

NELSON RONALD L  
 Form 4  
 April 23, 2009

**FORM 4**

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

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 NELSON RONALD L

(Last) (First) (Middle)

CONVERGYS CORPORATION, 201 EAST FOURTH STREET

(Street)

CINCINNATI, OH 45202

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
 CONVERGYS CORP [CVG]

3. Date of Earliest Transaction (Month/Day/Year)  
 04/21/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Shares	04/21/2009		A		8,390	A	\$ 0 (1)
Common Shares	04/21/2009		A		699	A	\$ 0 (1)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
 (9-02)

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Beneficially (Instr. 5)
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## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
NELSON RONALD L CONVERGYS CORPORATION 201 EAST FOURTH STREET CINCINNATI, OH 45202		X		

## Signatures

/s/ Ronald L. Nelson                      04/23/2009

\_\_Signature of Reporting Person                      Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Award of time-based restricted stock units.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. Provisions (2) Ratings (3) Value

-----  
Consumer Staples - 6.2% (4.2% of Total Investments) \$ 2,025 Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed 5/12 at 100.00 BBB \$ 2,062,645 Refunding Bonds, Series 2002, 5.375%, 5/15/33  
-----

Education and Civic Organizations - 11.8% (8.0% of Total Investments) 2,000 Ohio Higher Education Facilities Commission, Revenue Bonds, Case Western 10/12 at 100.00 AA- 2,181,860 Reserve University, Series 2002B, 5.500%, 10/01/22 1,125 Ohio Higher Education Facilities Commission, Revenue Bonds, Ohio Northern 5/12 at 100.00 A2 1,227,645 University, Series 2002, 5.750%, 5/01/16 500 Ohio Higher Education Facilities Commission, Revenue Bonds, Wittenberg 12/15 at 100.00 Baa1 511,080 University, Series 2005, 5.000%, 12/01/24

	----- 3,625
Total Education and Civic Organizations 3,920,585	
	----- Health
Care - 18.4% (12.4% of Total Investments) 530 Akron, Bath and Copley Joint Township Hospital District, Ohio, Hospital No Opt. Call Baa1 537,060 Facilities Revenue Bonds, Summa Health System, Series 1998A, 5.000%, 11/15/08 1,750 Erie County, Ohio, Hospital Facilities Revenue Bonds, Firelands Regional 8/12 at 101.00 A 1,846,495 Medical Center, Series 2002A, 5.500%, 8/15/22 1,000 Montgomery County, Ohio, Revenue Bonds, Catholic Health Initiatives, 9/11 at 100.00 AA 1,079,030 Series 2001, 5.500%, 9/01/12 500 Montgomery County, Ohio, Revenue Bonds, Catholic Health Initiatives, 5/14 at 100.00 AA 512,530 Series 2004A, 5.000%, 5/01/30 1,000 Parma Community General Hospital Association, Ohio, Hospital Revenue 11/08 at 101.00 A- 1,022,830 Refunding and Improvement Bonds, Series 1998, 5.375%, 11/01/29 1,000 Richland County, Ohio, Hospital Facilities Revenue Improvement Bonds, 11/10 at 101.00 A- 1,083,250 MedCentral Health System Obligated Group, Series 2000B, 6.375%, 11/15/30	
	----- 5,780
Total Health Care 6,081,195	
	-----
Housing/Single Family - 4.1% (2.8% of Total Investments) 255 Ohio Housing Finance Agency, GNMA Mortgage-Backed Securities Program 8/10 at 100.00 Aaa 257,986 Residential Mortgage Revenue Bonds, Series 2000C, 6.050%, 3/01/32 (Alternative Minimum Tax) 725 Ohio Housing Finance Agency, GNMA Mortgage-Backed Securities Program 8/10 at 100.00 Aaa 739,906 Residential Mortgage Revenue Bonds, Series 2000D, 5.450%, 9/01/31 (Alternative Minimum Tax) 345 Ohio Housing Finance Agency, GNMA Mortgage-Backed Securities Program 8/10 at 100.00 Aaa 352,883 Residential Mortgage Revenue Bonds, Series 2000F, 5.625%, 9/01/16	
	----- 1,325
Total Housing/Single Family 1,350,775	
	-----
Long-Term Care - 1.5% (1.0% of Total Investments) 500 Hamilton County, Ohio, Healthcare Facilities Improvement Revenue Bonds, 10/08 at 102.00 BBB 521,630 Twin Towers, Series 1999A, 5.750%, 10/01/19	
	----- Tax
Obligation/General - 45.0% (30.4% of Total Investments) 2,000 Canal Winchester Local School District, Franklin and Fairfield Counties, 12/08 at 102.00 AAA 2,117,940 Ohio, Unlimited Tax General Obligation School Improvement Bonds, Series 1998, 5.300%, 12/01/25 - FGIC Insured 300 Cuyahoga County, Ohio, General Obligation Bonds, Series 2004, 5.000%, 12/14 at 100.00 AA+ 319,710 12/01/21 1,475 Eaton City School District, Preble County, Ohio, General Obligation Bonds, 12/12 at 101.00 Aaa 1,652,502 Series 2002, 5.750%, 12/01/21 - FGIC Insured 48 Principal Optional Call Amount (000) Description (1) Provisions (2) Ratings (3) Value	
	----- Tax
Obligation/General (continued) \$ 2,000 Granville Exempt Village School District, Ohio, General Obligation Bonds, 12/11 at 100.00 Aa2 \$ 2,155,880 Series 2001, 5.500%, 12/01/28 1,000 Kenston Local School District, Geauga County, Ohio, General Obligation 6/13 at 100.00 Aaa 1,054,960 Bonds, Series 2003, 5.000%, 12/01/22 - MBIA Insured 1,270 Lorain, Ohio, General Obligation Bonds, Series 2002, 5.125%, 12/01/26 - 12/12 at 100.00 Aaa 1,332,929 AMBAC Insured 1,190 Miami East Local School District, Miami County, Ohio, General Obligation 12/12 at 100.00 AAA 1,264,042 Bonds, Series 2002, 5.125%, 12/01/29 - FSA Insured 1,000 Ohio, Common Schools Capital Facilities, General Obligation Bonds, Series 9/11 at 100.00 AA+ 1,061,020 2001B, 5.000%, 9/15/20 1,000 Olentangy Local School District, Delaware and Franklin Counties, Ohio, 6/14 at 100.00 AAA 1,090,970 General Obligation Bonds, Series 2004A, 5.250%, 12/01/21 - FGIC Insured 1,535 Pickerington Local School District, Fairfield and Franklin Counties, Ohio, 12/11 at 100.00 AAA 1,653,302 General Obligation Bonds, School Facilities Construction and Improvement, Series 2001, 5.250%, 12/01/20 - FGIC Insured 1,130 Solon, Ohio, General Obligation Refunding and Improvement Bonds, Series 12/12 at 100.00 AA+ 1,204,716 2002, 5.000%, 12/01/18	
	----- 13,900
Total Tax Obligation/General 14,907,971	
	----- Tax
Obligation/Limited - 21.3% (14.4% of Total Investments) 1,000 Midview Local School District, Lorain County, Ohio,	

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Certificates of 5/13 at 100.00 A 1,022,500 Participation, Series 2003, 5.000%, 11/01/30 1,250 Ohio State Building Authority, State Facilities Bonds, Administrative 4/12 at 100.00 AAA 1,363,263 Building Fund Projects, Series 2002A, 5.500%, 4/01/18 - FSA Insured 200 Ohio State Building Authority, State Facilities Bonds, Administrative 4/15 at 100.00 AAA 210,890 Building Fund Projects, Series 2005A, 5.000%, 4/01/25 - FSA Insured 2,000 Ohio, State Appropriation Lease Bonds, Higher Education Capital No Opt. Call AAA 2,150,260 Facilities, Series 2002A-II, 5.500%, 12/01/09 - MBIA Insured 2,000 Puerto Rico Public Buildings Authority, Guaranteed Government Facilities No Opt. Call AAA 2,303,897 Revenue Bonds, Series 1993L, 5.500%, 7/01/21 - FSA Insured

----- 6,450

Total Tax Obligation/Limited 7,050,810

Transportation - 9.0% (6.1% of Total Investments) 1,140 Columbus Municipal Airport Authority, Ohio, Airport Improvement Revenue No Opt. Call AAA 1,221,385 Bonds, Port Columbus International Airport Project, Series 1998B, 5.250%, 1/01/11 - AMBAC Insured 1,550 Ohio Turnpike Commission, Revenue Bonds, Series 1998A, 5.500%, 2/15/18 - No Opt. Call AAA 1,771,201 FGIC Insured

----- 2,690

Total Transportation 2,992,586

----- U.S.

