

Edgar Filing: NUVEEN SENIOR INCOME FUND - Form N-CSR

NUVEEN SENIOR INCOME FUND  
Form N-CSR  
October 08, 2003

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-09571  
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Nuveen Senior Income Fund  
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(Exact name of registrant as specified in charter)

Nuveen Investments  
333 West Wacker Drive  
Chicago, IL 60606  
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(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

Registrant's telephone number, including area code: (312) 917-7700  
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Date of fiscal year end: July 31, 2003  
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Date of reporting period: July 31, 2003  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

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

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ITEM 1. REPORTS TO STOCKHOLDERS.

Nuveen  
Closed-End  
Exchange-Traded  
Funds

ANNUAL REPORT July 31, 2003

NUVEEN SENIOR  
INCOME FUND  
NSL

PHOTO OF: BOY AND GIRL TALKING.  
PHOTO OF: MAN AND GIRL WORKING ON COMPUTER.

HIGH CURRENT INCOME  
FROM A PORTFOLIO OF  
SENIOR CORPORATE LOANS

Logo: NUVEEN Investments

FASTER INFORMATION  
RECEIVE YOUR  
NUVEEN FUND REPORT  
ELECTRONICALLY

By registering for electronic delivery, you will receive an e-mail as soon as your Nuveen Fund information is available. Click on the link and you will be taken directly to the report. Your Fund report can be viewed and saved on your computer. Your report will arrive faster via e-mail than by traditional mail.

Registering is easy and only takes a few minutes (see instructions at right).

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SOME COMMON CONCERNS:

WILL MY E-MAIL ADDRESS BE DISTRIBUTED TO OTHER COMPANIES?

No, your e-mail address is strictly confidential and will not be used for anything other than notification of shareholder information.

WHAT IF I CHANGE MY MIND AND WANT TO RECEIVE INVESTOR MATERIALS THROUGH REGULAR MAIL DELIVERY AGAIN?

If you decide you do not like receiving your reports electronically, it's a simple process to go back to regular mail delivery.

IF YOUR NUVEEN FUND DIVIDENDS AND STATEMENTS

COME FROM YOUR FINANCIAL ADVISOR OR BROKERAGE ACCOUNT,

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FOLLOW THE STEPS OUTLINED BELOW:

- 1 Go to [WWW.INVESTORDELIVERY.COM](http://WWW.INVESTORDELIVERY.COM)
- 2 Refer to the address sheet that accompanied this report. Enter the personal 13-CHARACTER ENROLLMENT NUMBER imprinted near your name.
- 3 You'll be taken to a page with several options. Select the NEW ENROLLMENT-CREATE screen. Once there, enter your e-mail address (e.g. yourID@providerID.com), and a personal, 4-digit PIN number of your choice. (Pick a number that's easy to remember.)
- 4 Click Submit. Confirm the information you just entered is correct, then click Submit again.
- 5 You should get a confirmation e-mail within 24 hours. If you do not, go back through these steps to make sure all the information is correct.
- 6 Use this same process if you need to change your registration information or cancel internet viewing.

IF YOUR NUVEEN FUND DIVIDENDS AND STATEMENTS

COME DIRECTLY TO YOU FROM NUVEEN,

FOLLOW THE STEPS OUTLINED BELOW:

- 1 Go to [WWW.NUVEEN.COM](http://WWW.NUVEEN.COM)
- 2 Select ACCESS YOUR ACCOUNT. Select the E-REPORT ENROLLMENT section. Click on Enrollment Today.
- 3 You'll be taken to a screen that asks for your Social Security number and e-mail address. Fill in this information, then click Enroll.
- 4 You should get a confirmation e-mail within 24 hours. If you do not, go back through these steps to make sure all the information is correct.
- 5 Use this same process if you need to change your registration information or cancel internet viewing.

Logo: NUVEEN Investments

Photo of: TIMOTHY R. SCHWERTFEGER  
CHAIRMAN OF THE BOARD

SIDEBAR TEXT: "WE REMAIN CONVINCED THAT MAINTAINING A WELL-BALANCED PORTFOLIO  
..... IS AN IMPORTANT WAY TO HELP YOU REDUCE OVERALL INVESTMENT RISK."

Dear SHAREHOLDER

I am pleased to report that over the twelve-months ended July 31, 2003, your Nuveen Senior Income Fund continued to provide you with attractive monthly income and total return, and the opportunity for enhanced diversification within your investment portfolio. For more specific information about the performance

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of the Fund, please see the Portfolio Managers' Comments and Performance Overview sections of this report.

The strong recent performance of this Fund may lead you to consider increasing your investment. While we would welcome such a vote of confidence, I urge you to first discuss your plans with your financial advisor. We remain convinced that maintaining a well-balanced portfolio, structured and monitored with the help of an investment professional, is an important way to help you reduce overall investment risk and position yourself to achieve your long-term financial goals. In this context, the senior loans in your Nuveen Fund can be important building blocks in a portfolio crafted to perform well through a variety of market conditions.

I'd also like to direct your attention to the inside front cover of this report, which explains the quick and easy process to begin receiving Fund reports like this via e-mail and the internet. Thousands of Nuveen Fund shareholders already have signed-up, and they are getting their Fund information faster and more conveniently than ever. I urge you to consider joining them.

Since 1898, Nuveen Investments has offered financial products and solutions that incorporate careful research, diversification, and the application of conservative risk-management principles. We are grateful that you have chosen us as a partner as you pursue your financial goals. We look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

September 15, 2003

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NUVEEN SENIOR INCOME FUND (NSL)

Managers' PERSPECTIVE

The Nuveen Senior Income Fund is managed by Gunther Stein and Lenny Mason of Symphony Asset Management, an affiliate of Nuveen Investments. This team has more than 25 years of combined investment management experience, much of it in evaluating and purchasing senior corporate loans and other high yield debt. Here Gunther and Lenny review the prevailing economic conditions and performance of NSL for the period ended July 31, 2003.

WHAT WAS THE GENERAL MARKET ENVIRONMENT FOR SENIOR CORPORATE DEBT OVER THE TWELVE MONTHS ENDED JULY 31, 2003?

The general market environment for senior corporate debt over the twelve months ended July 31, 2003, was characterized by periods of uncertainty and uneasiness as well as by periods of robust demand and strong market conditions. During the second half of 2002, the loan market felt the effects of generally deteriorating capital markets sentiment and decreased liquidity. From July to November 2002, the CSFB Leveraged Loan Index, a benchmark consisting of approximately \$150 billion of tradable term loans with at least one year to maturity and rated BBB or lower, posted a -2.93% return. In December, however, fundamentals began to

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improve. A growing belief in an economic recovery and an increased focus on yield led to greater demand for both high yield investments and senior loans, which caused the high yield and leveraged loan markets to begin to improve dramatically. The period from January 1, 2003, through July 31, 2003, was a good one for the loan market. Over this period, the CSFB Leveraged Loan Index posted a 7.25% return.

### IN THIS ENVIRONMENT, HOW DID NSL PERFORM?

For the year ended July 31, 2003, the Nuveen Senior Income Fund produced a total return on net asset value (NAV) of 14.25%. This compares with the 8.92% total return posted by the CSFB Leveraged Loan Index over the same period.

