NUVEEN NEW YORK AMT-FREE MUNICIPAL INCOME FUND
Form N-14 8C/A
October 18, 2012

As filed with the Securities and Exchange Commission on October 17, 2012

File No. 333-183691

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-14

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

x Pre-Effective Amendment No. 1

¨ Post-Effective Amendment No. __

NUVEEN NEW YORK AMT-FREE MUNICIPAL INCOME FUND

(Exact Name of Registrant as Specified in Charter)

333 West Wacker Drive

Chicago, Illinois 60606

(Address of Principal Executive Offices, Zip Code)

Registrant s Telephone Number, including Area Code (800) 257-8787

Kevin J. McCarthy

Vice President and Secretary

Nuveen Investments

333 West Wacker Drive

Chicago, Illinois 60606

(Name and Address of Agent for Service)

Copy to:

Deborah Bielicke Eades

Vedder Price P.C.

222 North LaSalle Street

Chicago, Illinois 60601

Eric F. Fess

Chapman and Cutler LLP

111 West Monroe Street

Chicago, Illinois 60603

Approximate date of proposed public offering: As soon as practicable after the effective date of this Registration Statement.

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered(1)	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Shares, $0.01 Par Value Per Share	93,000,000 Shares	$15.40(2)	$1,432,200,000.00(2)	$195,352.08(3)

(1) Estimated solely for the purpose of calculating the registration fee.
(2) Net asset value per share of common shares on October 11, 2012.

(3) Transmitted prior to filing. A registration fee of $88.47 was previously paid in connection with the initial filing.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

IMPORTANT NOTICE TO SHAREHOLDERS OF

NUVEEN NEW YORK AMT-FREE MUNICIPAL INCOME FUND (NRK, NRK PRC)

NUVEEN NEW YORK INVESTMENT QUALITY MUNICIPAL FUND, INC. (NQN)

NUVEEN NEW YORK SELECT QUALITY MUNICIPAL FUND, INC. (NVN)

NUVEEN NEW YORK QUALITY INCOME MUNICIPAL FUND, INC. (NUN)

NUVEEN NEW YORK PREMIUM INCOME MUNICIPAL FUND, INC. (NNF)

AND

NUVEEN NEW YORK DIVIDEND ADVANTAGE MUNICIPAL INCOME FUND (NKO)

(EACH, A FUND AND COLLECTIVELY, THE FUNDS)

, 2012

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

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

A. You are receiving this Joint Proxy Statement/Prospectus in connection with the special shareholder meetings of the Funds, at which a proposal regarding the reorganization of your Fund will be considered.

Q. **What actions has each Fund s Board of Trustees or Board of Directors (each, a Board or the Board) approved?**

A. The Board of Nuveen s municipal closed-end funds has approved a series of mergers of single-state municipal closed-end funds, including the reorganization of each of: (i) Nuveen New York Investment Quality Municipal Fund, Inc. (Investment Quality); (ii) Nuveen New York Select Quality Municipal Fund, Inc. (Select Quality); (iii) Nuveen New York Quality Income Municipal Fund, Inc. (Quality Income); (iv) Nuveen New York Premium Income Municipal Fund, Inc. (Premium Income); and (v) Nuveen New York Dividend Advantage Municipal Income Fund (Dividend Advantage and collectively with Investment Quality, Select Quality, Quality Income and Premium Income, the Acquired Funds or, each individually, an Acquired Fund) into Nuveen New York AMT-Free Municipal Income Fund (AMT-Free Municipal Income or the Acquiring Fund) (each, a Reorganization and collectively, the Reorganizations).

Q. **Why has each Fund s Board recommended these proposals?**

A. Each Fund s Board has determined that the proposed Reorganizations would be in the best interests of its respective Fund. Each Fund s Board considered the Reorganizations as part of a broad initiative to rationalize the product offerings of Nuveen Funds and eliminate overlapping products. The Acquiring Fund and the Acquired Funds have substantially similar investment objectives and policies, comparable portfolio compositions, and are managed by the same portfolio manager. In light of these similarities, the proposed Reorganizations are intended to reduce fund redundancies and create a single, larger state fund. As a result of the larger size of the combined fund, the proposed Reorganizations are intended to result in lower operating expenses per common share (excluding costs of leverage) and to enhance the secondary trading market for common shares of the Funds, as further discussed below. Although the anticipated total annual operating expenses per common share of the combined fund (including the costs of leverage) are expected to be higher for Quality Income due to the increased levels of leverage in the combined fund, such leverage may produce higher returns for common shares over time to the extent that the returns obtained from investing leverage proceeds exceed the costs of leverage.

Q. What are the potential benefits of the Reorganizations to common shareholders?

A. The investment adviser to the Funds and each Fund s Board believe that the proposed Reorganizations are expected to offer the following potential benefits to common shareholders of the Funds:

Lower fees and operating expenses per common share (excluding costs of leverage) from greater economies of scale as the combined fund s size results in a lower effective management fee rate based on managed assets and allows fixed operating expenses to be spread over a larger asset base.

Improved secondary market trading for common shares as the combined fund s greater share volume is expected to result in increased market liquidity, which may lead to narrower bid-ask spreads and smaller trade-to-trade price movements. The potential for higher common share net earnings and enhanced total returns over time may increase investor interest in the combined fund which would result in increased market liquidity. In addition, Acquired Fund common shareholders may experience improved secondary market trading after the Reorganizations due to the nature of the Acquiring Fund s investment objectives of investing primarily in municipal securities exempt from the federal alternative minimum tax applicable to individuals (the AMT), in addition to regular federal, New York State and New York City income taxes, as the AMT feature of the objectives, which is not currently in place with respect to the Acquired Funds, may appeal to a broader group of investors.

Increased flexibility in managing the structure and costs of leverage over time, for example, by enabling the larger combined fund to simultaneously employ, or modify allocations between, fixed rate and floating rate issues as issues mature and/or as the investment adviser s market outlook changes. In contrast, a smaller stand alone fund would likely be limited to employing one type of leverage and to smaller issues.

Q. How will preferred shareholders of the Acquiring Fund be impacted by the Reorganizations?

A. The Acquiring Fund currently has one series of MuniFund Term Preferred Shares (MTP Shares) outstanding, and these shares will remain outstanding following the Reorganizations. Each of the Acquired Funds currently has outstanding one series of either Variable Rate Demand Preferred Shares (VRDP Shares) or Variable Rate MuniFund Term Preferred Shares (VMTP Shares). Upon the closing of the Reorganizations, preferred shareholders of each Acquired Fund will receive on a one-for-one basis newly issued preferred shares of the Acquiring Fund with substantially identical terms (with respect to VMTP Shares) or substantially similar terms (with respect to VRDP Shares), as of the time of exchange, as the preferred shares of the Acquired Fund exchanged therefor. While preferred shares of the

Acquiring Fund will rank on a parity to each other, there are differences between the different types of preferred shares, which are discussed in the Joint Proxy Statement/Prospectus. With respect to matters requiring all preferred shareholders to vote as a single class or common and preferred shareholders to vote together, following the Reorganizations, preferred shareholders of the Acquiring Fund will hold a smaller percentage of the outstanding preferred shares of the combined fund.

Q. Will the Reorganizations impact Fund distributions to common shareholders?

A. The Reorganizations are not expected to adversely impact distributions to common shareholders and are expected to result in the same or a higher distribution rates for common shareholders of each Fund (as common shareholders of the Acquiring Fund following the Reorganizations) as a result of lower operating expenses per common share (excluding the costs of leverage).

Q. Do the Funds have similar investment objectives and policies?

A. Yes. The Funds have substantially similar investment objectives, policies and risks and are managed by the same portfolio manager. Each Fund invests primarily in municipal securities and other related investments the income from which is exempt from regular federal, New York State and New York City income taxes and, with respect to the Acquiring Fund, from the AMT. Each Fund emphasizes investments in investment-grade municipal securities. Each Fund is a closed-end management investment company, and currently engages in leverage through the issuance of preferred shares and the use of inverse floating rate securities.

Q. What specific proposals will I be asked to vote on in connection with a proposed Reorganization?

A. Generally, shareholders of each Acquired Fund will be asked to vote on an Agreement and Plan of Reorganization with common shareholders and preferred shareholders voting as a single class and preferred shareholders voting separately. Shareholders of the Acquiring Fund will be asked to vote on the issuance of additional common shares in connection with the Reorganizations, with common and preferred shareholders voting as a single class and common shares voting separately. In addition, preferred shareholders of the Acquiring Fund will be asked to vote on the Agreement and Plan of Reorganization.

Q. Will shareholders of the Acquired Funds receive new shares in exchange for their current shares?

A. Yes. Upon the closing of the Reorganizations, each Acquired Fund will transfer substantially all of its assets to the Acquiring Fund in exchange for common and preferred shares of the Acquiring Fund, and the assumption by the Acquiring Fund of substantially all of the liabilities of such Acquired Fund. Each Acquired Fund will then be liquidated, dissolved and terminated in accordance with applicable law.

Acquired Fund shareholders will become shareholders of the Acquiring Fund. Holders of common shares of each Acquired Fund will receive newly issued common shares of the Acquiring Fund, the aggregate net asset value of which will be equal to the aggregate net asset value of the common shares of the Acquired Fund held as of the close of trading on the business day immediately prior to the closing of the Reorganizations (including for this purpose fractional

Acquiring Fund common shares to which shareholders would be entitled). Fractional shares will be sold on the open market and shareholders will receive cash in lieu of such fractional shares. Holders of preferred shares of each Acquired Fund will receive on a one-for-one basis newly issued preferred shares of the Acquiring Fund having substantially identical terms (with respect to VMTP Shares) or substantially similar terms (with respect to VRDP Shares), as of the closing of the Reorganizations as the Acquired Fund shares exchanged therefor.

Current shareholders of the Acquiring Fund will remain shareholders of the Acquiring Fund.

Q. **Do the Reorganizations constitute a taxable event for the Acquired Funds 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 a Reorganization, except that gain or loss may be recognized with respect to any cash received in lieu of fractional Acquiring Fund common shares. Prior to the closing of the Reorganizations, each Acquired Fund expects to declare a distribution of all of its net investment income and net capital gains, if any. Such a distribution may be taxable to an Acquired Fund s shareholders for federal income tax purposes. To the extent that an Acquired Fund s portfolio securities are sold in connection with a Reorganization, such Acquired Fund may realize gains or losses, which may increase or decrease the net capital gain or net investment income to be distributed by the Acquired Fund. However, since each Acquired Fund s current portfolio composition is comparable to that of the Acquiring Fund and no Acquired Fund currently holds portfolio securities subject to the federal AMT, it is not currently expected that any significant portfolio sales will occur solely in connection with the Reorganizations (less than 5% of the assets of each Acquired Fund).