Guaranteed - 19.5% (13.2% of Total Investments) (4) 1,000 Akron, Ohio, Sanitary Sewer System Revenue Refunding Bonds, Series 1997, 12/06 at 101.00 AAA 1,028,850 5.550%, 12/01/16 (Pre-refunded 12/01/06) - MBIA Insured 1,500 Hamilton County, Ohio, Sewer System Revenue Refunding and Improvement 12/11 at 100.00 AAA 1,632,810 Bonds, Metropolitan Sewer District of Greater Cincinnati, Series 2001A, 5.250%, 12/01/18 (Pre-refunded 12/01/11) - MBIA Insured 1,000 Hilliard, Ohio, General Obligation Bonds, Series 2002, 5.375%, 12/01/22 12/12 at 100.00 AA- (4) 1,104,590 (Pre-refunded 12/01/12) 1,425 Montgomery County, Ohio, Hospital Facilities Revenue Bonds, Kettering 4/10 at 101.00 A (4) 1,612,088 Medical Center, Series 1999, 6.750%, 4/01/18 (Pre-refunded 4/01/10) 1,000 Ohio State University, General Receipts Bonds, Series 1999A, 5.800%, 12/09 at 101.00 AA (4) 1,093,740 12/01/29 (Pre-refunded 12/01/09)

----- 5,925

Total U.S. Guaranteed 6,472,078

----- 49

Nuveen Ohio Dividend Advantage Municipal Fund 3 (NVJ) (continued) Portfolio of Investments January 31, 2006 (Unaudited) Principal Optional Call Amount (000) Description (1) Provisions (2) Ratings (3) Value

----- Utilities

- 4.9% (3.3% of Total Investments) \$ 1,500 American Municipal Power Ohio Inc., Wadsworth, Electric System 2/12 at 100.00 Aaa \$ 1,611,750 Improvement Revenue Bonds, Series 2002, 5.250%, 2/15/17 - MBIA Insured

----- Water

and Sewer - 4.8% (3.2% of Total Investments) 1,500 Ohio Water Development Authority, Revenue Bonds, Fresh Water Development, 12/11 at 100.00 AAA 1,585,830 Series 2001A, 5.000%, 12/01/21 - FSA Insured

----- \$ 45,220

Total Long-Term Investments (cost \$45,976,775) - 146.5% 48,557,855

Short-Term Investments - 1.7% (1.0% of Total Investments) 550 Puerto Rico Government Development Bank, Adjustable Refunding Bonds, No Opt. Call VMIG-1 550,000 Variable Rate Demand Obligations, Series 1985, 2.930%, 12/01/15 - MBIA Insured (5)

----- \$ 550

Total Short-Term Investments (cost \$550,000) 550,000

Total Investments (cost \$46,526,775) - 148.2% 49,107,855

----- Other Assets Less

Liabilities - 1.6% 522,317

----- Preferred Shares, at

Liquidation Value - (49.8)% (16,500,000)

Explanation of Responses:

----- Net Assets

Applicable to Common Shares - 100% \$ 33,130,172

=====  
 (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted. (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns. (3) Ratings: Using the higher of Standard & Poor's or Moody's rating. Ratings below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade. (4) Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities. (5) Security has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term investment. The rate disclosed is that in effect at the end of the reporting period. This rate changes periodically based on market conditions or a specified market index. See accompanying notes to financial statements. 50 Statement of Assets and Liabilities January 31, 2006 (Unaudited) Michigan Michigan Michigan Quality Premium Dividend Income Income Advantage (NUM) (NMP) (NZW)

----- Assets Investments, at value  
 (cost \$256,014,375, \$163,304,801 and \$44,070,284, respectively) \$272,405,027 \$171,668,935 \$ 46,404,060 Cash -- --  
 385,350 Interest receivable 3,122,410 2,265,680 554,672 Unrealized appreciation on forward swaps -- -- 43,423 Other  
 assets 16,496 7,576 7,947 -----  
 Total assets 275,543,933 173,942,191 47,395,452

----- Liabilities Cash overdraft  
 14,495 460,256 -- Accrued expenses: Management fees 148,005 93,808 13,685 Other 63,823 49,771 6,971 Preferred  
 share dividends payable 32,181 15,761 7,888

----- Total liabilities 258,504  
 619,596 28,544 ----- Preferred  
 shares, at liquidation value 94,000,000 56,000,000 16,000,000

----- Net assets applicable to  
 Common shares \$181,285,429 \$117,322,595 \$ 31,366,908

=====  
 Common shares outstanding 11,714,953 7,748,342 2,062,472

=====  
 Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares  
 outstanding) \$ 15.47 \$ 15.14 \$ 15.21

=====  
 Net assets applicable to Common shares consist of:

----- Common shares, \$.01 par  
 value per share \$ 117,150 \$ 77,483 \$ 20,625 Paid-in surplus 163,946,943 108,352,273 29,206,502 Undistributed  
 (over-distribution of) net investment income 553,499 425,196 175,322 Accumulated net realized gain (loss) from  
 investments and derivative transactions 277,185 103,509 (412,740) Net unrealized appreciation (depreciation) of  
 investments and derivative transactions 16,390,652 8,364,134 2,377,199

----- Net assets applicable to  
 Common shares \$181,285,429 \$117,322,595 \$ 31,366,908

=====  
 Authorized shares: Common 200,000,000 200,000,000 Unlimited Preferred 1,000,000 1,000,000 Unlimited

=====  
 See accompanying notes to financial statements. 51 Statement of Assets and Liabilities January 31, 2006 (Unaudited)  
 (continued) Ohio Ohio Ohio Ohio Quality Dividend Dividend Dividend Income Advantage Advantage 2 Advantage 3  
 (NUO) (NXI) (NBj) (NVj)

----- Assets  
 Investments, at value (cost \$222,344,877, \$90,738,065, \$67,955,909 and \$46,526,775, respectively) \$232,638,734 \$  
 95,138,830 \$ 70,634,494 \$ 49,107,855 Cash 147,758 -- -- Interest receivable 2,754,646 1,180,173 749,048 592,728

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Unrealized appreciation on forward swaps -- -- -- --	Other assets	4,286	3,113	8,049	2,962	
						----- Total assets
235,545,424	96,322,116	71,391,591	49,703,545			
						----- Liabilities
overdraft --	460,576	267,043	38,040	Accrued expenses: Management fees	126,889	27,661
	20,529	14,317	Other	71,981	16,413	11,558
	11,425	Preferred share dividends payable	25,738	15,283	3,746	9,591
						----- Total liabilities
224,608	519,933	302,876	73,373			
						----- Preferred shares,
at liquidation value	77,000,000	31,000,000	24,000,000	16,500,000		
						----- Net assets
applicable to Common shares	\$158,320,816	\$ 64,802,183	\$ 47,088,715	\$ 33,130,172		
=====						
Common shares outstanding	9,727,482	4,239,643	3,119,982	2,157,883		
=====						
Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	\$ 16.28	\$ 15.28	\$ 15.09	\$ 15.35		
=====						
Net assets applicable to Common shares consist of:						
						----- Common shares,
\$.01 par value per share	\$ 97,275	\$ 42,396	\$ 31,200	\$ 21,579	Paid-in surplus	147,505,013
	60,198,592	44,232,309	30,532,224	Undistributed (Over-distribution of) net investment income	405,983	160,407
	86,821	209	Accumulated net realized gain (loss) from investments and derivative transactions	18,688	23	59,800
	(4,920)	Net unrealized appreciation (depreciation) of investments and derivative transactions	10,293,857	4,400,765	2,678,585	2,581,080
						----- Net assets
applicable to Common shares	\$158,320,816	\$ 64,802,183	\$ 47,088,715	\$ 33,130,172		
=====						
Authorized shares: Common	200,000,000	Unlimited	Unlimited	Unlimited	Preferred	1,000,000
	Unlimited	Unlimited				
=====						
See accompanying notes to financial statements. 52 Statement of Operations Six Months Ended January 31, 2006 (Unaudited) Michigan Michigan Michigan Quality Premium Dividend Income Income Advantage (NUM) (NMP) (NZW)						
	----- Investment Income \$					
6,724,150	\$ 4,255,465	\$ 1,130,026				
						----- Expenses
882,899	560,503	153,265	Preferred shares - auction fees	120,297	71,650	20,472
	Preferred shares - dividend disbursing agent fees	10,932	10,575	5,041	Shareholders' servicing agent fees and expenses	13,651
	10,300	418	Custodian's fees and expenses	44,305	22,667	9,464
	Directors'/Trustees' fees and expenses	2,795	1,799	507	Professional fees	9,502
	7,673	5,233	Shareholders' reports - printing and mailing expenses	19,864	9,705	5,008
	Stock exchange listing fees	5,281	5,294	88	Investor relations expense	18,060
	11,690	3,143	Other expenses	14,474	8,023	5,897
						----- Total expenses before
	custodian fee credit and expense reimbursement	1,142,060	719,879	208,536	Custodian fee credit	(16,261)
	(7,165)	(2,779)	Expense reimbursement -- --	(71,859)		
						----- Net expenses
712,714	133,898					
						----- Net
investment income	5,598,351	3,542,751	996,128			
						----- Realized and Unrealized
Gain (Loss) Net realized gain (loss) from investments	837,604	314,920	37,454	Net realized gain (loss) from forward swaps -- --	363	Change in net unrealized appreciation (depreciation) of investments
	(3,630,717)	(1,918,091)	(436,231)	Change in net unrealized appreciation (depreciation) of forward swaps -- --	48,645	
						----- Net realized and unrealized