The Fund's overall performance benefited from the solid performance of several stressed/distressed holdings. These included loans issued by Conseco, Centennial Cellular, RCN, AES and Century Cable (Adelphia). However, these results were offset to a degree by the weak performance of some of the Fund's holdings within the retail sector, including Micro Warehouse and Kmart.

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### WHAT STRATEGIES DID YOU EMPLOY IN MANAGING THE FUND?

Our team continued to pursue a value-oriented management strategy. We focused on what we judged to be high-quality loans with tangible assets that would help support the value of the loans. We employed an approach that began with a fundamental analysis to evaluate cash flow and asset quality, and we looked to leverage Symphony's extensive, proprietary quantitative evaluation and signaling tools. Over the course of the last six months of the reporting period, as the new-issue market became more robust, we focused on purchasing higher-quality new issue loans with strong asset coverage, solid business fundamentals and above average LIBOR spreads. We continuously evaluated the entire portfolio in an attempt to eliminate positions which, in our view, had the potential for credit problems, limited upside potential or significant downside risk.

### WHAT IS YOUR STRATEGY GOING FORWARD?

Looking forward, we are optimistic about the prospects for continued improvement in the underlying fundamentals of the senior loan asset class. If the economy continues to recover, leveraged companies may enjoy improvements in their earnings power, which may cause default risks to subside. Additionally, if short term interest rates rise as the economy improves, the senior loan asset class may benefit since leveraged loans are floating rate instruments.

In this dynamic environment, we will continue to focus on investing in higher quality loans, seeking to purchase credits that may benefit from an economic recovery and looking to sell stressed holdings that have appreciated meaningfully and may have limited additional upside potential. Currently, we generally favor the gaming, consumer products and industrial segments, as asset levels remain strong and profitability is expected to continue to improve.

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NUVEEN SENIOR INCOME FUND

Performance

OVERVIEW As of July 31, 2003

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NSL

### PORTFOLIO STATISTICS

Share Price	\$8.43
Common Share Net Asset Value	\$7.84
Net Assets Applicable to Common Shares (\$000)	\$233,220

TOP 5 ISSUERS(1)	% OF TOTAL INVESTMENTS
MGM Grand	4.1%
Park Place Entertainment	2.7%
Conseco, Inc.	2.7%
Fitness Holdings Worldwide, Inc.	2.3%
Charter Communications Operating, LLC	2.3%

TOP 5 INDUSTRIES	% OF TOTAL INVESTMENTS
Hotels, Motels, Inns & Gaming	14.4%
Printing & Publishing	8.0%
Beverage, Food & Tobacco	7.4%
Automotive	5.2%
Buildings & Real Estate	4.7%

### AVERAGE ANNUAL TOTAL RETURN INCEPTION DATE 10/29/99

	Market	NAV
1-Year	25.93%	14.25%
Since Inception	4.56%	4.17%

### Bar Chart:

#### 2002-2003 MONTHLY DIVIDENDS PER SHARE

Aug	0.049
Sep	0.047
Oct	0.047
Nov	0.047
Dec	0.043
Jan	0.043
Feb	0.043
Mar	0.043
Apr	0.043
May	0.043

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Jun	0.043
Jul	0.043

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

8/1/02	7.15
	6.94
	6.73
	6.85
	6.9
	6.86
	6.79
	6.84
	6.78
	6.84
	6.65
	6.59
	6.4
	6.43
	6.39
	6.38
	7.04
	7.21
	7.1
	7
	7.06
	7.1
	7.2
	7.44
	7.7
	7.51
	7.51
	7.58
	7.58
	7.62
	7.8
	7.83
	7.75
	7.78
	8.04
	8
	8.08
	8.03
	7.96
	8.11
	8.25
	8.36
	8.48
	8.25
	8.1
	8.38
	8.42
	8.32
	8.41
	8.69
7/31/03	8.43

(1) Top 5 Issuers excluding short-term investments.

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Report of  
INDEPENDENT AUDITORS

THE BOARD OF TRUSTEES AND SHAREHOLDERS OF  
NUVEEN SENIOR INCOME FUND:

We have audited the accompanying statement of assets and liabilities of Nuveen Senior Income Fund (the "Fund"), including the portfolio of investments, as of July 31, 2003, and the related statements of operations, and cash flows for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the three years in the period then ended and for the period October 29, 1999 (commencement of investment operations) to July 31, 2000. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of investments owned as of July 31, 2003, by correspondence with the custodian and selling or agent banks or by other appropriate auditing procedures where replies from selling or agent banks were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Nuveen Senior Income Fund as of July 31, 2003, the results of its operations and its cash flows for the year then ended, the changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the three years in the period then ended and for the period from October 29, 1999 (commencement of investment operations) to July 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

Chicago, Illinois  
September 18, 2003

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Nuveen Senior Income Fund (NSL)

Portfolio of  
INVESTMENTS July 31, 2003



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RATINGS\*

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	MOODY'S
VARIABLE RATE SENIOR LOAN INTERESTS(2) AND INTEREST BEARING SECURITIES - 146.0% (89.0% OF TOTAL ASSETS)		
AEROSPACE/DEFENSE - 4.6% (2.8% OF TOTAL ASSETS)		
\$ 2,533	DeCrane Aircraft Holdings, Inc., Term Loan D	B2
1,000	Transdigm Inc., Term Loan B	B1
4,194	United Defense Industries, Inc., Term Loan B	Ba3
224	Vought Aircraft Industries, Inc., Term Loan B	Ba3
156	Vought Aircraft Industries, Inc., Term Loan C	Ba3
2,933	Vought Aircraft Industries, Inc., Term Loan X	Ba3
AUTOMOTIVE - 8.4% (5.0% OF TOTAL ASSETS)		
1,224	Federal-Mogul Corporation, Term Loan A (b)	NR
5,551	Federal-Mogul Corporation, Term Loan B (b)	NR
2,881	Meridian Automotive Systems, Term Loan A	NR
5,704	Metaldyne Company/Metalync Company, LLC, Term Loan D	B2
9,318	MetalForming Technologies, Inc., Term Loan B (a)	NR
1,033	Tenneco Automotive, Revolver Loan	B1
674	Tenneco Automotive, Term Loan A	B1
1,000	United Components, Inc., Term Loan B	B1
BEVERAGE, FOOD & TOBACCO - 11.9% (7.2% OF TOTAL ASSETS)		
1,985	Birds Eye Foods, Inc., Term Loan B	Ba3
3,000	Constellation Brands, Inc., Term Loan B	Ba1
320	Cott Corporation, Purchase Money Term Loan	NR
170	Cott Corporation, Working Capital Term Loan	NR
2,468	Dean Foods Company, Term Loan B	Ba1
4,975	Del Monte Corporation, Term Loan B	Ba3
946	Dr. Pepper/Seven UP Bottling Group, Inc., Term Loan A	NR
7,112	Dr. Pepper/Seven UP Bottling Group, Inc., Term Loan B	NR
1,838	Eagle Family Foods, Inc., Term Loan	B2
2,985	Jack in the Box Inc., Term Loan B	Ba2
1,000	Merisant Company, Term Loan B	Ba3
1,000	Nellson Nutraceutical, Inc., Term Loan	NR
BROADCASTING/CABLE - 6.5% (3.9% OF TOTAL ASSETS)		
4,000	Century Cable Holdings, LLC (Adelphia), Discretionary Term Loan (b)	NR
1,640	Century Cable Holdings, LLC (Adelphia), Revolver (b)	NR
2,000	Century Cable Holdings, LLC (Adelphia), Revolver (b)	NR
5,292	Charter Communications Operating, LLC, Incremental Term Loan	B2
2,000	Charter Communications Operating, LLC, Term Loan A	B2
1,990	Charter Communications Operating, LLC, Term Loan B	B2