Q. **What will happen if the required shareholder approvals in connection with a Reorganization are obtained for one Fund but not for the other Funds?**

A. The closing of each Reorganization is contingent upon the closing of all of the Reorganizations. Because the closing of the Reorganizations is contingent on all of the Acquired Funds and the Acquiring Fund obtaining the requisite shareholder approvals and satisfying their other closing conditions, it is possible that your Fund s Reorganization will not occur, even if shareholders of your Fund approve the Reorganization and your Fund satisfies all of its closing conditions, if one or more of the other Funds do not obtain their requisite shareholder approvals or satisfy their closing conditions. If all the shareholder approvals are not obtained, each Fund s Board may take such actions as it deems in the best interests of such Fund, including conducting additional solicitations with respect to the proposals or continuing to operate the Fund as a stand-alone fund.

Q. **Will I have to pay any fees or expenses in connection with the Reorganizations?**

A. The costs of the Reorganizations (whether or not consummated) will be allocated among the Funds ratably based on the relative expected benefits of the Reorganizations comprised of forecasted cost savings and distribution increases, if any, to each Fund during the first year following the Reorganizations. Common shareholders will indirectly bear the costs of the Reorganizations. The costs of the Reorganizations are estimated to be $210,000 for the Acquiring Fund, $300,000 for Investment Quality, $200,000 for Select Quality, $45,000 for Quality Income, $95,000 for Premium Income and $180,000 for Dividend Advantage. Preferred shareholders are not expected to bear any costs of the Reorganizations.

Q. **What is the timetable for the Reorganizations?**

A. If the shareholder voting and other conditions to closing are satisfied (or waived), the Reorganizations are expected to take effect on or about February 11, 2013 or as soon as practicable thereafter.

Q. **How does the Board recommend that I vote on the Reorganizations?**

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

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, your proxy solicitor, at (800) 254-6192 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.

, 2012

NUVEEN NEW YORK AMT-FREE MUNICIPAL INCOME FUND (NRK, NRK PRC)

NUVEEN NEW YORK INVESTMENT QUALITY MUNICIPAL FUND, INC. (NQN)

NUVEEN NEW YORK SELECT QUALITY MUNICIPAL FUND, INC. (NVN)

NUVEEN NEW YORK QUALITY INCOME MUNICIPAL FUND, INC. (NUN)

NUVEEN NEW YORK PREMIUM INCOME MUNICIPAL FUND, INC. (NNF)

AND

NUVEEN NEW YORK DIVIDEND ADVANTAGE MUNICIPAL INCOME FUND (NKO)

(EACH, A FUND AND COLLECTIVELY, THE FUNDS)

, 2012

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON NOVEMBER 27, 2012

To the Shareholders:

Notice is hereby given that a Special Meeting of Shareholders (the Special Meeting) of Nuveen New York AMT-Free Municipal Income Fund (AMT-Free Municipal Income or the Acquiring Fund) and (i) Nuveen New York Investment Quality Municipal Fund, Inc. (Investment Quality); (ii) Nuveen New York Select Quality Municipal Fund, Inc. (Select Quality); (iii) Nuveen New York Quality Income Municipal Fund, Inc. (Quality Income); (iv) Nuveen New York Premium Income Municipal Fund, Inc. (Premium Income); and (v) Nuveen New York Dividend Advantage Municipal Income Fund (Dividend Advantage and collectively with Investment Quality, Select Quality, Quality Income and Premium Income, the Acquired Funds or, each individually, an Acquired Fund), will be held in the offices of Nuveen Investments, Inc. (Nuveen or Nuveen Investments), 333 West Wacker Drive, Chicago, Illinois 60606, on November 27, 2012, at 2:00 p.m., Central time, 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 Acquired Fund would: (i) transfer substantially all of its assets to the Acquiring Fund in exchange solely for common shares and preferred shares of the Acquiring Fund, and the Acquiring Fund s assumption of substantially all of the liabilities of the Acquired Fund; (ii) distribute such shares of the Acquiring Fund to the common shareholders and preferred shareholders of the Acquired Fund (with cash being issued in lieu of fractional common shares); and (iii) liquidate, dissolve and terminate in accordance with applicable law.

   (a) For the shareholders of each Acquired Fund, the common and preferred shareholders voting as a single class to approve the Agreement and Plan of Reorganization.

   (b) For the shareholders of the Acquiring Fund and each Acquired Fund, the preferred shareholders voting separately as a single class to approve the Agreement and Plan of Reorganization.

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

(a) For the shareholders of the Acquiring Fund, the common and preferred shareholders voting 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.

(b) For the shareholders of the Acquiring Fund, the common shareholders voting separately 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.

3. With respect to each Fund, to transact such other business as may properly come before the Special Meeting.

Only shareholders of record as of the close of business on September 28, 2012 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, 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.

Kevin J. McCarthy

Vice President and Secretary

The Nuveen Funds

The information contained in this Proxy Statement/Prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This Proxy Statement/Prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

NUVEEN FUNDS

333 WEST WACKER DRIVE

CHICAGO, ILLINOIS 60606

(800) 257-8787

Subject to completion, dated , 2012

JOINT PROXY STATEMENT/PROSPECTUS

NUVEEN NEW YORK AMT-FREE MUNICIPAL INCOME FUND (NRK, NRK PRC)

NUVEEN NEW YORK INVESTMENT QUALITY MUNICIPAL FUND, INC. (NQN)

NUVEEN NEW YORK SELECT QUALITY MUNICIPAL FUND, INC. (NVN)

NUVEEN NEW YORK QUALITY INCOME MUNICIPAL FUND, INC. (NUN)

NUVEEN NEW YORK PREMIUM INCOME MUNICIPAL FUND, INC. (NNF)

AND

NUVEEN NEW YORK DIVIDEND ADVANTAGE MUNICIPAL INCOME FUND (NKO)

(EACH, A FUND AND COLLECTIVELY, THE FUNDS)

, 2012

This Joint Proxy Statement/Prospectus is being furnished to the common and preferred shareholders of Nuveen New York AMT-Free Municipal Income Fund (AMT-Free Municipal Income or the Acquiring Fund) and the common shareholders of (i) Nuveen New York Investment Quality Municipal Fund, Inc. (Investment Quality); (ii) Nuveen New York Select Quality Municipal Fund, Inc. (Select Quality); (iii) Nuveen New York Quality Income Municipal Fund, Inc. (Quality Income); (iv) Nuveen New York Premium Income Municipal Fund, Inc. (Premium Income); and (v) Nuveen New York Dividend Advantage Municipal Income Fund (Dividend Advantage and collectively with Investment Quality, Select Quality, Quality Income and Premium Income, the Acquired Funds or, each individually, an Acquired Fund), each a closed-end management investment company, in connection with the solicitation of proxies by each Fund s Board of Trustees or Board of Directors, as applicable (each, a Board and each Trustee or Director, a Board Member) for use at a Special Meeting of 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 November 27, 2012, 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) to consider the proposals listed below and discussed in greater detail elsewhere in this Joint Proxy Statement/Prospectus. The enclosed proxy card and this Joint Proxy Statement/Prospectus are first being sent to shareholders of the Funds on or about , 2012. Shareholders of record of the Funds as of the close of business on September 28, 2012 are entitled to notice of, and to vote at, the Special Meeting and any and all adjournments or postponements thereof.

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

The securities offered by this Joint Proxy Statement/Prospectus have not been approved or disapproved by the Securities and Exchange Commission (SEC), nor has the SEC passed upon the accuracy or adequacy of this Joint Proxy Statement/Prospectus. Any representation to the contrary is a criminal offense.

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 proposals. Shareholders of a Fund who execute proxies may revoke them at any time before they are voted by filing with that Fund a written notice of revocation, by delivering a duly executed proxy bearing a later date, or by attending the Special Meeting and voting in person. Merely attending the Special Meeting, however, will not revoke any previously submitted proxy.

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

The following table indicates the proposals of each Fund for which the votes of common shareholders of each Fund and preferred shareholders of the Acquiring Fund are being solicited pursuant to this Joint Proxy Statement/Prospectus and which shareholders are solicited to vote with respect to each matter. Except as otherwise noted below, the common shareholders of a Fund vote together with the preferred shareholders as a single class.

Matter		**Common Shares**	**Preferred Shares**
For Shareholders of AMT-Free Municipal Income,			
1(b)	the preferred shareholders voting separately as a single class, to approve the Agreement and Plan of Reorganization,		X
2(a)	the common and preferred shareholders voting 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,	X	X
2(b)	the common shareholders voting separately 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.	X	
For Shareholders of Investment Quality,			
1(a)	the common and preferred shareholders voting as a single class, to approve the Agreement and Plan of Reorganization,	X	*
1(b)	the preferred shareholders voting separately as a single class, to approve the Agreement and Plan of Reorganization.		*
For Shareholders of Select Quality,			
1(a)	the common and preferred shareholders voting as a single class, to approve the Agreement and Plan of Reorganization,	X	*
1(b)	the preferred shareholders voting separately as a single class, to approve the Agreement and Plan of Reorganization.		*
For Shareholders of Quality Income,			
1(a)	the common and preferred shareholders voting as a single class, to approve the Agreement and Plan of Reorganization,	X	*
1(b)	the preferred shareholders voting separately as a single class, to approve the Agreement and Plan of Reorganization.		*

Matter		Common Shares	Preferred Shares
For Shareholders of Premium Income,			
1(a)	the common and preferred shareholders voting as a single class, to approve the Agreement and Plan of Reorganization,	X	*
1(b)	the preferred shareholders voting separately as a single class, to approve the Agreement and Plan of Reorganization.		*
For Shareholders of Dividend Advantage,			
1(a)	the common and preferred shareholders voting as a single class, to approve the Agreement and Plan of Reorganization,	X	*
1(b)	the preferred shareholders voting separately as a single class, to approve the Agreement and Plan of Reorganization.		*

* The Acquired Funds are separately soliciting the votes of holders of Variable MuniFund Term Preferred Shares (VMTP Shares) and Variable Rate Demand Preferred Shares (VRDP Shares), as applicable, on each of the foregoing proposals that require preferred shareholders to vote through a separate proxy statement. Holders of MuniFund Term Preferred Shares (MTP Shares) of the Acquiring Fund are being solicited through this Joint Proxy Statement/Prospectus.