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gain (loss) (2,793,113) (1,603,171) (349,769)

---

Distributions to Preferred Shareholders

From net investment income (1,058,319) (603,700) (193,328) From accumulated net realized gains (204,980) (177,593) --

---

Decrease in net assets applicable to Common shares from distributions to Preferred shareholders (1,263,299) (781,293) (193,328) ----- Net increase (decrease) in net assets applicable to Common shares from operations \$ 1,541,939 \$ 1,158,287 \$ 453,031

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See accompanying notes to financial statements. 53 Statement of Operations Six Months Ended January 31, 2006 (Unaudited) (continued) Ohio Ohio Ohio Ohio Quality Dividend Dividend Dividend Income Advantage Advantage 2 Advantage 3 (NUO) (NXI) (NBj) (NVJ)

---

Investment

Income \$ 5,762,778 \$ 2,283,023 \$ 1,636,043 \$ 1,158,348

---

Expenses

Management fees 754,921 310,093 230,301 160,465 Preferred shares - auction fees 98,521 39,620 30,748 21,110 Preferred shares - dividend disbursing agent fees 15,123 5,041 5,039 5,041 Shareholders' servicing agent fees and expenses 15,014 732 630 510 Custodian's fees and expenses 32,319 15,612 14,299 7,089 Directors'/Trustees' fees and expenses 2,170 1,037 745 545 Professional fees 7,877 6,102 5,711 5,205 Shareholders' reports - printing and mailing expenses 4,374 8,133 6,541 5,091 Stock exchange listing fees 5,322 182 134 92 Investor relations expense 15,646 6,171 4,642 3,373 Other expenses 10,835 7,261 5,832 5,100

---

Total expenses

before custodian fee credit and expense reimbursement 962,122 399,984 304,622 213,621 Custodian fee credit (5,856) (9,576) (8,017) (4,291) Expense reimbursement -- (145,387) (107,977) (75,234)

---

Net expenses

956,266 245,021 188,628 134,096

---

Net investment

income 4,806,512 2,038,002 1,447,415 1,024,252

---

Realized and

Unrealized Gain (Loss) Net realized gain (loss) from investments 29,329 24,166 131,179 (137) Net realized gain (loss) from forward swaps -- -- -- -- Change in net unrealized appreciation (depreciation) of investments (2,021,903) (772,515) (694,013) (412,479) Change in net unrealized appreciation (depreciation) of forward swaps -- -- -- --

---

Net realized and

unrealized gain (loss) (1,992,574) (748,349) (562,834) (412,616)

---

Distributions to Preferred Shareholders

From net investment income (919,230) (380,806) (286,513) (210,762) From accumulated net realized gains (76,287) (18,831) (22,844) --

---

Decrease in net

assets applicable to Common shares from distributions to Preferred shareholders (995,517) (399,637) (309,357) (210,762) ----- Net increase (decrease) in net assets applicable to Common shares from operations \$ 1,818,421 \$ 890,016 \$ 575,224 \$ 400,874

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See accompanying notes to financial statements. 54 Statement of Changes in Net Assets (Unaudited) Michigan Michigan Quality Income (NUM) Premium Income (NMP) ----- Six Months Six Months Ended Year Ended Year Ended 1/31/06 7/31/05 1/31/06 7/31/05

---

Operations Net

investment income \$ 5,598,351 \$ 11,434,474 \$ 3,542,751 \$ 7,216,850 Net realized gain (loss) from investments 837,604 1,581,756 314,920 1,197,250 Net realized gain (loss) from forward swaps -- -- -- -- Change in net unrealized appreciation (depreciation) of investments (3,630,717) 4,992,452 (1,918,091) 2,658,205 Change in net unrealized appreciation (depreciation) of forward swaps -- -- -- -- Distributions to Preferred Shareholders: From net investment income (1,058,319) (1,477,435) (603,700) (885,902) From accumulated net realized gains (204,980) (81,692)

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(177,593) (11,575) ----- Net increase (decrease) in net assets applicable to Common shares from operations 1,541,939 16,449,555 1,158,287 10,174,828 ----- Distributions to Common Shareholders From net investment income (4,977,269) (10,880,505) (3,217,539) (7,012,719) From accumulated net realized gains (1,317,945) (1,296,599) (1,135,489) (357,099) ----- Decrease in net assets applicable to Common shares from distributions to Common shareholders (6,295,214) (12,177,104) (4,353,028) (7,369,818) ----- Capital Share Transactions Net proceeds from Common shares issued to shareholders due to reinvestment of distributions 139,064 513,084 42,597 140,855 Preferred shares offering costs -- -- -- -- ----- Net increase in net assets applicable to Common shares from capital share transactions 139,064 513,084 42,597 140,855 ----- Net increase (decrease) in net assets applicable to Common shares (4,614,211) 4,785,535 (3,152,144) 2,945,865 Net assets applicable to Common shares at the beginning of period 185,899,640 181,114,105 120,474,739 117,528,874 ----- Net assets applicable to Common shares at the end of period \$ 181,285,429 \$ 185,899,640 \$ 117,322,595 \$ 120,474,739

---

Undistributed (Over-distribution of) net investment income at the end of period \$ 553,499 \$ 990,736 \$ 425,196 \$ 703,684

Michigan Dividend Advantage (NZW) ----- Six Months Ended Year Ended 1/31/06 7/31/05 ----- Operations Net investment income \$ 996,128 \$ 2,018,904 Net realized gain (loss) from investments 37,454 129,220 Net realized gain (loss) from forward swaps 363 (496,596) Change in net unrealized appreciation (depreciation) of investments (436,231) 1,604,711 Change in net unrealized appreciation (depreciation) of forward swaps 48,645 59,406 Distributions to Preferred Shareholders: From net investment income (193,328) (229,801) From accumulated net realized gains -- -- ----- Net increase (decrease) in net assets applicable to Common shares from operations 453,031 3,085,844 ----- Distributions to Common Shareholders From net investment income (921,814) (1,842,204) From accumulated net realized gains -- -- ----- Decrease in net assets applicable to Common shares from distributions to Common shareholders (921,814) (1,842,204) ----- Capital Share Transactions Net proceeds from Common shares issued to shareholders due to reinvestment of distributions 15,029 24,803 Preferred shares offering costs -- 13,775 ----- Net increase in net assets applicable to Common shares from capital share transactions 15,029 38,578 ----- Net increase (decrease) in net assets applicable to Common shares (453,754) 1,282,218 Net assets applicable to Common shares at the beginning of period 31,820,662 30,538,444 ----- Net assets applicable to Common shares at the end of period \$ 31,366,908 \$ 31,820,662

Undistributed (Over-distribution of) net investment income at the end of period \$ 175,322 \$ 294,336

