, there can be no assurance that the Internal Revenue Service (the IRS) will not question special tax counsel's opinion and the Acquiring Fund's treatment of the preferred shares as equity. If the IRS were to succeed in such a challenge, holders of preferred shares could be characterized as receiving taxable interest income rather than exempt-interest or other dividends, possibly requiring them to file amended income tax returns and retroactively to recognize additional amounts of ordinary income and pay additional tax, interest and penalties, and the tax consequences of the Reorganizations could differ significantly from those described above.

Comparison of the Acquiring Fund and each Target Fund

General. The Acquiring Fund and each Target Fund are diversified, closed-end management investment companies. Set forth below is certain comparative information about the organization, capitalization and operation of each Fund.

Fund	Organization		
	Organization Date	State of Organization	Entity Type
Acquiring Fund	July 12, 1999	Massachusetts	business trust
Quality Municipal	October 23, 1990	Minnesota	corporation
Quality Income	January 23, 1991	Minnesota	corporation
Municipal Opportunity	July 25, 1991	Minnesota	corporation

Fund	Capitalization		Common Shares			Exchange on which Common Shares are Listed
	Authorized Shares	Shares Outstanding ⁽¹⁾	Par Value Per Share	Preemptive, Conversion or Exchange Rights	Rights to Cumulative Voting	
Acquiring Fund	Unlimited	24,646,630	\$ 0.01	None	None	NYSE MKT
Quality Municipal	200,000,000	38,406,871	\$ 0.01	None	None	NYSE
Quality Income	200,000,000	48,920,182	\$ 0.01	None	None	NYSE
Municipal Opportunity	200,000,000	95,610,971	\$ 0.01	None	None	NYSE

(1) As of August 24, 2015 (for the Acquiring Fund) and September 14, 2015 (for each Target Fund).

Upon the closing of the Reorganizations, it is expected that the Acquiring Fund will transfer the listing of its common shares to the NYSE.

The Acquiring Fund currently has outstanding 1,790 VRDP Shares, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share (Outstanding VRDP Shares), which will remain outstanding following the completion of the Reorganizations. Quality Municipal currently has outstanding 2,404 VMTP Shares, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share; Quality Income currently has outstanding 3,854 VRDP Shares, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share; and Municipal Opportunity currently has outstanding 6,672 VRDP Shares, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share. VRDP Shares and VMTP Shares are entitled to one vote per share. The preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations will have equal priority with each other and with the Acquiring Fund's other outstanding preferred shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. In addition, the preferred shares of the Acquiring Fund, including preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations, will be senior in priority to the Acquiring Fund's common shares as to payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. The preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations will have rights and preferences, including liquidation preferences, that are substantially identical (with respect to VMTP Shares) or substantially similar (with respect to VRDP Shares) to those of the outstanding Target Fund preferred shares for which they are exchanged.

Investment Objectives and Policies. The Funds have substantially similar investment objectives. The investment objectives of the Acquiring Fund, Quality Municipal and Municipal Opportunity are to provide current income exempt from regular federal income tax and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Fund's investment adviser believes are underrated or undervalued or that represent municipal market sectors that are undervalued. Quality Income's primary investment objective is current income exempt from regular federal income tax. Quality Income's secondary investment objective is to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that, in the opinion of the Fund's investment adviser, are underrated or undervalued or that represent municipal market sectors that are undervalued.

The Acquiring Fund currently has a fundamental investment policy requiring it to invest at least 80% of its managed assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes. The Acquiring Fund's current non-fundamental investment policies require that, under normal circumstances, the Fund invest at least 80% of its

managed assets in investment-grade municipal securities (which includes Baa/BBB-rated municipal securities) and permit the Fund to invest no more than 10% of its managed assets in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Fund's sub-adviser. In addition, the Fund currently may invest without limit in securities that generate income subject to the federal alternative minimum tax applicable to individuals. These investment policies are substantially similar to those of each Target Fund.

The Board of the Acquiring Fund has approved certain changes to the non-fundamental investment policies of the Acquiring Fund. Non-fundamental investment policies may be changed by the Board at any time without shareholder approval. Accordingly, shareholders are not being asked to approve these changes.