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 by proxy or in person 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 (i) instructions have not been received from the beneficial owners or persons entitled to vote, and (ii) the broker or nominee does not have discretionary voting power on a particular matter) as present for purposes of determining a quorum.

Those persons who were shareholders of record at the close of business on September 28, 2012 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 September 30, 2012, the shares of the Funds issued and outstanding were as follows:

Fund & Ticker Symbol	Common Shares[1]	Preferred Shares Series	Preferred Shares Shares Outstanding	Exchange[2]
Acquiring Fund, NRK	3,506,560	MTP	2,768,000	NYSE MKT
Investment Quality, NQN	17,542,953	VRDP	1,123	N/A
Select Quality, NVN	23,230,215	VRDP	1,648	N/A
Quality Income, NUN	23,782,336	VRDP	1,617	N/A
Premium Income, NNF	8,254,571	VMTP	507	N/A
Dividend Advantage, NKO	7,937,131	VRDP	500	N/A

(1) The common shares of Investment Quality, Premium Income, Quality Income and Select Quality are listed on the New York Stock Exchange (NYSE). The common shares of Dividend Advantage and the Acquiring Fund are listed on NYSE MKT (formerly NYSE Amex). Upon the closing of the reorganizations, it is expected that the common shares of the Acquiring Fund will be listed on the NYSE MKT.

(2) MTP Shares of the Acquiring Fund are listed on NYSE MKT under the ticker symbol NRK PrC. VMTP Shares and VRDP Shares are not listed on any exchange.

The proposed reorganizations for the Acquiring Fund and Acquired Funds seek to combine six Funds that have substantially similar (but not identical) investment objectives, policies and risks to achieve certain economies of scale and other operational efficiencies for the Funds (each, a Reorganization and collectively, the Reorganizations). The Agreement and Plan of Reorganization by and among each Acquired Fund and the Acquiring Fund (the Agreement) provides for: (i) the Acquiring Fund s acquisition of substantially all of the assets of each Acquired Fund in exchange for newly issued common shares of the Acquiring Fund, par value $0.01 per share, and, newly issued VMTP Shares or VRDP Shares of the Acquiring Fund, as applicable, each with a par value of $0.01 per share and a liquidation preference of $100,000 per share, and the Acquiring Fund s assumption of substantially all of the liabilities of each Acquired Fund; and (ii) the distribution of the Acquiring Fund common shares and Acquiring Fund preferred shares received by each Acquired Fund to its common and preferred shareholders, respectively, as part of the liquidation, dissolution and termination of each Acquired Fund in accordance with applicable law. The aggregate net asset value of Acquiring Fund common shares received by each Acquired Fund in a Reorganization will equal, as of the Valuation Time (as such term is defined on page 24), the aggregate net asset value of Acquired Fund common shares held by shareholders of such Acquired Fund. Prior to the closing of the Reorganizations, the net asset value of each Acquired Fund and Acquiring Fund will be reduced by the costs of the Reorganization borne by such Fund. No fractional Acquiring Fund common shares will be issued to an Acquired Fund s shareholders in connection with the Reorganizations and, in lieu of such fractional shares, an Acquired Fund s shareholders will receive cash in an amount equal to the value received for such shares in the open market, which may be higher or lower than net asset value. Preferred shareholders of each Acquired Fund will receive the same number of Acquiring Fund VMTP Shares or VRDP Shares, respectively, 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 Acquired Fund held by such preferred shareholders immediately prior to the closing of the Reorganizations. The aggregate liquidation preference of the preferred shares issued by the Acquiring Fund in the Reorganizations will equal the aggregate liquidation preference of the corresponding Acquired Fund preferred shares held immediately prior to the Reorganizations.

All 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 existing outstanding preferred shares as to the payment of dividends and as to the distribution of assets in the event of the Acquiring Fund s liquidation. 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 as to the distribution of assets in the event of the Acquiring Fund s liquidation. 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/Prospectus.

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

The closing of each Reorganization is contingent upon the closing of all of the Reorganizations. In order for the Reorganizations to occur, each Fund must obtain all requisite shareholder approvals as well as certain consents, confirmations and/or waivers from various third parties, including liquidity providers with respect to VRDP Shares and rating agencies with respect to outstanding preferred shares. Because the closing of the Reorganizations is contingent on each Acquired Fund and the Acquiring Fund obtaining the requisite shareholder approvals and satisfying (or obtaining the waiver of) other closing conditions, it is possible that your Fund s Reorganization will not occur, even if shareholders of your Fund approve the Reorganization and your Fund satisfies all of its closing conditions. If the requisite shareholder approvals are not obtained, each Fund s Board may take such actions as it deems in the best interest of such Fund, including conducting additional solicitations with respect to the proposals or continuing to operate the Fund as a stand-alone fund.

This Joint Proxy Statement/Prospectus concisely sets forth the information shareholders of the Funds should know before voting on the proposals and constitutes an offering of common shares of the Acquiring Fund only. Shareholders should read it carefully and retain it for future reference.

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

(i) the Statement of Additional Information relating to the proposed Reorganizations, dated , 2012 (the Reorganization SAI);

(ii) the audited financial statements and related independent registered public accounting firm s report for the Acquiring Fund contained in the Fund s Annual Report for the fiscal year ended September 30, 2011;

(iii) the audited financial statements and related independent registered public accounting firm s report for each Acquired Fund contained in the Fund s Annual Report for the fiscal year ended September 30, 2011;

(iv) the unaudited financial statements for the Acquiring Fund contained in the Fund s Semi-Annual Report for the fiscal period ended March 31, 2012; and

(v) the unaudited financial statements for each Acquired Fund contained in the Fund s Semi-Annual Report for the fiscal period ended March 31, 2012.

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. If you wish to request a copy of the Reorganization SAI, please ask for the Reorganization SAI. In addition, the Acquiring Fund will furnish, without charge, a copy of its most recent Annual Report or Semi-Annual Report to a shareholder upon request. Any such request should be directed to the Acquiring Fund by calling (800) 257-8787 or by writing the Acquiring Fund 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 1934 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, including the Registration Statement on Form N-14 relating to the Acquiring Fund of which this Joint Proxy Statement/Prospectus is a part, 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 (3 World Financial Center, Suite 400, New York, New York 10281) or Chicago Regional Office (175 W. 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 Investment Quality, Select Quality, Quality Income and Premium Income are listed on the NYSE. The common shares of Dividend Advantage and the common shares and MTP Shares of the Acquiring Fund are listed on the NYSE MKT. VMTP Shares and VRDP Shares are not listed on any exchange. It is expected that the common shares of the Acquiring Fund to be issued in each Reorganization will be listed on the NYSE MKT. 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.

This Joint Proxy Statement/Prospectus serves as a prospectus of the Acquiring Fund in connection with the issuance of the Acquiring Fund common shares in each Reorganization. No person has been authorized to give any information or make any representation not contained in this Joint Proxy Statement/Prospectus and, if so given or made, such information or representation must not be relied upon as having been authorized. This Joint Proxy Statement/Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction in which, or to any person to whom, it is unlawful to make such offer or solicitation.

JOINT PROXY STATEMENT/PROSPECTUS

, 2012

NUVEEN NEW YORK AMT-FREE MUNICIPAL INCOME FUND (NRK, NRK PRC)

NUVEEN NEW YORK INVESTMENT QUALITY MUNICIPAL FUND, INC. (NQN)

NUVEEN NEW YORK SELECT QUALITY MUNICIPAL FUND, INC. (NVN)

NUVEEN NEW YORK QUALITY INCOME MUNICIPAL FUND, INC. (NUN)

NUVEEN NEW YORK PREMIUM INCOME MUNICIPAL FUND, INC. (NNF)

AND

NUVEEN NEW YORK DIVIDEND ADVANTAGE MUNICIPAL INCOME FUND (NKO)

(EACH, A FUND AND COLLECTIVELY, THE FUNDS)

TABLE OF CONTENTS

TABLE OF CONTENTS

(continued)

PROPOSAL NO. 1 REORGANIZATION OF EACH ACQUIRED FUND INTO THE ACQUIRING FUND (COMMON SHAREHOLDERS OF EACH ACQUIRED FUND AND PREFERRED SHAREHOLDERS OF THE ACQUIRING FUND)

A. SYNOPSIS

The following is a summary of certain information contained elsewhere in this Joint Proxy Statement/Prospectus with respect to the proposed Reorganizations and is qualified in its entirety by reference to the more complete information contained in this Joint Proxy Statement/Prospectus and in the Reorganization SAI and the appendices thereto. Shareholders should read the entire Joint Proxy Statement/Prospectus carefully. Certain capitalized terms used but not defined in this summary are defined elsewhere in this Joint Proxy Statement/Prospectus.

Background and Reasons for the Reorganizations

The Board of Nuveen s municipal closed-end funds has approved a series of mergers of single-state municipal closed-end funds, including the reorganization of each of the Acquired Funds into the Acquiring Fund. Each Board has determined that the Reorganization proposed for its Fund would be in the best interests of such Fund. The Acquiring Fund and the Acquired Funds have substantially similar investment objectives and policies, and comparable portfolio compositions. The proposed Reorganizations are intended to enhance the secondary trading market for common shares of the Funds and to result in lower operating expenses (excluding the costs of leverage) as a result of the larger size of the combined fund. Although the anticipated total annual operating expenses per common share of the combined fund is expected to be higher for Quality Income due to the increased levels of leverage in the combined fund, such leverage may produce higher returns for common shares over time. In order for the Reorganizations to occur, each Fund must obtain the requisite shareholder approvals as well as certain consents, confirmations and/or waivers from various third parties, including liquidity providers with respect to VRDP Shares and rating agencies with respect to outstanding preferred shares. Because the closing of the Reorganizations is contingent on all of the Acquired Funds and the Acquiring Fund satisfying (or obtaining the waiver of) their respective closing conditions, it is possible that your Fund s Reorganization will not occur, even if shareholders of your Fund approve the Reorganization and your Fund satisfies all of its closing conditions. If the requisite shareholder approvals are not obtained, each Fund s Board may take such actions as it deems in the best interest of the Fund including conducting additional solicitations with respect to the proposals or continuing to operate the Fund as a stand-alone 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, the Funds will receive an opinion of Vedder Price P.C., subject to certain representations, assumptions and conditions, substantially to the effect that each proposed Reorganization will qualify as a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code). In addition, Sidley Austin LLP, 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 VRDP Shares received in the Reorganizations of Investment Quality, Select Quality, Quality Income and Dividend Advantage by the holders of the VRDP Shares of the Acquired Funds will qualify as equity in the Acquiring Fund for federal income tax purposes. Similarly, K&L Gates LLP, 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 received in the Reorganization of Premium Income by holders of VMTP Shares of Premium Income will qualify as equity in the Acquiring Fund for federal income tax purposes. Accordingly, it is expected that no Fund will recognize gain or loss for federal income tax purposes as a direct result of the Reorganizations. Prior to the closing of the Reorganizations, each Acquired Fund expects to declare a distribution of all of its net investment income and net capital gains, if any. All or a portion of such distribution may be taxable to an Acquired Fund s shareholders for federal income tax purposes. In addition, to the extent that an Acquired Fund s portfolio securities are sold in connection with a Reorganization, such Acquired Fund may realize gains or losses, which may increase or decrease the net capital gain or net investment income to be distributed by the Acquired Fund. However, since each Acquired Fund s current portfolio composition is comparable to that of the Acquiring Fund and no Acquired Fund currently holds portfolio securities subject to the federal AMT, it is not currently expected that any significant portfolio sales will occur solely in connection with the Reorganizations (less than 5% of the assets of each Acquired Fund). It is expected that shareholders of each Acquired Fund who receive Acquiring Fund common shares or preferred shares pursuant to a Reorganization will recognize no gain or loss for federal income tax purposes, except that gain or loss may be recognized with respect to any cash received in lieu of fractional Acquiring Fund common shares being issued.