----- See accompanying notes to financial statements. 55 Statement of Changes in Net Assets (Unaudited) (continued) Ohio Ohio Quality Income (NUO) Dividend Advantage (NXI) ----- Six Months Six Months Ended Year Ended Year Ended 1/31/06 7/31/05 1/31/06 7/31/05 ----- Operations Net investment income \$ 4,806,512 \$ 9,930,851 \$ 2,038,002 \$ 4,243,742 Net realized gain (loss) from investments 29,329 795,602 24,166 285,990 Net realized gain (loss) from forward swaps -- -- -- -- Change in net unrealized appreciation (depreciation) of investments (2,021,903) 3,879,996 (772,515) 2,106,549 Change in net unrealized appreciation (depreciation) of forward swaps -- -- -- -- Distributions to Preferred Shareholders: From net investment income

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(919,230) (1,186,754) (380,806) (473,047) From accumulated net realized gains (76,287) (14,809) (18,831) --  
 ----- Net increase (decrease) in  
 net assets applicable to Common shares from operations 1,818,421 13,404,886 890,016 6,163,234  
 ----- Distributions to Common  
 Shareholders From net investment income (4,291,485) (9,486,568) (1,886,891) (4,050,053) From accumulated net  
 realized gains (528,190) (345,280) (143,033) --  
 ----- Decrease in net assets  
 applicable to Common shares from distributions to Common shareholders (4,819,675) (9,831,848) (2,029,924)  
 (4,050,053) ----- Capital Share  
 Transactions Net proceeds from Common shares issued to shareholders due to reinvestment of distributions 340,569  
 774,356 69,503 117,890 Preferred shares offering costs -- -- -- --  
 ----- Net increase in net assets  
 applicable to Common shares from capital share transactions 340,569 774,356 69,503 117,890  
 ----- Net increase (decrease) in  
 net assets applicable to Common shares (2,660,685) 4,347,394 (1,070,405) 2,231,071 Net assets applicable to  
 Common shares at the beginning of period 160,981,501 156,634,107 65,872,588 63,641,517  
 ----- Net assets applicable to  
 Common shares at the end of period \$ 158,320,816 \$ 160,981,501 \$ 64,802,183 \$ 65,872,588  
 =====  
 Undistributed (Over-distribution of) net investment income at the end of period \$ 405,983 \$ 810,186 \$ 160,407 \$  
 390,102  
 =====

Ohio Dividend Advantage 2 (NBJ) ----- Six Months Ended Year Ended 1/31/06 7/31/05  
 ----- Operations Net investment income \$ 1,447,415 \$  
 2,953,831 Net realized gain (loss) from investments 131,179 218,487 Net realized gain (loss) from forward swaps -- --  
 Change in net unrealized appreciation (depreciation) of investments (694,013) 1,685,657 Change in net unrealized  
 appreciation (depreciation) of forward swaps -- -- Distributions to Preferred Shareholders: From net investment  
 income (286,513) (377,637) From accumulated net realized gains (22,844) (3,841)  
 ----- Net increase (decrease) in net assets applicable to  
 Common shares from operations 575,224 4,476,497 -----  
 Distributions to Common Shareholders From net investment income (1,288,638) (2,813,531) From accumulated net  
 realized gains (149,743) (65,438) ----- Decrease in net  
 assets applicable to Common shares from distributions to Common shareholders (1,438,381) (2,878,969)  
 ----- Capital Share Transactions Net proceeds from  
 Common shares issued to shareholders due to reinvestment of distributions 14,703 56,222 Preferred shares offering  
 costs -- 14,942 ----- Net increase in net assets applicable to  
 Common shares from capital share transactions 14,703 71,164  
 ----- Net increase (decrease) in net assets applicable to  
 Common shares (848,454) 1,668,692 Net assets applicable to Common shares at the beginning of period 47,937,169  
 46,268,477 ----- Net assets applicable to Common shares at  
 the end of period \$ 47,088,715 \$ 47,937,169  
 =====

Undistributed (Over-distribution of) net investment income at the end of period \$ 86,821 \$ 214,557  
 ===== See  
 accompanying notes to financial statements. 56 Ohio Dividend Advantage 3 (NVJ) ----- Six  
 Months Ended Year Ended 1/31/06 7/31/05 -----  
 Operations Net investment income \$ 1,024,252 \$ 2,057,495 Net realized gain (loss) from investments (137) (4,849)  
 Net realized gain (loss) from forward swaps -- -- Change in net unrealized appreciation (depreciation) of investments  
 (412,479) 1,502,016 Change in net unrealized appreciation (depreciation) of forward swaps -- -- Distributions to  
 Preferred Shareholders: From net investment income (210,762) (245,582) From accumulated net realized gains --  
 (2,521) ----- Net increase (decrease) in net assets applicable

to Common shares from operations	400,874	3,306,559	-----
Distributions to Common Shareholders From net investment income (878,255)	(1,872,857)		From accumulated net realized gains -- (39,484) ----- Decrease in net assets applicable to Common shares from distributions to Common shareholders (878,255) (1,912,341)
-----			Capital Share Transactions Net proceeds from Common shares issued to shareholders due to reinvestment of distributions 1,605 3,478 Preferred shares offering costs ----- Net increase in net assets applicable to Common shares from capital share transactions 1,605 3,478 ----- Net increase (decrease) in net assets applicable to Common shares (475,776) 1,397,696 Net assets applicable to Common shares at the beginning of period 33,605,948 32,208,252 ----- Net assets applicable to Common shares at the end of period \$ 33,130,172 \$ 33,605,948

=====  
Undistributed (Over-distribution of) net investment income at the end of period \$ 209 \$ 64,974  
=====

=====  
See accompanying notes to financial statements. 57 Notes to Financial Statements (Unaudited) 1. General Information and Significant Accounting Policies The state funds (the "Funds") covered in this report and their corresponding Common share stock exchange symbols are Nuveen Michigan Quality Income Municipal Fund, Inc. (NUM), Nuveen Michigan Premium Income Municipal Fund, Inc. (NMP), Nuveen Michigan Dividend Advantage Municipal Fund (NZW), Nuveen Ohio Quality Income Municipal Fund, Inc. (NUO), Nuveen Ohio Dividend Advantage Municipal Fund (NXI), Nuveen Ohio Dividend Advantage Municipal Fund 2 (NBJ) and Nuveen Ohio Dividend Advantage Municipal Fund 3 (NVJ). Common shares of Michigan Quality Income (NUM), Michigan Premium Income (NMP), and Ohio Quality Income (NUO) are traded on the New York Stock Exchange while Common shares of Michigan Dividend Advantage (NZW), Ohio Dividend Advantage (NXI), Ohio Dividend Advantage 2 (NBJ) and Ohio Dividend Advantage 3 (NVJ) are traded on the American Stock Exchange. The Funds are registered under the Investment Company Act of 1940, as amended, as closed-end management investment companies. Each Fund seeks to provide current income exempt from both regular federal and applicable state income taxes by investing primarily in a diversified portfolio of municipal obligations issued by state and local government authorities within a single state or certain U.S. territories. The following is a summary of significant accounting policies followed by the Funds in the preparation of their financial statements in accordance with U.S. generally accepted accounting principles. Investment Valuation The prices of municipal bonds in each Fund's investment portfolio are provided by a pricing service approved by the Fund's Board of Directors/Trustees. When market price quotes are not readily available (which is usually the case for municipal securities), the pricing service establishes fair market value based on yields or prices of municipal bonds of comparable quality, type of issue, coupon, maturity and rating, indications of value from securities dealers, evaluations of anticipated cash flows or collateral and general market conditions. Prices of derivative investments are also provided by an independent pricing service approved by each Fund's Board of Directors/Trustees. If the pricing service is unable to supply a price for a municipal bond or derivative investment, each Fund may use a market price or fair market value quote provided by a major broker/dealer in such investments. If it is determined that the market price or fair market value quote for an investment is unavailable or inappropriate, the Board of Directors/Trustees of the Funds, or its designee, may establish a fair value for the investment. Temporary investments in securities that have variable rate and demand features qualifying them as short-term investments are valued at amortized cost, which approximates market value. Investment Transactions Investment transactions are recorded on a trade date basis. Realized gains and losses from transactions are determined on the specific identification method. Investments purchased on a when-issued or delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when-issued and delayed delivery purchase commitments. At January 31, 2006, there were no such outstanding purchase commitments in any of the Funds. Investment Income Interest income, which includes the amortization of premiums and accretion of discounts for financial reporting purposes, is recorded on an accrual basis. Investment income also includes paydown gains and losses, if any. Income Taxes Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to distribute substantially all net investment income and net capital gains to shareholders and to otherwise comply with

the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required. Furthermore, each Fund intends to satisfy conditions which will enable interest from municipal securities, which is exempt from regular federal and applicable state income taxes, to retain such tax-exempt status when distributed to shareholders of the Funds. Net realized capital gains and ordinary income distributions paid by the Funds are subject to federal taxation. 58 Dividends and Distributions to Common Shareholders Dividends from tax-exempt net investment income are declared monthly. Net realized capital gains and/or market discount from investment transactions, if any, are distributed to shareholders not less frequently than annually. Furthermore, capital gains are distributed only to the extent they exceed available capital loss carryforwards. Distributions to Common shareholders of tax-exempt net investment income, net realized capital gains and/or market discount, if any, are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles. Preferred Shares The Funds have issued and outstanding Preferred shares, \$25,000 stated value per share, as a means of effecting financial leverage. Each Fund's Preferred shares are issued in one or more Series. The dividend rate paid by the Funds on each Series is determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and is payable at the end of each rate period. The number of Preferred shares outstanding, by Series and in total, for each Fund is as follows: Michigan Michigan Michigan Quality Premium Dividend Income Income Advantage (NUM) (NMP) (NZW)