Under the expanded investment mandate, the Acquiring Fund's fundamental investment policy to invest at least 80% of its managed assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes will not change. However, the Acquiring Fund will adopt a non-fundamental investment policy permitting it to invest, under normal circumstances, up to 55% of its managed assets in municipal securities rated, at the time of investment, Baa/BBB or below, including below-investment-grade municipal securities, or unrated securities judged to be of comparable quality by the Fund's sub-adviser. In addition, the Acquiring Fund will adopt a non-fundamental investment policy pursuant to which the Acquiring Fund will, under normal circumstances, invest 100% of its managed assets in securities that, at the time of investment, generate income exempt from the federal alternative minimum tax applicable to individuals. These changes to the Acquiring Fund's non-fundamental investment policies will result in the Acquiring Fund having investment policies, strategies and risks that differ in certain regards from those of the Target Funds.

The following summary compares the principal investment policies and strategies of the Acquiring Fund, giving effect to the new investment policies of the Acquiring Fund, to the current principal investment policies and strategies of the Target Funds. Unless otherwise indicated, descriptions of the Acquiring Fund's investment policies, strategies and risks in this Joint Proxy Statement give effect to the new investment policies of the Acquiring Fund. Managed Assets includes the net assets of a Fund as well as assets of a Fund that are attributable to leverage.

Acquiring Fund (New Policies)	Quality Municipal and Municipal Opportunity	Quality Income	Differences
<p><i>Investment Objectives:</i></p> <p>The Fund's investment objectives are to provide current income exempt from regular federal income tax and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Fund's investment adviser believes are underrated or undervalued or that represent municipal market sectors that are undervalued.</p>	<p><i>Investment Objectives:</i></p> <p>The Fund's investment objectives are to provide current income exempt from regular federal income tax and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Fund's investment adviser believes are underrated or undervalued or that represent municipal market sectors that are undervalued.</p>	<p><i>Investment Objectives:</i></p> <p>The Fund's primary investment objective is current income exempt from regular federal income tax. The Fund's secondary investment objective is to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that, in the opinion of the Fund's investment adviser, are underrated or undervalued or that represent municipal market sectors that are undervalued.</p>	<p>Identical with respect to Quality Municipal and Municipal Opportunity. Substantially similar with respect to Quality Income.</p>

<p>Acquiring Fund (New Policies) <i>Principal Investment Strategy:</i></p>	<p>Quality Municipal and Municipal Opportunity <i>Principal Investment Strategy:</i></p>	<p>Quality Income <i>Principal Investment Strategy:</i></p>	<p>Differences Identical.</p>
<p>Under normal circumstances, the Fund will invest at least 80% of its Managed Assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes.</p>	<p>Under normal circumstances, the Fund will invest at least 80% of its Managed Assets in municipal securities and other related investments the income from which is exempt from regular federal income taxes.</p>	<p>Under normal circumstances, the Fund will invest at least 80% of its Managed Assets in municipal securities and other related investments, the income from which is exempt from regular federal income taxes.</p>	
<p><i>Credit Quality:</i></p> <p>Under normal circumstances, the Fund may invest up to 55% of its Managed Assets in securities that, at the time of investment, are rated below the three highest grades (Baa or BBB or lower) by at least one nationally recognized statistical rating organization (NRSRO) or are unrated but judged to be of comparable quality by the Fund s sub-adviser.</p>	<p><i>Credit Quality:</i></p> <p>Under normal circumstances, the Fund will invest at least 80% of its Managed Assets in investment-grade securities that, at the time of investment, are rated within the four highest grades (Baa or BBB or better) by at least one NRSRO or are unrated but judged to be of comparable quality by the Fund s sub-adviser. No more than 10% of the Fund s Managed Assets may be invested in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Fund s sub-adviser.</p>	<p><i>Credit Quality:</i></p> <p>Under normal circumstances, the Fund will invest at least 80% of its Managed Assets in investment-grade securities that, at the time of investment, are rated within the four highest grades (Baa or BBB or better) by at least one NRSRO or are unrated but judged to be of comparable quality by the Fund s investment adviser. No more than 10% of the Fund s Managed Assets may be invested in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Fund s investment adviser.</p>	<p>The Acquiring Fund expects to consistently allocate a greater percentage of its portfolio to lower rated municipal securities relative to the historical allocations to such securities of each Target Fund and the Acquiring Fund.</p>
<p><i>Alternative Minimum Tax Policy:</i></p> <p>Under normal circumstances, the Fund will invest 100% of its Managed Assets in securities that, at the time of investment, generate income exempt from the federal alternative minimum tax applicable to individuals.</p>	<p><i>Alternative Minimum Tax Policy:</i></p> <p>The Fund may invest without limit in securities that generate income subject to the federal alternative minimum tax.</p>	<p><i>Alternative Minimum Tax Policy:</i></p> <p>The Fund may invest without limit in securities that generate income subject to the federal alternative minimum tax.</p>	<p>The Acquiring Fund will invest exclusively in securities that generate income exempt from the federal alternative minimum tax applicable to individuals. The Target Funds have no such policy.</p>