Comparison of the Acquiring Fund and Each Acquired Fund

General. Set forth below is certain comparative information about the organization, capitalization and operation of the Acquiring Fund and each Acquired Fund.

ORGANIZATION

Fund	Organization Date	State of Organization	Entity Type
Acquiring Fund	July 29, 2002	Massachusetts	business trust
Investment Quality	September 19, 1990	Minnesota	corporation
Select Quality	April 2, 1991	Minnesota	corporation
Quality Income	July 25, 1991	Minnesota	corporation
Premium Income	March 30, 1992	Minnesota	corporation
Dividend Advantage	July 12, 1999	Massachusetts	business trust

CAPITALIZATION COMMON SHARES

Fund	Authorized Shares	Shares Outstanding(1)	Par Value Per Share	Preemptive, Conversion or Exchange Rights	Rights to Cumulative Voting	Exchange on which Common Shares are Listed
Acquiring Fund	Unlimited	3,506,560	$0.01	None	None	NYSE MKT
Investment Quality	200,000,000	17,542,953	$0.01	None	None	NYSE
Select Quality	200,000,000	23,230,215	$0.01	None	None	NYSE
Quality Income	200,000,000	23,782,336	$0.01	None	None	NYSE
Premium Income	200,000,000	8,254,571	$0.01	None	None	NYSE
Dividend Advantage	Unlimited	7,937,131	$0.01	None	None	NYSE MKT

(1) As of September 30, 2012.

Upon the closing of the Reorganizations, it is expected that the common shares of the Acquiring Fund will be listed on the NYSE MKT.

The Acquiring Fund currently has 2,768,000 MTP Shares outstanding, par value of $0.01 per share and liquidation preference of $10.00 per share, which will remain outstanding following the completion of the Reorganizations. Each Acquired Fund, with the exception of Premium Income, has VRDP Shares outstanding, par value of $0.01 per share, with a $100,000 liquidation value per share, as follows: 1,123 for Investment Quality; 1,648 for Select Quality; 1,617 for Quality Income; and 500 for Dividend Advantage. Premium Income has 507 VMTP Shares outstanding, par value $0.01 per share, with a per share liquidation preference of $100,000 and a total liquidation value of $50,700,000. MTP Shares, VRDP Shares and VMTP Shares are entitled to one vote per share. The Acquiring Fund preferred shares to be issued in the Reorganizations (VMTP Shares or VRDP Shares, as applicable) will have rights and preferences that are substantially identical (with respect to VMTP Shares) or substantially similar (with respect to VRDP Shares), as of the closing of the Reorganizations, to those of the outstanding Acquired Fund preferred shares for which they are exchanged. Preferred shares issued by the Acquiring Fund in connection with the Reorganizations will rank equal to each other and with the outstanding Acquired Fund preferred shares as to the payment of dividends and the distribution of assets in the event of the Acquiring Fund s liquidation. In addition, preferred shares of the Acquiring Fund will have priority in all respects to the Acquiring Fund s common shares, as to the payment of dividends and the distribution of assets upon liquidation.

Investment Objectives and Policies. The Funds have substantially similar investment objectives and policies. The investment objectives of each Acquired Fund are to provide current income exempt from regular federal, New York State and New York City income taxes and to enhance portfolio value relative to the municipal bond market by investing in tax-exempt municipal bonds that the Fund s investment adviser, Nuveen Fund Advisors, Inc. (Nuveen Fund Advisors or the Adviser), believes are underrated or undervalued or that represent municipal market sectors that are undervalued. The Acquiring Fund s investment objectives are the same as those of each Acquired Fund, except that in addition to seeking to provide current income exempt from regular federal income tax and New York State and New York City income tax, the Acquiring Fund seeks to provide current income exempt from the federal alternative minimum tax applicable to individuals (the AMT).

Under normal circumstances, each Fund invests at least 80% of its net assets, including assets attributable to any principal amount of any borrowings (including the issuance of commercial paper or notes) or any preferred shares outstanding (Managed Assets), in municipal securities and other related investments the income from which is exempt from regular federal, New York State and New York City income taxes, and, with respect to the Acquiring Fund only, from the AMT.

Under normal circumstances, each Fund invests 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 nationally recognized statistical rating organization (NRSRO) or are unrated but judged to be of comparable quality by the Adviser. Each Fund may invest up to 20% of its Managed Assets in municipal securities that at the time of investment are rated below investment grade or are unrated but judged to be of comparable quality by the Adviser. No more than 10% of each 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 Adviser. If a municipal security satisfies the ratings requirements described above at the time of purchase, a Fund will not be required to dispose of the security upon a downgrade.

Each Fund may enter into certain derivative instruments in pursuit of its investment objectives. Such instruments include financial futures contracts, swap contracts (including credit default swaps and interest rate swaps), options on financial futures, options on swap contracts, or other derivative instruments. A Fund may not enter into a futures contract or related options or forward contracts if more than 30% of the Fund s net assets would be represented by futures contracts or more than 5% of the Fund s net assets would be committed to initial margin deposits and premiums on future contracts or related options.

Each Fund may invest up to 15% of its net assets in inverse floating rate securities. Inverse floating rate securities represent a leveraged investment in the underlying municipal bond deposited. Inverse floating rate securities offer the opportunity for higher income than the underlying bond, but will subject the Fund to the risk of lower or even no income if short-term interest rates rise sufficiently. By investing in an inverse floating rate security rather than directly in the underlying bond, the Fund will experience a greater increase in its common share net asset value if the underlying municipal bond increases in value, but will also experience a correspondingly larger decline in its common share net asset value if the underlying bond declines in value.

Each Fund may borrow money for repurchase of its shares or for temporary or emergency purposes, such as for the payment of dividends or the settlement of portfolio transactions.

Credit Quality. A comparison of the credit quality of the respective portfolios of the Acquiring Fund and the Acquired Funds, as of March 31, 2012, is set forth in the table below.

CREDIT QUALITY

Credit Rating	Acquiring Fund	Investment Quality	Select Quality	Quality Income	Premium Income	Dividend Advantage	Combined Fund Pro Forma[1]
Aaa/AAA*	17%	19%	20%	22%	20%	16%	20%
Aa/AA	41%	50%	48%	50%	53%	54%	49%
A/A	26%	16%	18%	17%	16%	22%	18%
Baa/BBB	12%	12%	11%	8%	8%	6%	10%
Ba/BB or Lower	N/A	2%	3%	2%	2%	1%	2%
Unrated	4%	1%	%[2]	1%	1%	1%	1%
TOTAL	100%	100%	100%	100%	100%	100%	100%

* Includes securities that are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.

(1) Reflects the effect of the Reorganizations.

(2) Rounds to less than 1%.

Leverage. Each Fund may utilize the following forms of leverage: (a) portfolio investments that have the economic effect of leverage, including but not limited to investments in futures, options and inverse floating rate securities, and (b) the issuance of preferred shares. 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:

LEVERAGE RATIOS

Acquiring Fund	2011	2010	2009
Asset Coverage Ratio	290.37%	294.60%	297.12%
Regulatory Leverage Ratio[1]	34.44%	33.94%	33.66%
Effective Leverage Ratio[2]	37.45%	36.93%	36.71%

LEVERAGE RATIOS

Investment Quality	2011	2010	2009
Asset Coverage Ratio	339.35%	342.23%	336.92%
Regulatory Leverage Ratio(1)	29.47%	29.22%	29.68%
Effective Leverage Ratio(2)	37.29%	37.01%	37.58%

Select Quality	2011	2010	2009
Asset Coverage Ratio	318.65%	322.21%	317.51%
Regulatory Leverage Ratio(1)	31.38%	31.04%	31.50%
Effective Leverage Ratio(2)	37.69%	37.31%	37.84%

Quality Income	2011	2010	2009
Asset Coverage Ratio	324.38%	329.21%	323.81%
Regulatory Leverage Ratio(1)	30.83%	30.38%	30.88%
Effective Leverage Ratio(2)	37.37%	36.90%	37.46%

Premium Income	2011	2010	2009
Asset Coverage Ratio	355.07%	357.56%	350.76%
Regulatory Leverage Ratio(1)	28.16%	27.97%	28.51%
Effective Leverage Ratio(2)	36.06%	35.89%	36.50%

Dividend Advantage	2011	2010	2009
Asset Coverage Ratio	343.55%	344.48%	340.81%
Regulatory Leverage Ratio(1)	29.11%	29.03%	29.34%
Effective Leverage Ratio(2)	34.57%	34.48%	34.82%

(1) Regulatory leverage consists of preferred shares or debt issued by the Fund. Both of these are part of a Fund s capital structure. Regulatory leverage is sometimes referred to as 1940 Act Leverage and is subject to asset coverage limits set forth in the 1940 Act.

(2) Effective leverage is a Fund s effective economic leverage, and includes both structural leverage and the leverage effects of certain derivative investments in the Fund s portfolio. Currently, the leverage effects of Tender Option Bond (TOB) inverse floater holdings, in addition to any structural leverage, are included in effective leverage ratios.

Board Members and Officers. The Acquiring Fund and the Acquired Funds have the same Board Members and officers. The management of each Fund, including general supervision of the duties performed by the Adviser under an investment management agreement between the Adviser and each Fund (an Investment Management Agreement), is the responsibility of its Board. Each Fund currently has ten (10) trustees or directors, one (1) of whom is an interested person (as defined in the 1940 Act) and nine (9) of whom are not interested persons (the independent directors/trustees). The names and business addresses of the Board Members and officers of the Funds and their principal occupations and other affiliations during the past five years are set forth in the Reorganization SAI under Management of the Funds.