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BROADCASTING/RADIO - 2.2% (1.4% OF TOTAL ASSETS)

3,451	Citadel Broadcasting Company, Term Loan B	NR
1,737	Emmis Communications Corporation, Term Loan B	Ba2

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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	RATINGS* MOODY'S
BROADCASTING/TELEVISION - 0.9% (0.5% OF TOTAL ASSETS)		
\$ 2,000	Gray Television, Term Loan C	Ba3
BUILDINGS & REAL ESTATE - 5.3% (3.3% OF TOTAL ASSETS)		
3,000	D.R. Horton, Inc., Bond, 10.500%	Ba1
3,000	D.R. Horton, Inc., Bond, 7.500%	Ba1
1,987	Lennar Corporation, Term Loan C	Baa3
2,000	Standard Pacific Corporation, Bond, 8.500%	Ba2
1,965	Williams Scotsman, Inc., Term Loan	B1
CARGO TRANSPORTATION - 2.6% (1.6% OF TOTAL ASSETS)		
6,068	North American Van Lines, Inc., Term Loan B	B1
CHEMICALS, PLASTICS & RUBBER - 4.3% (2.6% OF TOTAL ASSETS)		
3,570	Buckeye Technologies, Inc., Revolver Loan	NR
974	CP Kelco ApS, Inc., Term Loan B	B3
323	CP Kelco ApS, Inc., Term Loan C	B3
2,492	Ethyl Corporation, Term Loan	Ba3
1,755	Polymer Group, Inc., Term Loan	NR
1,000	Rockwood Specialties Group, Inc., Term Loan B	B1
CONTAINERS, PACKAGING & GLASS - 7.0% (4.3% OF TOTAL ASSETS)		
2,000	Crown Cork & Seal, Term Loan B-1	Ba3
7,000	Graham Packaging Company, Term Loan B	B2
3,772	Smurfit-Stone Container Corporation, Term Loan B	NR
1,044	United States Can Company, Term Loan A	B2

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2,462	United States Can Company, Term Loan B	B2
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DIVERSIFIED MANUFACTURING - 2.9% (1.8% OF TOTAL ASSETS)		
1,011	GenTek, Inc., Revolver (b)	NR
335	GenTek, Inc., Term Loan A (b)	NR
543	GenTek, Inc., Term Loan B (b)	NR
2,932	GenTek, Inc., Term Loan C (b)	NR
5,341	Western Industries Holding Inc., Term Loan B	NR
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DURABLE CONSUMER PRODUCTS - 1.3% (0.8% OF TOTAL ASSETS)		
3,000	Jostens, Inc., Term Loan B	Ba3
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ECOLOGICAL - 1.1% (0.7% OF TOTAL ASSETS)		
2,571	Allied Waste North America, Inc., Term Loan B	Ba3
-----		
ELECTRONICS & ELECTRONIC SERVICES - 1.7% (1.1% OF TOTAL ASSETS)		
3,980	Sanmina SCI Corporation, Term Loan B	Ba1
-----		
FARMING & AGRICULTURAL - 1.4% (0.8% OF TOTAL ASSETS)		
3,387	Shemin Holdings Corporation, Term Loan B	NR
-----		
HEALTHCARE - 4.9% (3.0% OF TOTAL ASSETS)		
1,918	Alaris Medical Systems, Inc., Term Loan	B1
1,000	CB Richard Ellis Services, Inc., Term Loan B	B1
1,000	Community Health Systems, Inc., Incremental Term Loan	NR
4,466	Community Health Systems, Inc., Term Loan B	NR
998	Fisher Scientific International Inc., Term Loan B	Ba3
1,962	Triad Hospitals, Inc., Term Loan B	Ba3
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Nuveen Senior Income Fund (NSL) (continued)  
Portfolio of INVESTMENTS July 31, 2003

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	RATINGS* MOODY'S
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### HOTELS, MOTELS, INNS & GAMING - 23.0% (14.1% OF TOTAL ASSETS)

\$	3,950	Alliance Gaming Corporation, LLC, Term Loan	B1	
	2,414	Ameristar Casino, Inc., Term Loan B	Ba3	
	2,382	Argosy Gaming Company, Term Loan B	Ba2	
	3,745	Mandalay Resort Group, Bond, 6.700% (Putable 11/15/03)	Ba2	
	3,670	MGM Grand, Bond, 7.250%	Ba1	B
	10,798	MGM Grand, Bond, 6.950%	Ba1	B
	1,443	Park Place Entertainment, Bond, 7.875%	Ba2	
	6,040	Park Place Entertainment, Bond, 8.500%	Ba1	B
	2,190	Park Place Entertainment, Revolver	NR	B
	5,985	Penn National Gaming, Term Loan B	B1	
	3,393	Pinnacle Entertainment, Bond, 9.500%	Caa1	C
	6,184	Wyndham International, Inc., Increasing Rate Loan	NR	
	1,237	Wyndham International, Inc., Term Loan B	NR	

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### INSURANCE 6.2% (3.8% OF TOTAL ASSETS)

9,957	Conseco, Inc., Term Loan (a)(b)	NR	
4,725	GAB Robbins North America, Inc., Term Loan B	NR	

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### LEISURE & ENTERTAINMENT - 3.8% (2.3% OF TOTAL ASSETS)

3,042	Fitness Holdings Worldwide, Inc., Term Loan B	NR	
5,785	Fitness Holdings Worldwide, Inc., Term Loan C	NR	

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### MACHINERY - 0.6% (0.4% OF TOTAL ASSETS)

1,458	Rexnord, Term Loan	B1	
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### MEDIA - 1.3% (0.8% OF TOTAL ASSETS)

1,000	Regal Cinemas Corporation, Term Loan D	Ba2	
2,000	Vivendi Universal Entertainment, Term Loan B	Ba2	

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### MINING, STEEL, IRON & NON-PRECIOUS METALS - 0.9% (0.5% OF TOTAL ASSETS)

1,995	Peabody Energy Corporation, Term Loan B	Ba1	
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### NATURAL RESOURCES/OIL & GAS - 3.1% (1.9% OF TOTAL ASSETS)

4,156	Tesoro Petroleum Corp., Term Loan	Ba3	
2,993	Tesoro Petroleum Corp., Term Loan B	Ba3	

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### NON-DURABLE CONSUMER PRODUCTS - 5.1% (3.1% OF TOTAL ASSETS)

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2,000	Central Garden & Pet Company, Term Loan B	Ba2
6,891	Norwood Promotional Products, Inc., Term Loan A	NR
5,573	Norwood Promotional Products, Inc., Term Loan B	NR
1,459	Norwood Promotional Products, Inc., Term Loan C	NR
2,000	Playtex Products, Inc., Term Loan C	B1

PAPER & FOREST PRODUCTS - 0.2% (0.1% OF TOTAL ASSETS)

1,072	California Pollution Control Financing Authority, CanFibre of Riverside Project, Bonds (a) (b) (c)	NR
1,985	California Pollution Control Financing Authority, CanFibre of Riverside Project, Bonds (a) (b) (c)	NR