	Number of
shares: Series M -- 840 -- Series W -- -- 640 Series TH 3,200 1,400 -- Series F 560 -- --	
	Total 3,760 2,240
640	

Ohio Ohio Ohio Ohio Quality Dividend Dividend Dividend Income Advantage Advantage 2 Advantage 3 (NUO) (NXI) (NBJ) (NVJ)

	Number of
shares: Series M 680 -- -- -- Series T -- -- -- 660 Series W -- 1,240 -- -- Series TH 1,400 -- -- -- Series TH2 1,000 -- -- -- Series F -- -- 960 --	
	Total 3,080 1,240
960 660	

Forward Swap Transactions The Funds are authorized to invest in certain derivative financial instruments. The Funds' use of forward interest rate swap transactions is intended to mitigate the negative impact that an increase in long-term interest rates could have on Common share net asset value. Forward interest rate swap transactions involve each Fund's agreement with the counterparty to pay, in the future, a fixed rate payment in exchange for the counterparty paying the Fund a variable rate payment, the accruals for which would begin at a specified date in the future (the "effective date"). The amount of the payment obligation is based on the notional amount of the forward swap contract, and would increase or decrease in value based primarily on the extent to which long-term interest rates for bonds having a maturity of the swap's termination date were to increase or decrease. The Funds may close out a contract prior to the effective date, at which point a realized gain or loss would be recognized. When a forward swap is terminated, it ordinarily does not involve the delivery of securities or other underlying assets or principal, but rather is settled in cash on a net basis. Each Fund intends, but is not obligated to, terminate its forward swaps before the effective date. Accordingly, the risk of loss with respect to the swap counterparty on such transactions is limited to the credit risk associated with a counterparty failing to honor its commitment to pay any realized gain to the Fund upon termination. To minimize such credit risk, all counterparties are required to pledge collateral daily (based on the daily valuation of each swap) on behalf of each Fund with a value approximately equal to the amount of any unrealized gain above a pre-determined threshold. Reciprocally, when any of the Funds have an unrealized loss on a swap contract, the Funds have instructed the custodian to pledge assets of the Funds as collateral with a value approximately equal to the amount of the unrealized loss above a pre-determined threshold. Collateral pledges are monitored and subsequently adjusted if and when the swap valuations fluctuate, either up or down, by at least the pre-determined threshold amount. Custodian Fee Credit Each Fund has an arrangement with the custodian bank whereby certain custodian fees and expenses are reduced by credits earned on each Fund's cash on deposit with the bank. Such deposit

arrangements are an alternative to overnight investments. 59 Notes to Financial Statements (Unaudited) (continued)  
 Indemnifications Under the Funds' organizational documents, their Officers and Directors/Trustees are indemnified  
 against certain liabilities arising out of the performance of their duties to the Funds. In addition, in the normal course  
 of business, the Funds enter into contracts that provide general indemnifications to other parties. The Funds' maximum  
 exposure under these arrangements is unknown as this would involve future claims that may be made against the  
 Funds that have not yet occurred. However, the Funds have not had prior claims or losses pursuant to these contracts  
 and expect the risk of loss to be remote. Use of Estimates The preparation of financial statements in conformity with  
 U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the

reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases  
 and decreases in net assets applicable to Common shares from operations during the reporting period. Actual results  
 may differ from those estimates. 2. Fund Shares Transactions in Common shares were as follows: Michigan Quality  
 Michigan Premium Michigan Dividend Income (NUM) Income (NMP) Advantage (NZW) -----  
 ----- Six Months Six Months Six Months Ended Year Ended Ended Year Ended  
 Ended Year Ended 1/31/06 7/31/05 1/31/06 7/31/05 1/31/06 7/31/05  
 ----- Common shares issued  
 to shareholders due to reinvestment of distributions 8,799 31,281 2,719 8,960 946 1,581

===== Ohio Quality Ohio Dividend Ohio Dividend Income (NUO) Advantage (NXI) Advantage 2 (NBJ) -----  
 ----- Six Months Six Months Six Months Ended Year Ended Ended Year Ended  
 Ended Year Ended 1/31/06 7/31/05 1/31/06 7/31/05 1/31/06 7/31/05  
 ----- Common shares issued  
 to shareholders due to reinvestment of distributions 20,497 44,115 4,175 7,184 941 3,544

===== Ohio Dividend Advantage 3 (NVJ) ----- Six Months Ended Year Ended 1/31/06 7/31/05  
 ----- Common shares issued  
 to shareholders due to reinvestment of distributions 102 217

===== 60 3. Investment Transactions Purchases and sales (including maturities but excluding short-term investments and  
 derivative transactions) during the six months ended January 31, 2006, were as follows: Michigan Michigan Michigan  
 Quality Premium Dividend Income Income Advantage (NUM) (NMP) (NZW)  
 ----- Purchases \$  
 13,901,630 \$ 1,880,346 \$ 113,943 Sales and maturities 14,519,905 3,244,709 1,001,322

===== Ohio Ohio Ohio Ohio Quality Dividend Dividend Dividend Income Advantage Advantage 2 Advantage 3 (NUO)  
 (NXI) (NBJ) (NVJ)  
 ----- Purchases \$  
 7,910,975 \$ 2,657,285 \$ 2,779,728 \$ -- Sales and maturities 8,235,880 1,915,000 2,594,040 350,000

===== 4. Income Tax Information The following information is presented on an income tax basis. Differences between  
 amounts for financial statement and federal income tax purposes are primarily due to the treatment of paydown gains  
 and losses, timing differences in recognizing taxable market discount and timing differences in recognizing certain  
 gains and losses on investment transactions. At January 31, 2006, the cost of investments was as follows: Michigan  
 Michigan Michigan Quality Premium Dividend Income Income Advantage (NUM) (NMP) (NZW)  
 ----- Cost of  
 investments \$256,104,818 \$163,270,174 \$ 44,482,567

===== Ohio Ohio Ohio Ohio Quality Dividend Dividend Dividend Income Advantage Advantage 2 Advantage 3 (NUO)  
 (NXI) (NBJ) (NVJ)  
 ----- Cost of  
 investments \$222,282,819 \$ 90,665,030 \$ 67,943,085 \$ 46,516,016

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Gross unrealized appreciation and gross unrealized depreciation of investments at January 31, 2006, were as follows:  
 Michigan Michigan Michigan Quality Premium Dividend Income Income Advantage (NUM) (NMP) (NZW)  
 ----- Gross unrealized:  
 Appreciation \$ 16,738,304 \$ 8,624,152 \$ 2,380,770 Depreciation (438,095) (225,391) (459,277)  
 ----- Net unrealized  
 appreciation (depreciation) of investments \$ 16,300,209 \$ 8,398,761 \$ 1,921,493

Ohio Ohio Ohio Ohio Quality Dividend Dividend Dividend Income Advantage Advantage 2 Advantage 3 (NUO)  
 (NXI) (NBJ) (NVJ)  
 ----- Gross unrealized:  
 Appreciation \$ 10,508,065 \$ 4,561,626 \$ 2,745,962 \$ 2,614,356 Depreciation (152,150) (87,826) (54,553) (22,517)  
 ----- Net unrealized  
 appreciation (depreciation) of investments \$ 10,355,915 \$ 4,473,800 \$ 2,691,409 \$ 2,591,839