While the Acquiring Fund and Acquired Funds have the same Board Members, the Acquiring Fund and Dividend Advantage (the Massachusetts Funds) have a board structure that is different from the structure for Investment Quality, Premium Income, Quality Income and Select Quality (the Minnesota Funds). All members of the Board of Directors of each Minnesota Fund stand for election each year. In contrast to the Minnesota Funds board structure, and pursuant to the Massachusetts Funds by-laws, the Board of Trustees of each Massachusetts Fund is divided into three classes (Class I, Class II and Class III) with staggered multi-year terms, such that only the members of one of the three classes stand for election each year. The staggered Board structure could delay for up to two years the election of a majority of the Board.

Investment Adviser. The Adviser, Nuveen Fund Advisors, is the investment adviser to each Fund and is responsible for investing each Fund s assets. The Adviser oversees the management of each Fund s portfolio, manages each Fund s business affairs and provides certain clerical, bookkeeping and other administrative services. Nuveen Fund Advisors is located at 333 West Wacker Drive, Chicago, Illinois 60606.

The Adviser, a registered investment adviser, is a wholly-owned subsidiary of Nuveen Investments Inc. Founded in 1898, Nuveen Investments and its affiliates had approximately $212 billion of assets under management as of June 30, 2012. On November 13, 2007, Nuveen Investments was acquired by investors led by Madison Dearborn Partners, LLC (the MDP Acquisition).

Nuveen Fund Advisors has selected its affiliate, Nuveen Asset Management, LLC (Nuveen Asset Management or the Sub-Adviser), located at 333 West Wacker Drive, Chicago, IL 60606, to serve as a sub-adviser to each of the Funds. Nuveen Asset Management manages the investment of the Funds assets on a discretionary basis, subject to the supervision of Nuveen Fund Advisors. Nuveen Asset Management is a wholly-owned subsidiary of Nuveen Fund Advisors and was appointed as Sub-Adviser effective in January 2011 as part of an internal restructuring of the Adviser.

Each Fund is dependent upon services and resources provided by its Adviser, and therefore the Adviser s parent, Nuveen Investments. Nuveen Investments significantly increased its level of debt in connection with the MDP Acquisition. While Nuveen Investments believes that monies generated from operations and cash on hand will be adequate to fund debt service requirements, capital expenditures and working capital requirements for the foreseeable future, there can be no assurance that Nuveen Investments business will generate sufficient cash flow from operations or that future borrowings will be available in an amount sufficient to enable Nuveen Investments to pay its indebtedness (with scheduled maturities beginning in 2014) or to fund its other liquidity needs. Nuveen Investments believes that potential adverse changes to its overall financial position and business operations would not adversely affect its or its affiliate s portfolio management operations and would not otherwise adversely affect its ability to fulfill its obligations to the Funds under the investment management agreements.

Pursuant to each Investment Management Agreement, each Fund s management fee consists of two components a complex-level component, based on the aggregate amount of all eligible fund assets managed by Nuveen Fund Advisors, and a fund-level component, based only on the amount of managed assets within such Fund. The pricing structure enables the Funds shareholders to benefit from growth in assets within each individual fund as well as from growth of complex-wide assets managed by Nuveen Fund Advisors.

The annual fund-level fee for Investment Quality, Select Quality, Quality Income and Premium Income, payable monthly, is calculated according to the following schedule:

Average Daily Managed Assets*	**Fund-Level Fee Rate (Investment Quality, Select Quality, Quality Income and Premium Income)**
For the first $125 million	0.4500%
For the next $125 million	0.4375%
For the next $250 million	0.4250%
For the next $500 million	0.4125%
For the next $1 billion	0.4000%
For the next $3 billion	0.3875%
For managed assets over $5 billion	0.3750%

The annual fund-level fee for the Acquiring Fund and Dividend Advantage, payable monthly, is calculated according to the following schedule:

Average Daily Managed Assets*	**Fund-Level Fee Rate (Acquiring Fund and Dividend Advantage)**
For the first $125 million	0.4500%
For the next $125 million	0.4375%
For the next $250 million	0.4250%
For the next $500 million	0.4125%
For the next $1 billion	0.4000%
For managed assets over $2 billion	0.3750%

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. Each Fund pays all of its other costs and expenses of its operations, including compensation of its Board Members (other than those affiliated with the Adviser), custodian, transfer agency and dividend disbursing expenses, legal fees, expenses of independent auditors, expenses of repurchasing shares, expenses of issuing any preferred shares, expenses of preparing, printing and distributing shareholder reports, notices, proxy statements and reports to governmental agencies, and taxes, if any. For the services provided pursuant to an investment sub-advisory agreement, Nuveen Fund Advisors pays Nuveen Asset Management a fee, payable monthly, equal to 38.462% of the management fee (net of applicable breakpoints, waivers and reimbursements) paid by the Funds to Nuveen Fund Advisors.

Due to the increased size of the combined fund, the effective fund-level fee rate as a percentage of average daily Managed Assets for the combined fund is expected to be lower than the current effective fund-level fee rate for the Acquiring Fund and each of the Acquired Funds. Each Fund also pays a complex-level fee to Nuveen Fund Advisors, which is payable monthly and is in addition to the fund-level fee. The complex-level fee is based on the aggregate daily amount of eligible assets for all Nuveen sponsored funds in the U.S., as stated in the table below. As of March 31, 2012, the complex-level fee rate for these Funds was 0.1735%.

The complex-level fee rate schedule is as follows:

Complex-Level Fee Rates

Complex-Level Managed Asset Breakpoint Level*	**Effective Rate at Breakpoint Level**
$55 billion	0.2000%
$56 billion	0.1996%
$57 billion	0.1989%
$60 billion	0.1961%
$63 billion	0.1931%
$66 billion	0.1900%
$71 billion	0.1851%
$76 billion	0.1806%
$80 billion	0.1773%
$91 billion	0.1691%
$125 billion	0.1599%
$200 billion	0.1505%
$250 billion	0.1469%
$300 billion	0.1445%

* For the fund-level and complex-level fees, managed assets include closed-end fund assets managed by the Adviser that are attributable to financial leverage. For these purposes, financial leverage includes the funds use of preferred stock and borrowings and certain investments in the residual interest certificates (also called inverse floating rate securities) in tender option bond (TOB) trusts, including the portion of assets held by a TOB trust that has been effectively financed by the trust s issuance of floating rate securities, subject to an agreement by the Adviser as to certain funds to limit the amount of such assets for determining managed assets in certain circumstances. The complex-level fee is calculated based upon the aggregate daily managed assets of all Nuveen Funds that constitute eligible assets. Eligible assets do not include assets attributable to investments in other Nuveen Funds or assets in excess of a determined amount (originally $2 billion) added to the Nuveen Fund complex in connection with Nuveen Fund Advisors assumption of the management of the former First American Funds effective January 1, 2011.

A discussion of the basis for the Board s most recent approval of each Fund s Investment Management Agreement and the Sub-Advisory Agreement will be included in the Fund s Annual Report for the period ended September 30, 2012.

Portfolio Management. Subject to the supervision of Nuveen Fund Advisors, Nuveen Asset Management is responsible for execution of specific investment strategies and day-to-day investment operations. Nuveen Asset Management manages the Funds using a team of analysts and a portfolio manager that focuses on a specific group of funds. Scott R. Romans, Ph.D., has served as the portfolio manager of the Acquiring Fund and each Acquired Fund since January 2011. Additional information regarding the portfolio manager s compensation, other accounts managed and ownership of securities is contained in the Reorganization SAI.

Scott R. Romans, Ph.D., is a Senior Vice President of Nuveen Asset Management. He has direct responsibility for managing approximately $6.96 billion of securities in 27 Nuveen-sponsored investment companies as of September 30, 2012. He joined Nuveen Investments in 2000 as a senior analyst in the education sector and moved to portfolio management in 2003. Mr. Romans earned his undergraduate degree from the University of Pennsylvania, an M.S.F. from the Illinois Institute of Technology Stuart School of Business, and an M.A. and Ph.D. from the University of Chicago.

Comparative Risk Information

Because the Funds have substantially similar investment strategies, the principal risks of each Fund are substantially similar. Each Fund is subject to credit risk, interest rate risk and other risks of investing primarily in a portfolio of municipal securities. Each Fund is also subject to the risks of concentrating its investments in a single state and is subject to the economic, political and other risks of the State of New York. Each Fund is subject to the risks associated with the use of inverse floating rate securities and the issuance of preferred shares. The principal risks of investing in the Acquiring Fund are described in more detail below. An investment in an Acquired Fund is also subject to each of these principal risks, with the exception of Non-Diversification Risk, which is applicable only to the Acquiring Fund and Dividend Advantage.

Comparative Expense Information

The purpose of the comparative fee table is to assist you in understanding the various costs and expenses of investing in common shares of the Funds. The information in the table reflects the fees and expenses for each Fund s fiscal year ended September 30, 2011, as adjusted as described in footnote 1 below, and the pro-forma expenses for the 12 months ended September 30, 2011, for the combined fund. The figures in the Example are not necessarily indicative of past or future expenses, and actual expenses may be greater or less than those shown. The Funds actual rates of return may be greater or less than the hypothetical 5% annual return shown in the Example.

Comparative Fee Table(1)

	Acquiring Fund	Investment Quality	Select Quality	Quality Income	Premium Income	Dividend Advantage	Combined Fund Pro Forma(2)
Management Fees	0.97%	0.96%	0.96%	0.96%	0.95%	0.95%	0.92%
Interest and Related Expenses from Inverse Floaters and Preferred Shares(3)	1.66%	0.67%	0.69%	0.58%	0.67%	0.72%	0.70%
Other Expenses	0.28%	0.10%	0.08%	0.09%	0.13%	0.10%	0.09%
Total Annual Expenses	2.91%	1.73%	1.73%	1.63%	1.75%	1.77%	1.71%

(1) Annual Expenses (as a percentage of net assets applicable to common shares) are based on the expenses of the Acquiring Fund and Acquired Funds for the twelve (12) months ended September 30, 2011, subject to the following adjustments. For Quality Income and Premium Income, Interest and Related Expenses from Inverse Floaters and Preferred Shares reflects annualized interest and related expenses for preferred shares that were outstanding for less than the 12-month period. For Quality Income and Premium Income, Other Expenses excludes expenses incurred during the 12-month period for auction fees and/or dividend disbursing agent fees associated with auction rate preferred shares that are no longer outstanding. For the Acquiring Fund and Dividend Advantage, fee and expense reimbursements that expired during the 12-month period and/or will expire during the current period are not reflected. It is important for you to understand that a decline in the Fund s average net assets applicable to common shares during the current fiscal year due to recent market volatility or other factors could cause each Fund s expense ratios for that Fund s current fiscal year to be higher than the expense information presented.