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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	RATINGS* MOODY'S
PERSONAL & MISCELLANEOUS SERVICES - 4.9% (3.0% OF TOTAL ASSETS)		
\$ 4,426	Adams Outdoor Advertising Limited Partnership, Term Loan B	B1
3,000	Lamar Media Corp., Term Loan B	Ba2
1,430	Weight Watchers International, Inc., Term Loan B	Ba1
847	Weight Watchers International, Inc., Term Loan C	Ba1
1,708	Weight Watchers International, Inc., Term Loan D	Ba1
PRINTING & PUBLISHING - 12.8% (7.7% OF TOTAL ASSETS)		
6,800	American Media Operations, Inc., Term Loan C	Ba3
1,990	Bell Actimedia, Inc., Term Loan B	NR
2,725	Bell Actimedia, Inc., Term Loan C	NR
3,369	Dex Media East, LLC, Term Loan B	Ba3
5,000	Media News Group, Term Loan	NR
3,523	PRIMEDIA, Inc., Term Loan B	NR
4,477	R.H. Donnelley, Term Loan B	Ba3
1,920	Sun Media Corporation, Term Loan B	NR
RESTAURANTS & FOOD SERVICE - 2.1% (1.3% OF TOTAL ASSETS)		
4,754	Domino's, Inc., Term Loan	B1
RETAIL/CATALOG - 0.7% (0.4% OF TOTAL ASSETS)		

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2,377	Micro Warehouse, Inc., Term Loan A	NR
2,165	Micro Warehouse, Inc., Term Loan B	NR
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TELECOMMUNICATIONS/CELLULAR/PCS - 5.5% (3.4% OF TOTAL ASSETS)		
429	Airgate PCS, Inc., Tranche I Loan	NR
4,694	Airgate PCS, Inc., Tranche II Loan	NR
8,710	Centennial Cellular Operating Company, LLC, Term Loan A	B3
-----		
TELECOMMUNICATIONS/COMPETITIVE LOCAL EXCHANGE CARRIER (CLEC) - 2.6% (1.6% OF TOTAL ASSETS)		
6,696	RCN Corporation, Term Loan B	Caa3
5,000	WCI Capital Corporation, Term Loan B (a)(b)	NR
-----		
TELECOMMUNICATIONS/HYBRID 0.8% (0.5% OF TOTAL ASSETS)		
1,850	Nextel Communications Inc., Term Loan A	Ba2
-----		
TELECOMMUNICATIONS/WIRELESS MESSAGING - 0.3% (0.2% OF TOTAL ASSETS)		
58	Arch Wireless Holding, Inc., Senior Subordinated Secured Notes	NR
646	Arch Wireless Holding, Inc., Subordinated Secured Compounding Notes (PIK)	NR
-----		
TRANSPORTATION/RAIL MANUFACTURING - 3.4% (2.1% OF TOTAL ASSETS)		
7,920	Laidlaw Inc., Term Loan B	Ba3
-----		
UTILITIES - 1.7% (1.0% OF TOTAL ASSETS)		
3,973	Westar Energy, Term Loan B	NR
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Total Variable Rate Senior Loan Interests and Interest Bearing Securities (cost \$360,693,410)		
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SHARES (000)	DESCRIPTION(1)
EQUITIES - 2.6% (1.6% OF TOTAL ASSETS)	
BUILDINGS & REAL ESTATE - 2.2% (1.3% OF TOTAL ASSETS)	
205	Washington Group International, Inc., Equity Shares (a)
5	Washington Group International, Inc., Warrants, Series A (a)
5	Washington Group International, Inc., Warrants, Series B (a)
3	Washington Group International, Inc., Warrants, Series C (a)
--	Washington Group International, Inc., Residual Unsecured Claim (a)(d)
TELECOMMUNICATIONS/COMPETITIVE LOCAL EXCHANGE CARRIER (CLEC) - 0.0% (0.0% OF TOTAL ASSETS)	
	Teligent, Inc., Equity Shares, 50 Shares (a)
TELECOMMUNICATIONS/WIRELESS MESSAGING - 0.4% (0.3% OF TOTAL ASSETS)	
101	Arch Wireless Holding, Inc., Equity Shares (a)
	Total Equities (cost \$7,426,157)

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)
SHORT-TERM INVESTMENTS - 11.9% (7.2% OF TOTAL ASSETS)	
\$ 27,671	State Street Treasury Repurchase Agreement, 0.98%, dated 7/31/03, repurchase price \$27,671,314, collateralized by U.S. Treasury Note
	Total Short-Term Investments (cost \$27,670,561)
	Total Investments (cost \$395,790,128) - 160.5% (97.8% of total assets)
	Other Assets Less Liabilities - 3.4%
	Borrowings Payable - (44.2)%+
	Taxable Auctioned Preferred Shares, at Liquidation Value - (19.7)%
	Net Assets Applicable to Common Shares - 100%

NR Not rated.

\* Bank loans rated below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade. Ratings are not covered by the Report of Independent Auditors.

\*\* Senior Loans in the Fund's portfolio generally are subject to mandatory and/or optional prepayment. Because of these mandatory prepayment conditions and because there may be significant economic incentives for a Borrower to prepay, prepayments of Senior Loans

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in the Fund's portfolio may occur. As a result, the actual remaining maturity of Senior Loans held in the Fund's portfolio may be substantially less than the stated maturities shown. The Fund estimates that the actual average maturity of the Senior Loans held in its portfolio will be approximately 18-24 months.

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Senior Loans in which the Fund invests generally pay interest at rates which are periodically redetermined by reference to a base short-term, floating lending rate plus a premium. These base lending rates are generally (i) the lending rate offered by one or more major European banks, such as the London Inter-Bank Offered Rate ("LIBOR"), (ii) the prime rate offered by one or more major United States banks, and (iii) the certificate of deposit rate. Senior loans are generally considered to be restricted in that the Fund ordinarily is contractually obligated to receive approval from the Agent Bank and/or borrower prior to the disposition of a Senior Loan.
  - (a) At or subsequent to July 31, 2003, this issue was non-income producing.
  - (b) At or subsequent to July 31, 2003, this issue was under the protection of the federal bankruptcy court.
  - (c) On January 1, 2002, CFRHoldings, Inc. (an entity formed by Nuveen for the benefit of the Nuveen Funds owning various interests in CanFibre of Riverside) took possession of the CanFibre of Riverside assets on behalf of the various Nuveen Funds. CFR Holdings, Inc. has determined that a sale of the facility is in the best interest of shareholders and is proceeding accordingly.
  - (d) Anticipates future distributions from equities and warrants.
- (PIK) In lieu of cash payment, interest accrued on "Payment in Kind" security increases principal outstanding.
  - + Borrowings payable as a percentage of total assets is 26.9%.

See accompanying notes to financial statements.



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ASSETS

Investments, at market value (cost \$395,790,128)

Receivables:

Interest

Investments sold

Other assets

-----  
Total assets  
-----

LIABILITIES

Borrowings payable

Management fees payable

Taxable Auctioned Preferred share dividends payable

Other liabilities

-----  
Total liabilities  
-----

Taxable Auctioned Preferred shares, at liquidation value  
-----

Net assets applicable to Common shares  
=====

Common shares outstanding  
=====

Net asset value per Common share outstanding (net assets applicable  
to Common shares, divided by Common shares outstanding)  
=====

NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:  
-----

Common shares, \$.01 par value per share

Paid-in surplus

Undistributed net investment income

Accumulated net realized gain (loss) from investments

Net unrealized appreciation (depreciation) of investments  
=====

Net assets applicable to Common shares  
=====

Authorized shares:

Common

Taxable Auctioned Preferred  
=====

See accompanying notes to financial statements.