61 Notes to Financial Statements (Unaudited) (continued) The tax components of undistributed net investment income  
 and net realized gains at July 31, 2005, the Funds' last fiscal year end, were as follows: Michigan Michigan Michigan  
 Quality Premium Dividend Income Income Advantage (NUM) (NMP) (NZW)  
 ----- Undistributed net  
 tax-exempt income \* \$ 1,766,789 \$ 1,206,094 \$ 448,052 Undistributed net ordinary income \*\* -- 20,208 --  
 Undistributed net long-term capital gains 1,139,426 1,101,668 --

Ohio Ohio Ohio Ohio Quality Dividend Dividend Dividend Income Advantage Advantage 2 Advantage 3 (NUO)  
 (NXI) (NBJ) (NVJ)  
 ----- Undistributed net  
 tax-exempt income \* \$ 1,515,578 \$ 655,225 \$ 430,138 \$ 208,689 Undistributed net ordinary income \*\* -- 8,426 350  
 -- Undistributed net long-term capital gains 593,836 137,721 101,207 --

\* Undistributed net tax-exempt income (on a tax basis) has not been reduced for the dividend declared on July 1,  
 2005, paid on August 1, 2005. \*\* Net ordinary income consists of taxable market discount income and net short-term  
 capital gains, if any. The tax character of distributions paid during the fiscal year ended July 31, 2005, the Funds' last  
 fiscal year end, was designated for purposes of the dividends paid deduction as follows: Michigan Michigan Michigan  
 Quality Premium Dividend Income Income Advantage (NUM) (NMP) (NZW)

----- Distributions  
 from net tax-exempt income \$ 12,353,910 \$ 7,901,622 \$ 2,070,374 Distributions from net ordinary income \*\* 68,743  
 44,066 -- Distributions from net long-term capital gains 1,378,291 363,651 --

Ohio Ohio Ohio Ohio Quality Dividend Dividend Dividend Income Advantage Advantage 2 Advantage 3 (NUO)  
 (NXI) (NBJ) (NVJ)  
 ----- Distributions  
 from net tax-exempt income \$ 10,725,327 \$ 4,531,442 \$ 3,201,799 \$ 2,124,939 Distributions from net ordinary  
 income \*\* 59,986 -- 4,973 -- Distributions from net long-term capital gains 300,638 -- 69,279 41,879

\*\* Net ordinary income consists of taxable market discount income and net short-term capital gains, if any. 62 At July  
 31, 2005, the Funds' last fiscal year end, the following Funds had unused capital loss carryforwards available for  
 federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will  
 expire as follows: Michigan Ohio Dividend Dividend Advantage Advantage 3 (NZW) (NVJ)

----- Expiration Year:  
 2011 \$ 35,129 \$ -- 2012 -- -- 2013 -- 1,451  
 ----- Total \$ 35,129 \$  
 1,451

Ohio Dividend Advantage 3 elected to defer net realized losses from investments incurred from November 1, 2004 through July 31, 2005 ("post-October losses") in accordance with Federal income tax regulations. The post-October losses of \$3,332 were treated as having arisen on the first day of the current fiscal year. 5. Management Fee and Other Transactions with Affiliates Each Fund's management fee is separated into two components - a complex-level component, based on the aggregate amount of all fund assets managed by Nuveen Asset Management (the "Adviser"), a wholly owned subsidiary of Nuveen Investments, Inc., and a specific fund-level component, based only on the amount of assets within each individual fund. This pricing structure enables Nuveen fund shareholders to benefit from growth in the assets within each individual fund as well as from growth in the amount of complex-wide assets managed by the Adviser. The annual fund-level fee, payable monthly, for each Fund is based upon the average daily net assets (including net assets attributable to Preferred shares) of each Fund as follows: Michigan Quality Income (NUM) Michigan Premium Income (NMP) Ohio Quality Income (NUO) Average Daily Net Assets (including net assets attributable to Preferred shares) Fund-Level Fee Rate

----- For the first \$125 million .4500% For the next \$125 million .4375 For the next \$250 million .4250 For the next \$500 million .4125 For the next \$1 billion .4000 For the next \$3 billion .3875 For net assets over \$5 billion .3750

Michigan Dividend Advantage (NZW) Ohio Dividend Advantage (NXI) Ohio Dividend Advantage 2 (NBJ) Ohio Dividend Advantage 3 (NVJ) Average Daily Net Assets (including net assets attributable to Preferred shares) Fund-Level Fee Rate

----- For the first \$125 million .4500% For the next \$125 million .4375 For the next \$250 million .4250 For the next \$500 million .4125 For the next \$1 billion .4000 For net assets over \$2 billion .3750

63 Notes to Financial Statements (Unaudited) (continued) The annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S., is based on the aggregate amount of total fund assets managed as stated in the table below. As of January 31, 2006, the complex-level fee rate was .1891%.

Complex-Level Assets(1) Complex-Level Fee Rate -----  
 For the first \$55 billion .2000% For the next \$1 billion .1800 For the next \$1 billion .1600 For the next \$3 billion .1425 For the next \$3 billion .1325 For the next \$3 billion .1250 For the next \$5 billion .1200 For the next \$5 billion .1175 For the next \$15 billion .1150 For Managed Assets over \$91 billion (2) .1400

----- (1)  
 The complex-level fee component of the management fee for the funds is calculated based upon the aggregate Managed Assets ("Managed Assets" means the average daily net assets of each fund including assets attributable to all types of leverage used by the Nuveen funds) of Nuveen-sponsored funds in the U.S. (2) With respect to the complex-wide Managed Assets over \$91 billion, the fee rate or rates that will apply to such assets will be determined at a later date. In the unlikely event that complex-wide Managed Assets reach \$91 billion prior to a determination of the complex-level fee rate or rates to be applied to Managed Assets in excess of \$91 billion, the complex-level fee rate for such complex-wide Managed Assets shall be .1400% until such time as a different rate or rates is determined. The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Funds pay no compensation directly to those of its Directors/Trustees who are affiliated with the Adviser or to their officers, all of whom receive remuneration for their services to the Funds from the Adviser or its affiliates. The Board of Directors/Trustees has adopted a deferred compensation plan for independent Directors/Trustees that enables Directors/Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from certain Nuveen advised Funds. Under the plan, deferred amounts are treated as though equal dollar amounts had been invested in shares of select Nuveen advised Funds. For the first ten years of Ohio Dividend Advantage's (NXI) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily net assets (including net assets attributable to Preferred shares), for fees and expenses in the amounts and for the time periods set forth below: Year Ending Year Ending March 31, March 31,

----- 2001\* .30% 2007 .25% 2002 .30 2008 .20 2003 .30 2009 .15 2004 .30 2010 .10 2005 .30 2011 .05 2006 .30

----- \*

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From the commencement of operations. The Adviser has not agreed to reimburse Ohio Dividend Advantage (NXI) for any portion of its fees and expenses beyond March 31, 2011. 64 For the first ten years of Michigan Dividend Advantage's (NZW) and Ohio Dividend Advantage 2's (NBJ) operations, the Adviser has agreed to reimburse the Funds, as a percentage of average daily net assets (including net assets attributable to Preferred shares), for fees and expenses in the amounts and for the time periods set forth below: Year Ending Year Ending September 30, September 30, ----- 2001\* .30% 2007 .25% 2002 .30 2008 .20 2003 .30 2009 .15 2004 .30 2010 .10 2005 .30 2011 .05 2006 .30

From the commencement of operations. The Adviser has not agreed to reimburse Michigan Dividend Advantage (NZW) and Ohio Dividend Advantage 2 (NBJ) for any portion of their fees and expenses beyond September 30, 2011. For the first ten years of Ohio Dividend Advantage 3's (NVJ) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily net assets (including net assets attributable to Preferred shares), for fees and expenses in the amounts and for the time periods set forth below: Year Ending Year Ending March 31, March 31, ----- 2002\* .30% 2008 .25% 2003 .30 2009 .20 2004 .30 2010 .15 2005 .30 2011 .10 2006 .30 2012 .05 2007 .30