(2) The Combined Fund Pro Forma figures assume the consummation of the Reorganizations on September 30, 2011, and reflect average net assets applicable to common shares for the Acquiring Fund and the Acquired Funds for the 12-month period ended September 30, 2011. Combined Fund Pro Forma expenses do not include the expenses to be borne by the Funds in connection with the Reorganizations, which are estimated to be $210,000 (0.41%) for the Acquiring Fund, $300,000 (0.12%) for Investment Quality, $200,000 (0.06%) for Select Quality, $45,000 (0.01%) for Quality Income, $95,000 (0.08%) for Premium Income and $180,000 (0.15%) for Dividend Advantage.

(3) Interest and Related Expenses from Inverse Floaters arises because accounting rules require the Funds to treat interest paid by trusts issuing certain inverse floating rate investments held by the Funds as having been paid (indirectly) by the Funds. Because the Funds also recognize corresponding amounts of interest income (also indirectly), each Fund s common share net asset value, net investment income and total return are not affected by this accounting treatment. The actual Interest and Related Expenses from Inverse Floaters incurred in the future may be higher or lower. Dividends paid on each Fund s currently outstanding preferred shares are recognized as interest expense for financial reporting purposes.

Example: The following examples illustrate the expenses that a common shareholder would pay on a $1,000 investment that is held for the time periods provided in the table. The examples assume that all dividends and other distributions are reinvested and that Total Annual Expenses remain the same. The examples also assume a 5% annual return.

	1 Year	3 Years	5 Years	10 Years
Acquiring Fund	$ 29	$ 90	$ 153	$ 323
Investment Quality	$ 18	$ 54	$ 94	$ 204
Select Quality	$ 18	$ 54	$ 94	$ 204
Quality Income	$ 17	$ 51	$ 89	$ 193
Premium Income	$ 18	$ 55	$ 95	$ 206
Dividend Advantage	$ 18	$ 56	$ 96	$ 208
Combined Fund Pro Forma	$ 17	$ 54	$ 93	$ 202

Comparative Performance Information

Comparative total return performance for the Funds for periods ended March 31, 2012:

	Average Annual Total Return on Net Asset Value				Average Annual Total Return on Market Value			
Fund (Inception Date)	**One Year**	**Five Years**	**Ten Years**	**Since Inception**	**One Year**	**Five Years**	**Ten Years**	**Since Inception**
Acquiring Fund (11/21/02)	13.10%	5.45%		5.81%	15.60%	4.64%		5.04%
Investment Quality (11/20/90)	16.12%	6.02%	6.58%		20.22%	6.75%	7.10%	
Select Quality (5/22/91)	17.29%	6.04%	6.70%		18.43%	6.13%	7.17%	
Quality Income (11/20/91)	16.17%	5.88%	6.47%		17.13%	6.31%	6.73%	
Premium Income (12/17/92)	15.91%	5.86%	6.28%		15.76%	6.19%	6.48%	
Dividend Advantage (3/25/02)	14.66%	5.69%	6.64%		15.27%	4.69%	5.87%	

Average Annual Total Return on Net Asset Value is the combination of changes in common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvestment price for the last dividend declared in the period may often be based on the Fund s market price (and not its net asset value), and therefore may be different from the price used in the calculation. Average Annual Total Return on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances it may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized. Past performance information is not necessarily indicative of future results.

B. RISK FACTORS

Investment in the Acquiring Fund may not be appropriate for all investors. The Acquiring Fund is not intended to be a complete investment program and, due to the uncertainty inherent in all investments, there can be no assurance that the Fund will achieve its investment objectives. Investors should consider their long-term investment goals and financial needs when making an investment decision with respect to the Acquiring Fund. An investment in the Acquiring Fund is intended to be a long-term investment, and you should not view the Fund as a trading vehicle. Your shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions, if applicable.

Because the Funds have substantially similar investment strategies, the principal risks of each Fund are substantially similar. The principal risks of investing in the Acquiring Fund are described below. An investment in an Acquired Fund is also subject to each of these principal risks, with the exception of Non-Diversification Risk, which is applicable only to Acquiring Fund and Dividend Advantage. The risks and special considerations listed below should be considered by shareholders of each Fund in their evaluation of the Reorganizations.

Investment and Market Risk. An investment in the Funds shares is subject to investment risk, including the possible loss of the entire amount that you invest. Your investment in common shares represents an indirect investment in the municipal securities owned by a Fund, which generally trade in the over-the-counter markets. Your shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions, if applicable. In addition, the ability of municipalities to collect revenue and service their obligations could be materially and adversely affected by an economic downturn or prolonged recession.

Current Economic Conditions Credit Crisis Liquidity and Volatility Risk. Markets for credit instruments, including municipal securities, have experienced periods of extreme illiquidity and volatility since the latter half of 2007. General market uncertainty and consequent repricing risk have led to market imbalances of sellers and buyers, which in turn have resulted in significant valuation uncertainties in a variety of debt securities, including municipal securities. These conditions resulted, and in many cases continue to result, in greater volatility, less liquidity, widening credit spreads and a lack of price transparency, with many debt securities remaining illiquid and of uncertain value. These market conditions may make valuation of some of the Funds municipal securities uncertain and/or result in sudden and significant valuation increases or declines in its holdings. A significant decline in the value of your Fund s portfolio would likely result in a significant decline in the value of your common shares. In addition, illiquidity and volatility in the credit markets may directly and adversely affect distributions on the common shares and preferred shares. This volatility may also impact the liquidity of inverse floating rate securities in your Fund s portfolio. See Risk Factors Inverse Floating Rate Securities Risk.

In response to the current national economic condition, governmental cost burdens may be reallocated among federal, state and local governments. In addition, laws enacted in the future by Congress or state legislatures or referenda could extend the time for payment of principal and/or interest, or impose other constraints on enforcement of such obligations, or on the ability of municipalities to levy taxes. Issuers of municipal securities have and may seek protection under the bankruptcy laws. See Risk Factors Municipal Securities Market Risk.

Market Discount from Net Asset Value. Shares of closed-end investment companies may fluctuate and during certain periods trade at prices lower than net asset value. The Funds cannot predict whether their common shares will trade at, above or below net asset value. This characteristic is a risk separate and distinct from the risk that a Fund s net asset value could decrease as a result of investment activities. Investors bear a risk of loss to the extent that the price at which they sell their shares is lower in relation to the Fund s net asset value than at the time of purchase, assuming a stable net asset value. The common shares are designed primarily for long-term investors, and you should not view a Fund as a vehicle for trading purposes.

Credit and Below-Investment Grade Risk. Credit risk is the risk that one or more municipal securities in a Fund s portfolio will decline in price, or the issuer thereof will fail to pay interest or principal when due, because the issuer experiences a decline in its financial status. Credit risk is increased when a portfolio security is downgraded or the perceived creditworthiness of the issuer deteriorates. If a downgrade occurs, the Adviser will consider what action, including the sale of the security, is in the best interests of a Fund. Municipal securities of below-investment-grade quality are regarded as having predominantly speculative characteristics with respect to the issuer s capacity to pay interest and repay principal when due, and they are more susceptible to default or decline in market value due to adverse economic and business developments than investment-grade municipal securities. Also, to the extent that the rating assigned to a municipal security in a Fund s portfolio is downgraded by any NRSRO, the market price and liquidity of such security may be adversely affected. The market values for municipal securities of below-investment-grade quality tend to be volatile, and these securities are less liquid than investment-grade municipal securities. For these reasons, an investment in a Fund, compared with a portfolio consisting solely of investment-grade securities, may experience the following:

- increased price sensitivity resulting from a deteriorating economic environment and changing interest rates;
- greater risk of loss due to default or declining credit quality;
- adverse issuer-specific events that are more likely to render the issuer unable to make interest and/or principal payments; and
- the possibility that a negative perception of the below-investment-grade market develops, resulting in the price and liquidity of below-investment-grade securities becoming depressed, and this negative perception could last for a significant period of time.

Municipal Securities Market Risk. Investing in the municipal securities market involves certain risks. The municipal securities market is one in which dealer firms make markets in bonds on a principal basis using their proprietary capital, and during the recent market turmoil these firms capital became severely constrained. As a result, some firms were unwilling to commit their capital to purchase and to serve as a dealer for municipal securities. The amount of public information available about the municipal securities in each Fund s portfolio is generally less than that for corporate equities or bonds, and the Funds investment performance may therefore be more dependent on the Adviser s analytical abilities than if the Funds were to invest in stocks or taxable bonds. As noted above, the secondary market for municipal securities also tends to be less well developed or liquid than many other securities markets, which may adversely affect a Fund s ability to sell its municipal securities at attractive prices or at prices approximating those at which each Fund currently values them. Municipal securities may contain redemption provisions, which may allow the securities to be called or redeemed prior to their stated maturity, potentially resulting in the distribution of principal and a reduction in subsequent interest distributions.

The ability of municipal issuers to make timely payments of interest and principal may be diminished during general economic downturns and as governmental cost burdens are reallocated among federal, state and local governments. If the current national economic recession continues, the ability of municipalities to collect revenue and service their obligations could be materially and adversely affected. The taxing power of any government entity may be limited by provisions of state constitutions or laws, and an entity s credit will depend on many factors, including the entity s tax base, the extent to which the entity relies on federal or state aid, and other factors which are beyond the entity s control. In addition, laws enacted in the future by Congress or state legislatures or referenda could extend the time for payment of principal and/or interest, or impose other constraints on enforcement of such obligations, or on the ability of municipalities to levy taxes. Issuers of municipal securities might seek protection under the bankruptcy laws. In the event of bankruptcy of such an issuer, a Fund could experience delays in collecting principal and interest and a Fund may not, in all circumstances, be able to collect all principal and interest to which it is entitled. To enforce its rights in the event of a default in the payment of interest or repayment of principal, or both, a Fund may take possession of and manage the assets securing the issuer s obligations on such securities, which may increase a Fund s operating expenses. Any income derived from a Fund s ownership or operation of such assets may not be tax-exempt and may not be of the type that would allow a Fund to continue to qualify as a regulated investment company.