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Statement of

OPERATIONS Year Ended July 31, 2003

-----  
INVESTMENT INCOME

Interest

Fees  
-----

Total investment income

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-----  
EXPENSES

Management fees  
Taxable Auctioned Preferred Shares - auction fees  
Taxable Auctioned Preferred Shares - dividend disbursing agent fees  
Shareholders' servicing agent fees and expenses  
Interest expense  
Commitment fees  
Custodian's fees and expenses  
Trustees' fees and expenses  
Professional fees  
Shareholders' reports - printing and mailing expenses  
Stock exchange listing fees  
Investor relations expense  
Other expenses

-----  
Total expenses before custodian fee credit and expense waivers  
    Custodian fee credit  
    Expense waivers from the Adviser

-----  
Net expenses

-----  
Net investment income

-----  
REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS

Net realized gain (loss) from investments  
Change in net unrealized appreciation (depreciation) of investments

-----  
Net gain from investments

-----  
DISTRIBUTIONS TO TAXABLE AUCTIONED PREFERRED SHAREHOLDERS

From net investment income

-----  
Net increase in net assets applicable to Common shares from operations  
=====

See accompanying notes to financial statements.

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Statement of  
CHANGES IN NET ASSETS

-----  
OPERATIONS

Net investment income  
Net realized gain (loss) from investments  
Change in net unrealized appreciation (depreciation) of investments  
Distributions to Taxable Auctioned Preferred Shareholders:  
    From net investment income  
    From accumulated net realized gains from investments

-----  
Net increase (decrease) in net assets applicable to Common shares from operations

-----  
DISTRIBUTIONS TO COMMON SHAREHOLDERS

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From net investment income  
From accumulated net realized gains from investments  
-----  
Decrease in net assets applicable to Common shares from distributions to Common shareholders  
-----  
CAPITAL SHARE TRANSACTIONS  
Net proceeds from Common shares issued to shareholders due to reinvestment of distributions  
-----  
Net increase (decrease) in net assets applicable to Common shares  
Net assets applicable to Common shares at the beginning of year  
-----  
Net assets applicable to Common shares at the end of year  
=====

Undistributed net investment income at the end of year  
=====

### Statement of CASH FLOWS Year Ended July 31, 2003

#### CHANGE IN NET ASSETS APPLICABLE TO COMMON SHARES FROM OPERATIONS

Adjustments to Reconcile the Change in Net Assets Applicable to Common Shares from Operations  
to Net Cash provided by Operating Activities:  
Increase in investments at value due to net dispositions and change in appreciation (depreciation)  
Increase in interest receivable  
Increase in receivable from investments sold  
Decrease in other assets  
Increase in management fees payable  
Decrease in Taxable Auctioned Preferred share dividends payable  
Decrease in other liabilities

Net cash provided by operating activities

#### CASH FLOWS FROM FINANCING ACTIVITIES:

Cash distributions paid to Common shareholders

#### NET DECREASE IN CASH

Cash at the beginning of year

#### CASH AT THE END OF YEAR

See accompanying notes to financial statements.

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### Notes to FINANCIAL STATEMENTS

#### 1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

Nuveen Senior Income Fund (the "Fund") is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended. The Fund's Common shares are listed on the New York Stock Exchange and trade under the ticker symbol "NSL". The Fund was organized as a Massachusetts business trust on August 13, 1999.

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The Fund seeks to provide a high level of current income by investing primarily in senior secured loans whose interest rates float or adjust periodically based on a benchmark interest rate index. The Fund seeks to increase the income available for distribution to Common shareholders by utilizing financial leverage.

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements in accordance with accounting principles generally accepted in the United States.

### Investment Valuation

The prices of senior loans, bonds and other securities in the Fund's investment portfolio are generally provided by one or more independent pricing services approved by the Fund's Board of Trustees. The pricing services typically value exchange-listed securities at the last sale price on that day; and value senior loans, bonds and other securities traded in the over-the-counter market at the mean of the highest bona fide bid and lowest bona fide ask prices when current quotations are readily available. The pricing services value senior loans, bonds and other securities for which current quotations are not readily available at fair value using a wide range of market data and other information and analysis, including the obligor's credit characteristics considered relevant by such pricing service to determine valuations. The Board of Trustees of the Fund has approved procedures which permit Nuveen Institutional Advisory Corp. (the "Adviser"), a wholly owned subsidiary of Nuveen Investments, Inc. (formerly, The John Nuveen Company), to determine the fair value of securities for which the applicable pricing service or services is not providing a price, using market data and other factors such as the obligor's credit characteristics, and to override the price provided by the independent pricing service in certain limited circumstances. Short-term investments which mature within 60 days are valued at amortized cost, which approximates market value.

The senior loans in which the Fund primarily invests are generally not listed on any exchange and the secondary market for those senior loans is comparatively illiquid relative to markets for other fixed income securities. Because of the comparatively illiquid markets for senior loans, the value of a senior loan, determined as described above, may differ significantly from the value that would have been determined had there been an active market for that senior loan.

### Investment Transactions

Investment transactions are recorded on a trade date basis.

### Investment Income

Interest income, which includes the amortization of premiums and accretion of discounts, is recorded on an accrual basis. Interest income also includes paydown gains and losses on mortgage and asset-backed securities. Facility fees on senior loans purchased are treated as market discounts. Market premiums and discounts are amortized over the expected life of each respective borrowing. Fees consists primarily of amendment fees. Amendment fees are earned as compensation for evaluating and accepting changes to the original credit agreement.

### Income Taxes

The Fund intends to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its net investment income to its shareholders. Therefore, no federal income tax provision is required.

#### Dividends and Distributions to Common Shareholders

The Fund intends to declare monthly income distributions to Common shareholders. Net realized capital gains from investment transactions, if any, are distributed to shareholders not less frequently than annually. Furthermore, capital gains are distributed only to the extent they exceed available capital loss carryforwards.

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

#### Taxable Auctioned Preferred Shares

The Fund has issued and outstanding 1,840 Series Th, \$25,000 stated value Taxable Auctioned Preferred shares. The dividend rate paid on the Taxable Auctioned Preferred shares may change every 28 days, as set pursuant to a dutch auction process by the auction agent, and is payable at or near the end of each rate period.

#### Derivative Financial Instruments

The Fund may invest in certain derivative financial instruments including futures, forward, swap and option contracts, and other financial instruments with similar characteristics. Although the Fund is authorized to invest in such financial instruments, and may do so in the future, it did not make any such investments during the fiscal year ended July 31, 2003.

#### Repurchase Agreements

In connection with transactions in repurchase agreements, it is the Fund's policy that its custodian take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the repurchase transaction, including accrued interest, at all times. If the seller defaults, and the fair value of the collateral declines, realization of the collateral by the Fund may be delayed or limited.

#### Custodian Fee Credit

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

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets applicable to Common shares from operations during the reporting period. Actual results may differ from those estimates.

## 2. FUND SHARES

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During the fiscal year ended July 31, 2003, 14,141 Common shares were issued to shareholders due to reinvestment of distributions.