From the commencement of operations. The Adviser has not agreed to reimburse Ohio Dividend Advantage 3 (NVJ) for any portion of its fees and expenses beyond March 31, 2012. 6. Subsequent Events - Distributions to Common Shareholders The Funds declared Common share dividend distributions from their tax-exempt net investment income which were paid on March 1, 2006, to shareholders of record on February 15, 2006, as follows: Michigan Michigan Michigan Quality Premium Dividend Income Income Advantage (NUM) (NMP) (NZW)

----- Dividend per share \$ .0685 \$ .0665 \$ .0745

Ohio Ohio Ohio Ohio Quality Dividend Dividend Dividend Income Advantage Advantage 2 Advantage 3 (NUO) (NXI) (NBJ) (NVJ)

----- Dividend per share \$ .0730 \$ .0710 \$ .0665 \$ .0655

65 Financial Highlights (Unaudited) Selected data for a Common share outstanding throughout each period: Investment Operations ----- Distributions Distributions from Net from Beginning Investment Capital Common Net Income to Gains to Share Net Realized/ Preferred Preferred Net Asset Investment Unrealized Share- Share- Value Income Gain (Loss) holders+ holders+ Total

Michigan Quality Income (NUM) ----- Year Ended 7/31: 2006(a) \$ 15.88 \$ .48 \$ (.24) \$ (.09) \$ (.02) \$ .13 2005 15.51 .98 .57 (.13) (.01) 1.41 2004 15.14 1.01 .49 (.06) (.01) 1.43 2003 15.48 1.04 (.27) (.08) (.01) .68 2002 15.32 1.11 .15 (.11) (.02) 1.13 2001 14.54 1.16 .82 (.29) (.01) 1.68 Michigan Premium Income (NMP) ----- Year Ended 7/31: 2006(a) 15.55 .46 (.20) (.08) (.02) .16 2005 15.19 .93 .50 (.11) -- 1.32 2004 15.24 .97 .38 (.04) (.03) 1.28 2003 15.56 1.03 (.37) (.07) -- .59 2002 15.31 1.05 .16 (.11) -- 1.10 2001 14.24 1.07 1.07 (.25) -- 1.89 Michigan Dividend Advantage (NZW) ----- Year Ended 7/31: 2006(a) 15.44 .48 (.17) (.09) -- .22 2005 14.82 .98 .63 (.11) -- 1.50 2004 14.30 .99 .47 (.05) -- 1.41 2003 14.42 .99 (.20) (.07) -- .72 2002(b) 14.33 .76 .22 (.07) -- .91

Less Distributions ----- Net Offering Investment Capital Costs and Ending Income to Gains to Preferred Common Common Common Share Share Ending Share- Share- Underwriting Net Asset Market holders holders Total Discounts Value Value

Michigan Quality Income (NUM) ----- Year Ended 7/31: 2006(a) \$

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(.43) \$ (.11) \$ (.54) \$ -- \$ 15.47 \$ 15.26 2005 (.93) (.11) (1.04) -- 15.88 15.67 2004 (.95) (.11) (1.06) -- 15.51 15.20  
 2003 (.92) (.10) (1.02) -- 15.14 15.45 2002 (.90) (.07) (.97) -- 15.48 16.10 2001 (.88) (.02) (.90) -- 15.32 15.42  
 Michigan Premium Income (NMP)

----- Year Ended 7/31: 2006(a)  
 (.42) (.15) (.57) -- 15.14 14.88 2005 (.91) (.05) (.96) -- 15.55 15.68 2004 (.94) (.39) (1.33) -- 15.19 14.37 2003 (.91) --  
 (.91) -- 15.24 14.85 2002 (.85) -- (.85) -- 15.56 15.35 2001 (.82) -- (.82) -- 15.31 14.71 Michigan Dividend Advantage  
 (NZW) ----- Year Ended 7/31:  
 2006(a) (.45) -- (.45) -- 15.21 15.62 2005 (.89) -- (.89) .01 15.44 16.79 2004 (.89) -- (.89) -- 14.82 14.65 2003 (.86) --  
 (.86) .02 14.30 15.10 2002(b) (.63) -- (.63) (.19) 14.42 14.65

\* Annualized. \*\* 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. Total Return on Common Share 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. Total returns are not annualized. \*\*\* After custodian fee credit and expense reimbursement, where applicable. + The amounts shown are based on Common share equivalents. ++ Ratios do not reflect the effect of dividend payments to Preferred shareholders; income ratios reflect income earned on assets attributable to Preferred shares. (a) For the six months ended January 31, 2006. (b) For the period September 25, 2001 (commencement of operations) through July 31, 2002. 66 Ratios/Supplemental Data

----- After Credit/ Total Returns Before  
 Credit/Reimbursement Reimbursement\*\*\* ----- Ratio of Net  
 Ratio of Net Ratio of Investment Ratio of Investment Based Ending Expenses Income to Expenses Income to on Net  
 to Average Average to Average Average Based Common Assets Net Assets Net Assets Net Assets Net Assets on  
 Share Net Applicable Applicable Applicable Applicable Applicable Portfolio Market Asset to Common to Common  
 to Common to Common to Common Turnover Value\*\* Value\*\* Shares (000) Shares++ Shares++ Shares++ Shares++  
 Rate

Michigan Quality Income (NUM)

----- Year  
 Ended 7/31: 2006(a) .84% .82% \$ 181,285 1.24%\* 6.04%\* 1.22%\* 6.06%\* 5% 2005 9.94 9.28 185,900 1.22 6.13  
 1.21 6.14 8 2004 5.17 9.52 181,114 1.22 6.44 1.22 6.45 15 2003 2.40 4.35 176,186 1.24 6.56 1.24 6.57 15 2002 11.18  
 7.68 179,630 1.28 7.29 1.27 7.29 19 2001 17.11 11.90 176,664 1.30 7.79 1.29 7.80 20 Michigan Premium Income  
 (NMP) -----  
 Year Ended 7/31: 2006(a) (1.50) 1.00 117,323 1.20\* 5.91\* 1.19\* 5.92\* 1 2005 16.03 8.80 120,475 1.19 5.97 1.17  
 5.98 11 2004 5.46 8.56 117,529 1.20 6.28 1.19 6.30 28 2003 2.64 3.71 117,418 1.21 6.49 1.20 6.50 18 2002 10.52  
 7.40 119,820 1.25 6.82 1.24 6.83 9 2001 17.81 13.61 117,784 1.24 7.24 1.23 7.25 15 Michigan Dividend Advantage  
 (NZW) -----  
 Year Ended 7/31: 2006(a) (4.24) 1.43 31,367 1.31\* 5.80\* .84\* 6.27\* -- 2005 21.34 10.41 31,821 1.27 5.93 .81 6.39 8  
 2004 2.99 10.00 30,538 1.28 6.13 .81 6.60 9 2003 9.19 5.01 29,443 1.29 6.15 .82 6.61 2 2002(b) 2.00 5.21 29,679  
 1.35\* 6.00\* .90\* 6.45\* 21

Preferred Shares at End of Period ----- Aggregate Liquidation Amount and Market Asset  
 Outstanding Value Coverage (000) Per Share Per Share

===== Michigan Quality Income  
 (NUM) ----- Year Ended 7/31: 2006(a) \$94,000 \$ 25,000 \$ 73,214 2005  
 94,000 25,000 74,441 2004 94,000 25,000 73,169 2003 94,000 25,000 71,858 2002 94,000 25,000 72,774 2001  
 94,000 25,000 71,985 Michigan Premium Income (NMP) ----- Year  
 Ended 7/31: 2006(a) 56,000 25,000 77,376 2005 56,000 25,000 78,783 2004 56,000 25,000 77,468 2003 56,000  
 25,000 77,419 2002 56,000 25,000 78,491 2001 56,000 25,000 77,582 Michigan Dividend Advantage (NZW)  
 ----- Year Ended 7/31: 2006(a) 16,000 25,000 74,011 2005 16,000  
 25,000 74,720 2004 16,000 25,000 72,716 2003 16,000 25,000 71,005 2002(b) 16,000 25,000 71,374

===== See accompanying notes to financial statements. 67 Financial Highlights (Unaudited) (continued) Selected data for a Common share outstanding throughout each period: Investment Operations -----  
 Distributions Distributions from Net from Beginning Investment Capital Common Net Income to Gains to Share Net Realized/ Preferred Preferred Net Asset Investment Unrealized Share- Share- Value Income Gain (Loss) holders+ holders+ Total