Revenue bonds issued by state or local agencies to finance the development of low-income, multi-family housing involve special risks in addition to those associated with municipal securities generally, including that the underlying properties may not generate sufficient income to pay expenses and interest costs. These bonds are generally non-recourse against the property owner, may be junior to the rights of others with an interest in the properties, may pay interest that changes based in part on the financial performance of the property, may be prepayable without penalty and may be used to finance the construction of housing developments which, until completed and rented, do not generate income to pay interest. Additionally, unusually high rates of default on the underlying mortgage loans may reduce revenues available for the payment of principal or interest on such mortgage revenue bonds.

Interest Rate Risk. Generally, when market interest rates rise, bond prices fall, and vice versa. Interest rate risk is the risk that the municipal securities in a Fund s portfolio will decline in value because of increases in market interest rates. In typical market interest rate environments, the prices of longer-term municipal securities generally fluctuate more than prices of shorter-term municipal securities as interest rates change.

Single State Risk. Each Fund invests its net assets in a portfolio of municipal securities that are exempt from regular federal, New York State and New York City income taxes, and with respect to the Acquiring Fund only, the AMT. Each Fund is therefore more susceptible to adverse political, economic or regulatory events affecting issuers of such securities. The information set forth below is derived from sources that are generally available to investors. The information is intended to give a recent historical description and is not intended to indicate future or continuing trends in the financial or other positions of the State of New York (the State) and The City of New York (the City).

It should be noted that the information recorded here primarily is based on the economic and budget forecasts found in certain recent publications issued by the State and the City. The accuracy and completeness of those publications have not been independently verified. There may be significant changes in circumstances altering the economic and budget predictions since the time of those publications or after the publication of this prospectus. Additionally, it should be noted that the creditworthiness of obligations issued by local New York issuers may be unrelated to the creditworthiness of obligations issued by the State and the City, and that there is no obligation on the part of the State to make payment on such local obligations in the event of default.

New York is the third most populous state in the nation and has a relatively high level of personal wealth. The State s economy is diverse, with a comparatively large share of the nation s financial activities, information, education and health services employment, and a very small share of the nation s farming and mining activity. The State s location and its air transport facilities and natural harbors have made it an important link in international commerce. Travel and tourism constitute an important part of the economy. Like the rest of the nation, the State has a declining proportion of its workforce engaged in manufacturing, and an increasing proportion engaged in service industries.

The economic downturn that began in 2008 had a severe impact on State finances. Actual receipts have been slow to recover, while fixed costs for debt service and fringe benefits have risen steadily, and demand for State services has grown. In Fiscal 2010, the State was required to take extraordinary actions to maintain balanced operations and sufficient liquidity, including enacting mid-year reductions to programs, instituting several rounds of agency spending reductions and deferring payments to local aid recipients and taxpayers. To avoid using its rainy day reserves, which are relied on during the fiscal year to provide liquidity, the State managed the timing of payments across fiscal years, including deferring payment not yet legally due from one fiscal year to the next fiscal year.

New York s economic recovery got underway in early calendar year 2010, coinciding with the State economy s response to the Federal Reserve s monetary policy. As home to the world s financial capital, the State economy is especially sensitive to monetary policy shifts. The strong economic stimulus provided by the Federal Reserve was reinforced by a weak dollar and strong foreign demand for State produced goods and services, particularly those related to tourism.

All of the risks to the national economy apply to the State economy as well, although as the nation s financial capital, the State (and the City) face significant uncertainty resulting from developments that have an impact on credit markets, such as the euro-debt crisis. Yet another financial crises induced recession would be devastating for the State economy. Even lesser risks, such as an erosion of equity prices, could be quite destabilizing to the financial sector and ultimately bonuses and State wages overall. These risks are compounded by the uncertainty surrounding the implementation of financial reform, which has altered the composition of bonus packages in favor of stock grants with long-term payouts and claw back provisions, thus affecting the forecast for taxable wages. A weaker labor market than expected could also result in lower wages, which in turn could result in weaker household consumption. Similarly, should financial and real estate markets be weaker than anticipated, taxable capital gains realizations could be negatively affected. These effects could ripple through the State economy, depressing both employment and wage growth. In contrast, stronger national and world economic growth, or a stronger upturn in stock prices, along with even stronger activity in mergers and acquisitions and other Wall Street activities, could result in higher wage and bonus growth than projected.

Similar to many municipal issuers, the credit crisis could also impact the State s ability to sell bonds at the level (or on the timetable) expected, which would result in less liquidity for the State in the current fiscal year. The finances of local governments in the State, particularly the City and its suburbs, may be similarly affected. In addition, the State currently faces significant budget gaps.

The State estimates that the gap-closing plan authorized in the enacted budget for Fiscal 2013 and the December 2011 legislative session, if implemented successfully, is sufficient to eliminate the General Fund budget gap of $3.5 billion in Fiscal 2013, and leaves budget gaps of approximately $950 million in Fiscal 2014, $3.4 billion in Fiscal 2015, and $4.1 billion in Fiscal 2016. The authorized gap-closing plan consists of approximately $2 billion in savings characterized as spending control and $1.5 billion in net new resources from tax reform initiatives approved in December 2011. The tax reform legislation approved in December 2011 is expected to generate an estimated $1.5 billion in net resources to help close the Fiscal 2013 budget gap. The tax code changes are expected to provide approximately $1.9 billion in additional receipts in Fiscal 2013. Of this amount, approximately $250 million will be used to mitigate the impact on the MTA from New York State tax law changes to the MTA mobility tax, and $135 million will be used for tax credits and employment initiatives.

The State s outstanding general obligation bonds were rated AA by S&P, AA by Fitch, and Aa2 by Moody s as of September 2012. These ratings reflect the State s credit quality only, and do not indicate the creditworthiness of other tax-exempt securities in which the Fund may invest.

The foregoing information constitutes only a brief summary of some of the general factors that may impact certain issuers of municipal securities and does not purport to be a complete or exhaustive description of all adverse conditions to which the issuers of municipal securities held by the Funds are subject. Additionally, many factors, including national economic, social and environmental policies and conditions, which are not within the control of the issuers of the municipal securities, could affect or could have an adverse impact on the financial condition of the issuers. The Funds are unable to predict whether or to what extent such factors or other factors may affect the issuers of the municipal securities, the market value or marketability of the municipal securities or the ability of the respective issuers of the municipal securities acquired by each Fund to pay interest on or principal of the municipal securities. This information has not been independently verified.

Inverse Floating Rate Securities Risk. Each Fund may invest up to 15% of its net assets in inverse floating rate securities, which are securities whose interest rates bear an inverse relationship to the interest rate on another security or the value of an index, and which represent a leveraged investment in underlying municipal bonds. Typically, an inverse floating rate security represents a residual beneficial interest in a special purpose trust into which a third-party sponsor has deposited municipal bonds, and which issues floating rate securities to short-term investors and inverse floating rate securities to long-term investors such as the Funds. Income on typical inverse floating rate securities will decrease when short-term interest rates increase and increase when short-term interest rates decrease, so investments in inverse floating rate securities offer the opportunity for higher income than the underlying bond, but will subject a Fund to the risk of lower or even no income if short-term interest rates rise sufficiently. Inverse floating rate securities represent a leveraged investment in the underlying municipal bond deposited. The value of an inverse floating rate security will increase or decrease in value by a multiple of the increase or decrease of the market value of its underlying bond due to changes in market interest rates or the bond s creditworthiness. That multiple is dependent on the ratio of the special purpose trust s floating rate securities to its inverse floating rate securities, and can exceed three times for more highly leveraged trusts. Thus, when investing in an inverse floating rate security rather than directly in the underlying bond, a Fund will experience a greater increase in its common net asset value if the underlying municipal bond increases in value, but will also experience a correspondingly larger decline in its common net asset value if the underlying bond declines in value, which will make a Fund s net asset value more volatile.

Each Fund may invest in inverse floating rate securities issued by special purpose trusts whose sponsors have recourse to the Fund pursuant to a separate shortfall and forbearance agreement. Such an agreement would require a Fund to reimburse the third-party sponsor of the trust, upon termination of the trust issuing the inverse floater, for the difference between the liquidation value of the bonds held in the trust and the principal amount due to the holders of floating rate securities issued by the trust. A Fund will enter into such a recourse agreement (i) when the liquidity provider with respect to the floating rate securities issued by the special purpose trust requires such a recourse agreement because the level of leverage in the special purpose trust exceeds the level that the liquidity provider is willing to support absent such an agreement; and/or (ii) to seek to prevent the liquidity provider from collapsing the special purpose trust in the event that the municipal obligation held in the trust has declined in value. In an instance where a Fund has entered such a recourse agreement, the Fund may suffer a loss that exceeds the amount of its original investment in the inverse floating rate securities; such loss could be as great as that original investment amount plus the face amount of the floating rate securities issued by the trust.

Inverse floating rate securities have varying degrees of liquidity or illiquidity (liquidity being the ability to raise cash by selling the investment in a timely manner at an attractive price) based in large part upon the liquidity of the underlying bonds deposited in a special purpose trust. The leverage attributable to such inverse floating rate securities may be called away on relatively short notice and therefore may be less permanent than more traditional forms of leverage. In such circumstances, a Fund may be required to sell securities at inopportune times or prices. Each Fund may be required to sell its inverse floating rate securities or its underlying municipal bonds at less than favorable prices, or liquidate other Fund portfolio holdings in certain circumstances, including, but not limited to, the following:

- If a Fund has a need for cash and the bonds in a special purpose trust are not actively trading due to adverse market conditions;

- If special purpose trust sponsors (as a collective group or individually) experience financial hardship and consequently seek to terminate their respective outstanding trusts; and

- If the value of an underlying bond declines significantly (to a level below the notional value of the floating rate securities issued by the trust) and if additional collateral has not been posted by the Fund.