During the fiscal year ended July 31, 2002, 36,948 Common shares were issued to shareholders due to reinvestment of distributions.

### 3. INVESTMENT TRANSACTIONS

Purchases and sales of investments (excluding short-term investments) during the fiscal year ended July 31, 2003, aggregated \$273,491,225 and \$268,511,918, respectively.

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### Notes to FINANCIAL STATEMENTS (continued)

### 4. INCOME TAX INFORMATION

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to the treatment of paydown gains and losses on mortgage and asset-backed securities and timing differences in recognizing certain gains and losses on security transactions.

At July 31, 2003, the cost of investments owned was \$395,825,228.

The net unrealized depreciation of investments at July 31, 2003, aggregated \$21,556,344 of which \$5,229,258 related to appreciated securities and \$26,785,602 related to depreciated securities.

The tax components of undistributed net ordinary income and net realized gains at July 31, 2003, were as follows:

-----	
Undistributed net ordinary income *	\$ 2,019,827
Undistributed net long-term capital gains	--
=====	

\* Net ordinary income consists of taxable income derived from dividends, interest and net short-term capital gains, if any.

The tax character of distributions paid during the fiscal years ended July 31, 2003, and July 31, 2002, was designated for purposes of the dividends paid deduction as follows:

2003

-----	
Distributions from net ordinary income *	\$16,734,378
Distributions from net long-term capital gains	--
=====	

2002

-----	
Distributions from net ordinary income *	\$22,353,020
Distributions from net long-term capital gains	--
=====	

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\* Net ordinary income consists of taxable income derived from dividends, interest and net short-term capital gains, if any.

At July 31, 2003, the Fund had an unused capital loss carryforward of \$28,988,118 available to be applied against future capital gains, if any. If not applied, \$18,283,863 of the carryforward will expire in 2010 and \$10,704,255 will expire in 2011.

### 5. MANAGEMENT FEES AND OTHER TRANSACTIONS WITH AFFILIATES

Under the Fund's investment management agreement with the Adviser, the Fund pays an annual management fee, payable monthly, of .8500%, which is based upon the average daily managed assets of the Fund. "Managed Assets" means the average daily gross asset value of the Fund, minus the sum of the Fund's accrued and unpaid dividends on any outstanding Taxable Auctioned Preferred shares and accrued liabilities (other than the principal amount of any borrowings incurred, commercial paper or notes issued by the Fund and the liquidation preference of any outstanding Taxable Auctioned Preferred shares).

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Adviser has entered into a Sub-Advisory Agreement with Symphony Asset Management ("Symphony"), an indirect wholly owned subsidiary of Nuveen Investments, Inc. (formerly, The John Nuveen Company), under which Symphony manages the investment portfolio of the Fund. Symphony is compensated for its services to the Fund from the management fee paid to the Adviser.

The Fund pays no compensation directly to those of its Trustees who are affiliated with the Adviser or to their officers, all of whom receive remuneration for their services to the Fund from the Adviser or its affiliates.

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The Adviser has agreed to waive part of its management fees or reimburse certain expenses of the Fund in an amount equal to .45% of the average daily Managed Assets for the period October 29, 1999 (commencement of operations) through October 31, 2004, .35% of the average daily Managed Assets for the year ended October 31, 2005, .25% of the average daily Managed Assets for the year ended October 31, 2006, .15% of the average daily Managed Assets for the year ended October 31, 2007, .10% of the average daily Managed Assets for the year ended October 31, 2008, and .05% of the average daily Managed Assets for the year ended October 31, 2009. The Adviser has not agreed to reimburse the Fund for any portion of its fees and expenses beyond October 31, 2009.

### 6. COMMITMENTS

Pursuant to the terms of certain of the variable rate senior loan agreements, the Fund had unfunded loan commitments of approximately \$8.0 million as of July 31, 2003. The Fund generally will maintain with its custodian, cash, liquid securities and/or liquid senior loans having an aggregate value at least equal to the amount of unfunded loan commitments.

### 7. SENIOR LOAN PARTICIPATION COMMITMENTS

The Fund invests primarily in assignments, participations, or acts as a party to the primary lending syndicate of a variable rate senior loan interest to corporations, partnerships, and other entities. If the Fund purchases a participation of a senior loan interest, the Fund would typically enter into a

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contractual agreement with the lender or other third party selling the participation, but not with the borrower directly. As such, the Fund assumes the credit risk of the Borrower, Selling Participant or other persons interpositioned between the Fund and the Borrower. At July 31, 2003, the Fund held participation commitments with Bear, Stearns & Co. Inc. and Morgan Stanley. At July 31, 2003, the par values of the commitments were \$2 million and \$1.64 million, respectively, while the market values were approximately \$1.7 million and \$1.4 million, respectively.

### 8. BORROWINGS

In accordance with its current investment policies, the Fund may utilize financial leverage for investment purposes in an amount currently anticipated to represent approximately 40% of the Fund's total assets, and in no event exceeding 50% of the Fund's total assets.

Through June 19, 2003, the Fund entered into a \$150 million commercial paper program with Nuveen Funding, LLC, a Delaware limited liability company whose sole purpose was the issuance of commercial paper. On June 20th, 2003, the commercial paper program with Nuveen Funding, LLC, was terminated. On June 20th, 2003, the Fund entered into a commercial paper program with Bank One's conduit financing agency, Falcon Asset Securitization Corp. ("Falcon"), whose sole purpose is the issuance of high grade commercial paper, the proceeds of which are used to make advances to the fund. The Fund is one of many borrowers who comprise Falcon's total borrowing base. For the fiscal year ended July 31, 2003, the average daily balance of borrowings under the commercial paper program agreement was \$103 million with an average interest rate of 1.57%.

The Fund has also entered into a \$110 million liquidity facility. If the facility is utilized, interest on the borrowings would be charged a variable interest rate. An unused commitment fee of .095% on 102% of the unused portion of the \$110 million facility is charged. There were no borrowings under the revolving credit agreement during the fiscal year ending July 31, 2003.

Cash paid for interest during the fiscal year ended July 31, 2003, was \$1,654,532.

### 9. SUBSEQUENT EVENT - DISTRIBUTIONS TO COMMON SHAREHOLDERS

The Fund declared a dividend distribution of \$.0430 per Common share from its net investment income which was paid on September 2, 2003, to shareholders of record on August 15, 2003.

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### Financial HIGHLIGHTS

Selected data for a Common share outstanding throughout each period:

		Investment Operations		
			Distributions from Net Investment Income to Preferred Share-	Distributions from Capital Gains to Preferred Share-
Beginning Common Share Net Asset	Investment	Net Realized/ Unrealized Investment		



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	Value	Income	Gain (Loss)	holders+	holders+	To
Year Ended 7/31:						
2003	\$7.38	\$ .60	\$ .41	\$(.02)	\$--	\$
2002	8.13	.68	(.71)	(.04)	--	(
2001	9.47	1.09	(1.29)	(.09)	--	(
2000 (a)	9.55	.75	(.12)	(.02)	--	

	Offering Costs	Total Returns			
		Ending Common Share Net Asset Value	Ending Market Value	Based on Market Value**	Based on Common Share Net Asset Value**
Year Ended 7/31:					
2003	\$ --	\$7.84	\$8.4300	25.93%	14.25%
2002	--	7.38	7.2000	(21.16)	(.65)
2001	--	8.13	9.9600	15.35	(3.30)
2000 (a)	(.03)	9.47	9.6250	3.21	6.20

	Ratios/Supplemental Data				
	Before Credit/Waiver			After Waiver***	
Ending Net Assets Applicable to Common Shares (000)	Ratio of Expenses to Average Net Assets to Common Shares++	Ratio of Net Investment Income to Average Net Assets to Common Shares++	Ratio of Net Investment Income to Average Net Assets to Common Shares++	Ratio of Expenses to Average Net Assets to Common Shares++	Ratio of Net Investment Income to Average Net Assets to Common Shares++
Year Ended 7/31:					
2003	\$233,220	2.66%	7.57%	1.90%	8.33%
2002	219,459	3.12	8.20	2.37	8.95
2001	241,641	4.32	11.74	3.62	12.44
2000 (a)	280,479	3.81*	9.82*	3.21*	10.42*

\* Annualized.