Acquiring Fund (New Policies)	Quality Municipal and Municipal Opportunity	Quality Income	Differences
<i>Leverage:</i>	<i>Leverage:</i>	<i>Leverage:</i>	Identical.
The Fund may employ leverage through the issuance of preferred shares or bank borrowings. In addition, the Fund may invest up to 15% of its Managed Assets in inverse floating rate securities, which produces effective leverage.	The Fund may employ leverage through the issuance of preferred shares or bank borrowings. In addition, the Fund may invest up to 15% of its Managed Assets in inverse floating rate securities, which produces effective leverage.	The Fund may employ leverage through the issuance of preferred shares or bank borrowings. In addition, the Fund may invest up to 15% of its Managed Assets in inverse floating rate securities, which produces effective leverage.	
<i>Illiquid Securities:</i>	<i>Illiquid Securities:</i>	<i>Illiquid Securities:</i>	Identical.
The Fund may invest in municipal securities and other instruments that, at the time of investment, are illiquid.	The Fund may invest in municipal securities and other instruments that, at the time of investment, are illiquid.	The Fund may invest in municipal securities and other instruments that, at the time of investment, are illiquid.	
<i>Weighted Average Maturity Policy:</i>	<i>Weighted Average Maturity Policy:</i>	<i>Weighted Average Maturity Policy:</i>	Substantially similar.
The Fund will primarily invest in municipal securities with long-term maturities in order to maintain a weighted average maturity of 15 to 30 years, but the weighted average maturity of obligations held by the Fund may be shortened, depending on market conditions.	The Fund will primarily invest in municipal securities with long-term maturities in order to maintain a weighted average maturity of 15 to 30 years, but the weighted average maturity of obligations held by the Fund may be shortened, depending on market conditions.	The Fund buys municipal bonds with different maturities and intends to maintain an average portfolio maturity of 15 to 30 years, although this may be shortened depending on market conditions.	

Acquiring Fund (New Policies) <i>Other Investment Companies:</i>	Quality Municipal and Municipal Opportunity <i>Other Investment Companies:</i>	Quality Income <i>Other Investment Companies:</i>	Differences Substantially similar.
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The Fund may invest in securities of other open- or closed-end investment companies (including exchange-traded funds (ETFs)) that invest primarily in municipal securities of the types in which the Fund may invest directly, to the extent permitted by the 1940 Act, the rules and regulations issued thereunder and applicable exemptive orders issued by the SEC. In addition, the Fund may invest a portion of its Managed Assets in pooled investment vehicles (other than investment companies) that invest primarily in municipal securities of the types in which the Fund may invest directly.

The Fund may invest up to 10% of its Managed Assets in securities of other open- or closed-end investment companies (including ETFs) that invest primarily in municipal securities of the types in which the Fund may invest directly. In addition, the Fund may invest a portion of its Managed Assets in pooled investment vehicles (other than investment companies) that invest primarily in municipal securities of the types in which the Fund may invest directly.