Leverage Risk. Leverage risk is the risk associated with borrowings, the issuance of preferred shares or the use of inverse floating rate securities to leverage the common shares. There can be no assurance that a Fund s leveraging strategy will be successful. Through the use of financial leverage, the Funds seek to enhance potential common share earnings over time by borrowing or issuing preferred shares at short-term municipal rates and investing at long-term municipal rates which are typically, though not always, higher. The types of leverage used by the Funds may pay fixed rates of interest or dividends or may fluctuate with short-term yields. The benefits from leverage will be reduced (increased) to the extent that the difference narrows (widens) between the net earnings on a Fund s portfolio securities and its cost of leverage. If short-term rates rise and a Fund s leverage costs fluctuate, a Fund s cost of leverage could exceed the rate of return on longer-term bonds held by the Fund that were acquired during periods of lower interest rates, reducing returns to common shareholders. A Fund s cost of leverage includes both the interest rate paid on its borrowings or dividends on preferred shares as well as any ongoing fees and expenses associated with those borrowings or preferred shares. The Funds also bear the costs of borrowing facilities, issuing its shares and refinancing such leverage. To the extent that the Funds issue preferred shares with relatively short terms to redemption (e.g., MTP Shares or VMTP Shares), refinancing risk will increase. To the extent that Funds issue preferred shares with a liquidity provider feature (e.g., VRDP Shares), the Fund is subject to refinancing risk if the liquidity provider acquires VRDP Shares pursuant to its purchase obligation and holds them for six months of unsuccessful remarketings, triggering a mandatory redemption. Refinancing risk is the risk that the Fund is unable to replace existing leverage at all or on favorable terms. If the Fund is unable to replace its leverage upon a term redemption date of MTP Shares or VMTP Shares or upon a mandatory redemption of VRDP Shares, it may be forced to reduce leverage and sell portfolio securities when it otherwise would not do so. If the Fund is unable to replace existing leverage on comparable terms, its costs of leverage will increase. Accordingly, there is no assurance that the use of leverage may result in a higher yield or return to common shareholders.

A Fund s use of financial leverage also creates incremental common share net asset value risk because the full impact of price changes in the Fund s investment portfolio, including assets attributable to leverage, is borne by common shareholders. This can lead to a greater increase in net asset values in rising markets than if a Fund were not leveraged, but it also can result in a greater decrease in net asset values in declining markets. A Fund s use of financial leverage similarly can magnify the impact of changing market conditions on common share market prices. Each Fund is required to maintain certain regulatory and rating agency asset coverage requirements in connection with its outstanding preferred shares, in order to be able to maintain the ability to declare and pay common share distributions and to maintain the rating of its preferred shares. In order to maintain required asset coverage levels, a Fund may be required to alter the composition of its investment portfolio or take other actions, such as redeeming preferred shares with the proceeds from portfolio transactions, at what might be an inopportune time in the market. Such actions could reduce the net earnings or returns to common shareholders over time.

Each Fund may invest in the securities of other investment companies, which may themselves be leveraged and therefore present similar risks to those described above.

The amount of fees paid to the Adviser for investment advisory services will be higher when a Fund uses financial leverage because the advisory fees are calculated based on the Fund s Managed Assets.

Tax Risk. To qualify for the favorable U.S. federal income tax treatment generally accorded to regulated investment companies, among other things, a Fund must derive in each taxable year at least 90% of its gross income from certain prescribed sources. If for any taxable year a Fund does not qualify as a regulated investment company, all of its taxable income (including its net capital gain) would be subject to federal income tax at regular corporate rates without any deduction for distributions to shareholders, and all distributions from the Fund (including underlying distributions attributable to tax exempt interest income) would be taxable to shareholders as ordinary dividends to the extent of the Fund s current and accumulated earnings and profits.

The value of a Fund s investments and its net asset value may be adversely affected by changes in tax rates and policies. Because interest income from municipal securities held by a Fund is normally not subject to regular federal, New York State or New York City income tax and, in the case of the Acquiring Fund, the AMT, the attractiveness of municipal securities in relation to other investment alternatives is affected by changes in federal, New York State and New York City income tax rates or changes in the tax-exempt status of interest income from municipal securities. Any proposed or actual changes in such rates or exempt status, therefore, can significantly affect the demand for and supply, liquidity and marketability of municipal securities. This could in turn affect a Fund s net asset value and ability to acquire and dispose of municipal securities at desirable yield and price levels. Additionally, the Funds are not suitable investments for individual retirement accounts, for other tax-exempt or tax-deferred accounts or for investors who are not sensitive to the federal income tax consequences of their investments.

The Acquiring Fund s policy of generally investing in bonds that are exempt from the AMT applicable to individuals may prevent the Fund from investing in certain kinds of bonds and thereby limit the Fund s ability to optimally diversify its portfolio.

On September 12, 2011, President Obama submitted to Congress the American Jobs Act of 2011. If enacted in its proposed form, this Act generally would limit the exclusion from gross income of tax-exempt interest (which includes exempt-interest dividends received from the Acquiring Fund) for individuals whose adjusted gross income for federal income tax purposes exceeds certain thresholds for taxable years beginning on or after January 1, 2013 in order to provide a tax benefit not greater than 28% of such interest. Such proposal could affect the value of the municipal bonds owned by a Fund. The likelihood of the Act being enacted in the form introduced or in some other form cannot be predicted. Shareholders should consult their own tax advisers regarding the potential consequences of this Act on their investment in a Fund.

Taxability Risk. Each Fund will invest in municipal securities in reliance at the time of purchase on an opinion of bond counsel to the issuer that the interest paid on those securities will be excludable from gross income for regular federal income tax purposes, and the Adviser will not independently verify that opinion. Subsequent to a Fund s acquisition of such a municipal security, however, the security may be determined to pay, or to have paid, taxable income. As a result, the treatment of dividends previously paid or to be paid by a Fund as exempt-interest dividends could be adversely affected, subjecting a Fund s shareholders to increased federal income tax liabilities. In certain circumstances, a Fund will make payments to holders of preferred shares to offset the tax effects of a taxable distribution.

Under highly unusual circumstances, the Internal Revenue Service (the IRS) may determine that a municipal bond issued as tax-exempt should in fact be taxable. If a Fund held such a bond, it might have to distribute taxable ordinary income dividends or reclassify as taxable income amounts previously distributed as exempt-interest dividends. In addition, future legislation may change the tax treatment of municipal bond interest.

For federal income tax purposes, distributions of ordinary taxable income (including any net short-term capital gain) will be taxable to shareholders as ordinary income (and will not be eligible for favorable taxation as qualified dividend income), and capital gain dividends will be taxed at long-term capital gain rates.

Borrowing Risk. Each Fund may borrow money for repurchase of its shares or for temporary or emergency purposes, such as for the payment of dividends or the settlement of portfolio transactions. Borrowing may exaggerate changes in the net asset value of a Fund s common shares and may affect a Fund s net income. When a Fund borrows money, it must pay interest and other fees, which will reduce the Fund s returns if such costs exceed the returns on the portfolio securities purchased or retained with such borrowings. Any such borrowings are intended to be temporary. However, under certain market conditions, including periods of low demand or decreased liquidity in the municipal bond market, such borrowings might be outstanding for longer periods of time.

Inflation Risk. Inflation risk is the risk that the value of assets or income from investment will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the dividends paid to preferred shareholders may decline.

Special Risks Related to Certain Municipal Obligations. Each Fund may invest in municipal leases and certificates of participation in such leases. Municipal leases and certificates of participation involve special risks not normally associated with general obligations or revenue bonds. Leases and installment purchase or conditional sale contracts (which normally provide for title to the leased asset to pass eventually to the governmental issuer) have evolved as a means for governmental issuers to acquire property and equipment without meeting the constitutional and statutory requirements for the issuance of debt. The debt issuance limitations are deemed to be inapplicable because of the inclusion in many leases or contracts of non-appropriation clauses that relieve the governmental issuer of any obligation to make future payments under the lease or contract unless money is appropriated for such purpose by the appropriate legislative body on a yearly or other periodic basis. In addition, such leases or contracts may be subject to the temporary abatement of payments in the event the governmental issuer is prevented from maintaining occupancy of the leased premises or utilizing the leased equipment. Although the obligations may be secured by the leased equipment or facilities, the disposition of the property in the event of non-appropriation or foreclosure might prove difficult, time consuming and costly, and may result in a delay in recovering or the failure to fully recover a Fund s original investment. In the event of non-appropriation, the issuer would be in default and taking ownership of the assets may be a remedy available to a Fund, although each Fund does not anticipate that such a remedy would normally be pursued. To the extent that a Fund invests in unrated municipal leases or participates in such leases, the credit quality rating and risk of cancellation of such unrated leases will be monitored on an ongoing basis. Certificates of participation, which represent interests in unmanaged pools of municipal leases or installment contracts, involve the same risks as the underlying municipal leases. In addition, a Fund may be dependent upon the municipal authority issuing the certificates of participation to exercise remedies with respect to the underlying securities. Certificates of participation also entail a risk of default or bankruptcy, both of the issuer of the municipal lease and also the municipal agency issuing the certificate of participation.

Derivatives Risk. Each Fund s use of derivatives involves risks different from, and possibly greater than, the risks associated with investing directly in the investments underlying the derivatives. Whether a Fund s use of derivatives is successful will depend on, among other things, if the Adviser correctly forecasts market values, interest rates and other applicable factors. If the Adviser incorrectly forecasts these and other factors, the investment performance of a Fund will be unfavorably affected. In addition, the derivatives market is largely unregulated. It is possible that developments in the derivatives market could adversely affect a Fund s ability to successfully use derivative instruments.

Each Fund may enter into debt-related derivatives instruments including credit default swap contracts and interest rate swaps. Like most derivative instruments, the use of swaps is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. In addition, the use of swaps requires an understanding by the Adviser of not only of the referenced asset, rate or index, but also of the swap itself. Because they are two-party contracts and because they may have terms of greater than seven days, swap agreements may be considered to be illiquid. Moreover, a Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or bankruptcy of a swap agreement counterparty. It is possible that developments in the swaps market, including potential government regulation, could adversely affect a Fund s ability to terminate existing swap agreements or to realize amounts to be received under such agreements. See Counterparty Risk and Hedging Risk and the Reorganization SAI.

Hedging Risk. Each Fund s use of derivatives or other transactions to reduce risk involves costs and will be subject to the Adviser s ability to predict correctly changes in the relationships of such hedge instruments to the Fund s portfolio holdings or other factors. No assurance can be given that the Adviser s judgment in this respect will be correct. In addition, no assurance can be given that a Fund will enter into hedging or other transactions at times or under circumstances in which it may be advisable to do so.

Other Investment Companies Risk. Each Fund may invest in the securities of other investment companies. Such securities may be leveraged. As a result, a Fund may be indirectly exposed to leverage through an investment in such securities. Utilization of leverage is a speculative investment technique and involves certain risks. An investment in securities of other investment companies that are leveraged may expose a Fund to higher volatility in the market value of such securities and the possibility that a Fund s long-term returns on such securities will be diminished.

Deflation Risk. Deflation risk is the risk that prices throughout the economy decline over time, which may have an adverse effect on the market valuation of companies, their assets and revenues. In addition, deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of a Fund s portfolio.

Counterparty Risk. Changes in the credit quality of the companies that serve as a Fund s counterparties with respec