\*\* Total Investment Return on Market Value is the combination of reinvested dividend income, reinvested capital gains distributions, if any, and changes in stock price per share. Total Return on Common Share Net Asset Value is the combination of reinvested dividend income, reinvested capital gains distributions, if any, and changes in Common net asset value per share. Total returns are not annualized.

\*\*\* After expense waivers from the investment adviser, where applicable.

+ The amounts shown are based on Common share equivalents.

++ Ratios do not reflect the effect of dividend payments to Taxable Auctioned Preferred shareholders; income ratios reflect income earned on assets

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attributable to Taxable Auctioned Preferred shares. Each Ratio of Expenses to Average Net Assets Applicable to Common Shares and each Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares includes the effect of the interest expense paid on bank borrowings as follows:

	Ratio of Interest Expense to Average Net Assets Applicable to Common Shares -----
2003	.74%
2002	1.09
2001	2.19
2000(a)	2.04*

(a) For the period October 29, 1999 (commencement of operations) through July 31, 2000.

See accompanying notes to financial statements.

18-19 SPREAD

Trustees  
AND OFFICERS

The management of the Funds, including general supervision of the duties performed for the Funds by the Adviser, is the responsibility of the Board of Trustees of the Funds. The number of trustees of the Funds is currently set at six. None of the trustees who are not "interested" persons of the Funds has ever been a director or employee of, or consultant to, Nuveen or its affiliates. The names and business addresses of the trustees and officers of the Funds, their principal occupations and other affiliations during the past five years, the number of portfolios each oversees and other directorships they hold are set forth below.

NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUNDS	YEAR FIRST ELECTED OR APPOINTED(2)	PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS
--------------------------------	------------------------------------	--	---

-----  
TRUSTEE WHO IS AN INTERESTED PERSON OF THE FUNDS:

Timothy R. Schwertfeger (1) 3/28/49 333 W. Wacker Drive Chicago, IL 60606	Chairman of the Board and Trustee	1994	Chairman and Director (since 1992) of Nuveen Investments, Inc. and Nuveen Investments, Inc. Director (since 1992) and Chairman of Nuveen Advisory Corp. and Nuveen Advisory Corp.; Chairman and Director of Nuveen Asset Management, Inc. and Nuveen Institutional Capital Corporation
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Director (since 1999) of Ritten Inc.; Chairman of Nuveen Invest (since 2002).

TRUSTEES WHO ARE NOT INTERESTED PERSONS OF THE FUNDS:

William E. Bennett 10/16/46 333 W. Wacker Drive Chicago, IL 60606	Trustee	2001	Private Investor; previously, P Chief Executive Officer, Draper a private company that handles real estate development, pension estate management (1995-1998). Executive Vice President and Ch of First Chicago Corporation an subsidiary, The First National
Jack B. Evans 10/22/48 333 W. Wacker Drive Chicago, IL 60606	Trustee	1999	President, The Hall-Perrine Fou philanthropic corporation (sinc Alliant Energy; Director and Vi Fire & Casualty Company; Direct of Chicago; formerly, President Officer, SCI Financial Group, I financial services firm.
William L. Kissick 7/29/32 333 W. Wacker Drive Chicago, IL 60606	Trustee	1992	Professor Emeritus, School of M School of Management and former Davis Institute of Health Econo Pennsylvania; Adjunct Professor Management, Yale University.
Thomas E. Leafstrand 11/11/31 333 W. Wacker Drive Chicago, IL 60606	Trustee	1992	Retired; previously, Vice Presi Municipal Underwriting and Deal Northern Trust Company.
Sheila W. Wellington 2/24/32 333 W. Wacker Drive Chicago, IL 60606	Trustee	1994	President (since 1993) of Catal organization focusing on women' in business and the professions

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NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUNDS	YEAR FIRST ELECTED OR APPOINTED (3)	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
--------------------------------	------------------------------------	---	--

OFFICERS OF THE FUNDS:

Gifford R. Zimmerman	Chief	1988	Managing Director (since 2002),
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9/9/56  
333 W. Wacker Drive  
Chicago, IL 60606

Administrative  
Officer

and Associate General Counsel,  
and Assistant General Counsel o  
Managing Director (since 2002),  
Assistant Secretary, formerly,  
Advisory Corp. and Nuveen Insti  
Managing Director (since 2002),  
Associate General Counsel, form  
2000), of Nuveen Asset Manageme  
Secretary of Nuveen Investments  
Assistant Secretary of NWQ Inve  
Company, LLC (since 2002); Vice  
Assistant Secretary of Nuveen I  
(since 2002); Managing Director  
Counsel and Assistant Secretary  
Management, Inc. (since May 200  
Financial Analyst.

Michael T. Atkinson  
2/3/66  
333 W. Wacker Drive  
Chicago, IL 60606

Vice President  
and Assistant  
Secretary

2000

Vice President (since 2002), fo  
Vice President (since 2000), pr  
Nuveen Investments, LLC.

Peter H. D'Arrigo  
11/28/67  
333 W. Wacker Drive  
Chicago, IL 60606

Vice President  
and Treasurer

1999

Vice President of Nuveen Invest  
prior thereto, Assistant Vice P  
Vice President and Treasurer of  
Inc. (since 1999); Vice Preside  
Nuveen Advisory Corp. and Nuvee  
Advisory Corp. (since 1999); Vi  
Treasurer of Nuveen Asset Manag  
2002) and of Nuveen Investments  
2002); Assistant Treasurer of N  
Company, LLC (since 2002); Char

Susan M. DeSanto  
9/8/54  
333 W. Wacker Drive  
Chicago, IL 60606

Vice President

2001

Vice President of Nuveen Adviso  
previously, Vice President of V  
Advisory Corp. (since 1998); Vi  
Institutional Advisory Corp. (s  
Assistant Vice President of Van  
Advisory Corp. (since 1994).

Jessica R. Droeger  
9/24/64  
333 W. Wacker Drive  
Chicago, IL 60606

Vice President  
and Secretary

2000

Vice President (since 2002) and  
Counsel (since 1998); formerly,  
President (since 1998) of Nuvee  
Vice President (since 2002) and  
(since 1998), formerly Assistan  
Nuveen Advisory Corp. and Nuvee  
Advisory Corp.