The Fund may invest up to 10% of its net assets in securities of other open- or closed-end investment companies (including ETFs) that invest primarily in municipal bonds of the types in which the Fund may invest directly.

Use of Derivatives:

The Fund may enter into certain derivative instruments in pursuit of its investment objectives, including to seek to enhance return, to hedge certain risks of its investments in fixed-income securities or as a substitute for a position in the underlying asset. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts or other derivative instruments.

Use of Derivatives:

The Fund may enter into certain derivative instruments in pursuit of its investment objectives, including to seek to enhance return, to hedge certain risks of its investments in fixed-income securities or as a substitute for a position in the underlying asset. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts or other derivative instruments.

Use of Derivatives:

The Fund may enter into certain derivative instruments in pursuit of its investment objectives, including to seek to enhance return, to hedge certain risks of its investments in fixed-income securities or as a substitute for a position in the underlying asset. Such instruments include financial futures contracts, swap contracts (including interest rate and credit default swaps), options on financial futures, options on swap contracts or other derivative instruments.

Identical.

Credit Quality. A comparison of the credit quality (as a percentage of total investment exposure, which includes the leveraged effect of the Funds' investments in inverse floating rate securities of tender option bond trusts) of the portfolios of the Acquiring Fund and each Target Fund, as of April 30, 2015, is set forth in the table below. The information for the Acquiring Fund in the table below reflects the Acquiring Fund's current investment mandate. Under the Acquiring Fund's expanded investment mandate, it is expected that a greater percentage of the Acquiring Fund's portfolio would be allocated to lower rated municipal securities relative to the historical allocations to such securities of each Target Fund and the Acquiring Fund.

Credit Rating ⁽¹⁾	Acquiring Fund	Quality Municipal	Quality Income	Municipal Opportunity
AAA/U.S. Guaranteed	32.0%	19.9%	12.7%	22.3%
AA	38.4%	46.3%	51.1%	46.2%
A	14.3%	23.4%	15.6%	19.7%
BBB	9.9%	5.9%	10.0%	6.1%
BB or lower	4.3%	2.6%	9.5%	4.1%
N/R (not rated)	0.9%	1.9%	1.1%	1.6%
N/A (not applicable) ⁽²⁾	0.2%			

(1) Ratings shown are the highest rating given by one of the following national rating agencies: S&P, Moody's or Fitch Ratings, Inc. (Fitch). Credit ratings are subject to change. AAA, AA, A, and BBB are investment-grade ratings; BB, B, CCC, CC and D are below investment-grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by these national rating agencies.

(2) Relates to investment company holdings for the Acquiring Fund.

Leverage. Each Fund may utilize the following forms of leverage: (1) the issuance of preferred shares, (2) bank borrowings, and (3) inverse floating rate securities (sometimes referred to as inverse floaters), which have the economic effect of leverage. Each Fund currently engages in leverage through the issuance of preferred shares and the use of inverse floaters. Certain important ratios related to each Fund's use of leverage for the last three fiscal years are set forth below. Following the Reorganizations, it is expected that the Acquiring Fund will seek to incur additional leverage to achieve a leverage ratio equal to the highest leverage ratio of the Target Funds and the Acquiring Fund prior to the Reorganizations.

Acquiring Fund	2014	2013	2012
Asset Coverage Ratio ⁽¹⁾	341.95%	316.88%	342.77%
Regulatory Leverage Ratio ⁽²⁾	29.24%	31.56%	29.17%
Effective Leverage Ratio ⁽³⁾	35.20%	38.11%	35.38%
Quality Municipal	2014	2013	2012
Asset Coverage Ratio ⁽¹⁾	341.26%	320.21%	347.81%
Regulatory Leverage Ratio ⁽²⁾	29.30%	31.23%	28.75%
Effective Leverage Ratio ⁽³⁾	35.72%	38.43%	36.68%
Quality Income	2014	2013	2012
Asset Coverage Ratio ⁽¹⁾	299.29%	280.34%	326.07%
Regulatory Leverage Ratio ⁽²⁾	33.41%		