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NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUNDS	YEAR FIRST ELECTED OR APPOINTED (3)	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
--------------------------------	------------------------------------	---	--

-----  
OFFICERS OF THE FUNDS (CONTINUED):  
-----

Lorna C. Ferguson 10/24/45 333 W. Wacker Drive Chicago, IL 60606	Vice President	1998	Vice President of Nuveen Invest President (since 1998) of Nuvee Nuveen Institutional Advisory C
---	----------------	------	---

William M. Fitzgerald 3/2/64 333 W. Wacker Drive Chicago, IL 60606	Vice President	1995	Managing Director (since 2002) LLC; Managing Director (since 2 President of Nuveen Advisory Co Institutional Advisory Corp. (s Director of Nuveen Asset Manage Vice President of Nuveen Invest (since 2002); Chartered Financi
---	----------------	------	--

Stephen D. Foy 5/31/54 333 W. Wacker Drive Chicago, IL 60606	Vice President and Controller	1998	Vice President (since 1993) and (since 1998) of Nuveen Investme President and Funds Controller Investments, Inc.; Certified Pu
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David J. Lamb 3/22/63 333 W. Wacker Drive Chicago, IL 60606	Vice President	2000	Vice President (since 2000) of previously Assistant Vice Presi thereto, Associate of Nuveen In Public Accountant.
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Tina M. Lazar 8/27/61 333 W. Wacker Drive Chicago, IL 60606	Vice President	2002	Vice President (since 1999), pr President (since 1993) of Nuvee
--	----------------	------	--

Larry W. Martin 7/27/51 333 W. Wacker Drive Chicago, IL 60606	Vice President and Assistant Secretary	1988	Vice President, Assistant Secre General Counsel of Nuveen Inves President and Assistant Secreta Corp. and Nuveen Institutional Secretary of Nuveen Investments Nuveen Asset Management, Inc.; 2000), Assistant Secretary and (since 1998) of Rittenhouse Ass President and Assistant Secreta Advisers Inc. (since 2002); Ass Investment Management Company,
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NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUNDS	YEAR FIRST ELECTED OR APPOINTED (3)	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
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OFFICERS OF THE FUNDS (CONTINUED):

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Edward F. Neild, IV 7/7/65 333 W. Wacker Drive Chicago, IL 60606	Vice President	1996	Managing Director (since 2002) LLC; Managing Director (since 1 President (since 1996) of Nuveen Nuveen Institutional Advisory C of Nuveen Asset Management, Inc Chartered Financial Analyst.
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- (1) Mr. Schwertfeger is an "interested person" of the Funds, as defined in the Investment Company Act of 1940, because he is an officer and trustee of the Adviser.
- (2) Trustees serve a one-year term until his/her successor is elected. The year first elected or appointed represents the year in which the Trustee was first elected or appointed to any fund in the Nuveen Complex.
- (3) Officers serve a one-year term through July of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

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Build Your Wealth  
AUTOMATICALLY

Sidebar text: NUVEEN MAKES REINVESTING EASY. A PHONE CALL IS ALL IT TAKES TO SET UP YOUR REINVESTMENT ACCOUNT.

### NUVEEN CLOSED-END EXCHANGE-TRADED FUNDS DIVIDEND REINVESTMENT PLAN

Your Nuveen Closed-End Exchange-Traded Fund allows you to conveniently reinvest dividends and/or capital gains distributions in additional fund shares.

By choosing to reinvest, you'll be able to invest money regularly and automatically, and watch your investment grow through the power compounding. It is important to note that an automatic reinvestment plan does not ensure a profit, nor does it protect you against loss in a declining market.

### EASY AND CONVENIENT

To make recordkeeping easy and convenient, each month you'll receive a statement showing your total dividends and distributions, the date of investment, the shares acquired and the price per share, and the total number of shares you own.

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### HOW SHARES ARE PURCHASED

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at 95% of the then-current market price or at net asset value, whichever is higher. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. Dividends and distributions received to purchase shares in the open market will normally be invested shortly after the dividend payment date. No interest will be paid on dividends and distributions awaiting reinvestment. Because the market price of shares may increase before purchases are completed, the average purchase price per share may exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions.

### FLEXIBILITY

You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change. Should you withdraw, you can receive a certificate for all whole shares credited to your reinvestment account and cash payment for fractional shares, or cash payment for all reinvestment account shares, less brokerage commissions and a \$2.50 service fee.

You can reinvest whether your shares are registered in your name, or in the name of a brokerage firm, bank, or other nominee. Ask your investment advisor if his or her firm will participate on your behalf. Participants whose shares are registered in the name of one firm may not be able to transfer the shares to another firm and continue to participate in the Plan.

The Fund reserves the right to amend or terminate the Plan at any time. Although the Fund reserves the right to amend the Plan to include a service charge payable by the participants, there is no direct service charge to participants in the Plan at this time.

For more information on the Nuveen Automatic Reinvestment Plan or to enroll in or withdraw from the Plan, speak with your financial advisor or call us at (800) 257-8787.

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### Fund INFORMATION

#### BOARD OF TRUSTEES

William E. Bennett  
Jack B. Evans  
William L. Kissick  
Thomas E. Leafstrand  
Timothy R. Schwertfeger  
Sheila W. Wellington

#### FUND MANAGER

Nuveen Institutional  
Advisory Corp.  
333 West Wacker Drive  
Chicago, IL 60606

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FUND SUB-ADVISER  
Symphony Asset  
Management  
555 California St.  
Suite 2975  
San Francisco, CA 94104

CUSTODIAN  
State Street Bank & Trust  
Boston, MA

TRANSFER AGENT AND  
SHAREHOLDER SERVICES  
State Street Bank & Trust  
Nuveen Funds  
P.O. Box 43071  
Providence, RI 02940-3071

(800) 257-8787

LEGAL COUNSEL  
Chapman and Cutler LLP  
Chicago, IL

INDEPENDENT AUDITORS  
KPMG LLP  
Chicago, IL

### GLOSSARY OF TERMS USED IN THIS REPORT

**Average Annual Total Return:** This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return (including change in NAV and reinvested dividends) that would have been necessary on an annual basis to equal the investment's actual performance over the time period being considered.

**Net Asset Value (NAV):** A fund's NAV is calculated by subtracting the liabilities of the fund from its total assets and then dividing the remainder by the number of shares outstanding. Fund NAVs are calculated at the end of each business day.

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The Fund intends to repurchase shares of its own common or preferred stock in the future at such times and in such amounts as is deemed advisable. No shares were repurchased during the fiscal year ended July 31, 2003. Any future repurchases will be reported to shareholders in the next annual or semiannual report.

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Serving Investors  
FOR GENERATIONS

Since 1898, financial advisors and their clients have relied on Nuveen Investments to provide dependable investment solutions. For the past century, Nuveen Investments has adhered to the belief that the best approach to investing is to apply conservative risk-management principles to help minimize volatility.



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Building on this tradition, we today offer a range of high quality equity and fixed-income solutions that are integral to a well-diversified core portfolio. Our clients have come to appreciate this diversity, as well as our continued adherence to proven, long-term investing principles.

Managing \$80 billion in assets, Nuveen Investments offers access to a number of different asset classes and investing solutions through a variety of products. Nuveen Investments markets its capabilities under four distinct brands: Nuveen, a leader in tax-free investments; NWQ, a leader in value-style equities; Rittenhouse, a leader in growth-style equities; and Symphony, a leading institutional manager of market-neutral alternative investment portfolios.

To learn more about the products and services Nuveen Investments offers and for a prospectus, where applicable, talk to your financial advisor, or call us at (800) 257-8787. Please read the information carefully before you invest.

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