Ohio Quality Income (NUO) -----  
 Year Ended 7/31: 2006(a) \$ 16.58 \$ .49 \$ (.20) \$ (.09) \$ (.01) \$ .19 2005 16.21 1.02 .49 (.12) -- 1.39 2004 16.17 1.07 .25 (.06) (.01) 1.25 2003 16.36 1.10 (.22) (.08) -- .80 2002 16.10 1.14 .18 (.13) -- 1.19 2001 15.52 1.20 .56 (.27) -- 1.49 Ohio Dividend Advantage (NXI) -----  
 ----- Year Ended 7/31: 2006(a)  
 15.55 .48 (.18) (.09) -- .21 2005 15.05 1.00 .57 (.11) -- 1.46 2004 14.66 1.04 .40 (.06) -- 1.38 2003 14.83 1.05 (.23) (.07) -- .75 2002 14.57 1.06 .19 (.12) -- 1.13 2001(b) 14.33 .29 .35 (.04) -- .60 Ohio Dividend Advantage 2 (NBK) -----  
 ----- Year Ended 7/31: 2006(a)  
 15.37 .46 (.18) (.09) (.01) .18 2005 14.85 .95 .61 (.12) -- 1.44 2004 14.31 .99 .53 (.06) -- 1.46 2003 14.48 1.00 (.23) (.08) -- .69 2002(c) 14.33 .78 .23 (.08) -- .93 Ohio Dividend Advantage 3 (NVJ) -----  
 ----- Year Ended 7/31: 2006(a)  
 15.57 .47 (.18) (.10) -- .19 2005 14.93 .95 .69 (.11) -- 1.53 2004 14.48 .96 .51 (.06) (.01) 1.40 2003 14.83 .97 (.29) (.07) (.01) .60 2002(d) 14.33 .25 .65 (.02) -- .88

Less Distributions ----- Net Offering Investment Capital Costs and Ending Income to Gains to Preferred Common Common Common Share Share Ending Share- Share- Underwriting Net Asset Market holders holders Total Discounts Value Value

Ohio Quality Income (NUO) -----  
 Year Ended 7/31: 2006(a) \$ (.44) \$ (.05) \$ (.49) \$ -- \$ 16.28 \$ 17.03 2005 (.98) (.04) (1.02) -- 16.58 16.96 2004 (1.00) (.21) (1.21) -- 16.21 16.30 2003 (.99) -- (.99) -- 16.17 17.04 2002 (.93) -- (.93) -- 16.36 18.62 2001 (.91) -- (.91) -- 16.10 16.80 Ohio Dividend Advantage (NXI) -----  
 ----- Year Ended 7/31: 2006(a)  
 (.45) (.03) (.48) -- 15.28 17.35 2005 (.96) -- (.96) -- 15.55 17.00 2004 (.97) (.02) (.99) -- 15.05 14.80 2003 (.92) (.01) (.93) .01 14.66 14.26 2002 (.87) -- (.87) -- 14.83 15.15 2001(b) (.22) -- (.22) (.14) 14.57 15.35 Ohio Dividend Advantage 2 (NBK) -----  
 ----- Year Ended 7/31: 2006(a)  
 (.41) (.05) (.46) -- 15.09 16.45 2005 (.90) (.02) (.92) -- 15.37 15.48 2004 (.92) -- (.92) -- 14.85 14.70 2003 (.87) -- (.87) .01 14.31 14.26 2002(c) (.62) -- (.62) (.16) 14.48 14.65 Ohio Dividend Advantage 3 (NVJ) -----  
 ----- Year Ended 7/31: 2006(a)  
 (.41) -- (.41) -- 15.35 15.84 2005 (.87) (.02) (.89) -- 15.57 15.90 2004 (.88) (.07) (.95) -- 14.93 14.30 2003 (.88) (.06) (.94) (.01) 14.48 14.40 2002(d) (.22) -- (.22) (.16) 14.83 15.30

\* Annualized. \*\* 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. Total Return on Common Share 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. Total returns are not annualized. \*\*\* After custodian fee credit and expense reimbursement, where applicable. + The amounts shown are based on Common share equivalents. ++ Ratios do not reflect the effect of dividend payments to Preferred shareholders; income ratios reflect income earned on assets attributable to Preferred shares. (a) For the six months ended January 31, 2006. (b) For the period March 27, 2001 (commencement of operations) through July 31, 2001. (c) For the period September 25, 2001 (commencement of operations) through July 31, 2002. (d) For the period March 25, 2002 (commencement of operations) through July 31, 2002. 68  
 Ratios/Supplemental Data ----- After Credit/ Total Returns Before Credit/Reimbursement Reimbursement\*\*\* -----

----- Ratio of Net Ratio of Net Ratio of Investment Ratio of Investment Based Ending Expenses  
 Income to Expenses Income to on Net to Average Average to Average Average Based Common Assets Net Assets  
 Net Assets Net Assets Net Assets on Share Net Applicable Applicable Applicable Applicable Applicable Portfolio  
 Market Asset to Common to Common to Common to Common to Common Turnover Value\*\* Value\*\* Shares (000)  
 Shares++ Shares++ Shares++ Shares++ Rate

Ohio Quality Income (NUO)

----- Year  
 Ended 7/31: 2006(a) 3.45% 1.20% \$ 158,321 1.20%\* 5.98%\* 1.19%\* 5.99%\* 3% 2005 10.25 8.70 160,982 1.19 6.16  
 1.18 6.17 14 2004 2.59 7.87 156,634 1.20 6.46 1.19 6.47 31 2003 (3.15) 4.84 155,412 1.22 6.59 1.22 6.60 12 2002  
 17.00 7.63 156,351 1.26 7.10 1.24 7.12 26 2001 6.86 9.85 153,164 1.32 7.58 1.30 7.60 15 Ohio Dividend Advantage  
 (NXI)

Year Ended 7/31: 2006(a) 5.02 1.37 64,802 1.22\* 5.73\* .75\* 6.21\* 2 2005 21.79 9.87 65,873 1.21 6.00 .76 6.46 14  
 2004 10.70 9.54 63,642 1.20 6.41 .75 6.86 10 2003 (.04) 5.09 61,924 1.23 6.52 .78 6.97 6 2002 4.48 8.02 62,548 1.24  
 6.79 .78 7.25 18 2001(b) 3.77 3.21 61,424 1.15\* 5.58\* .71\* 6.02\* 4 Ohio Dividend Advantage 2 (NBJ)

----- Year  
 Ended 7/31: 2006(a) 9.45 1.20 47,089 1.27\* 5.57\* .79\* 6.06\* 4 2005 11.63 9.90 47,937 1.23 5.71 .77 6.17 14 2004  
 9.60 10.33 46,268 1.25 6.13 .79 6.60 15 2003 3.17 4.74 44,578 1.27 6.26 .81 6.72 15 2002(c) 1.91 5.58 45,073 1.25\*  
 6.12\* .80\* 6.57\* 39 Ohio Dividend Advantage 3 (NVJ)

----- Year  
 Ended 7/31: 2006(a) 2.28 1.22 33,130 1.27\* 5.64\* .80\* 6.11\* -- 2005 17.60 10.40 33,606 1.27 5.68 .81 6.14 3 2004  
 5.86 9.72 32,208 1.28 5.87 .81 6.34 8 2003 .09 3.81 31,245 1.28 5.89 .82 6.35 16 2002(d) 3.47 5.05 31,995 1.22\*  
 4.72\* .80\* 5.15\* 7

Preferred Shares at End of Period ----- Aggregate Liquidation Amount and Market Asset  
 Outstanding Value Coverage (000) Per Share Per Share

===== Ohio Quality Income (NUO)  
 ----- Year Ended 7/31: 2006(a) \$77,000 \$ 25,000 \$ 76,403 2005 77,000  
 25,000 77,267 2004 77,000 25,000 75,855 2003 77,000 25,000 75,458 2002 77,000 25,000 75,763 2001 77,000  
 25,000 74,729 Ohio Dividend Advantage (NXI) ----- Year Ended 7/31:  
 2006(a) 31,000 25,000 77,260 2005 31,000 25,000 78,123 2004 31,000 25,000 76,324 2003 31,000 25,000 74,938  
 2002 31,000 25,000 75,442 2001(b) 31,000 25,000 74,535 Ohio Dividend Advantage 2 (NBJ)  
 ----- Year Ended 7/31: 2006(a) 24,000 25,000 74,051 2005 24,000  
 25,000 74,935 2004 24,000 25,000 73,196 2003 24,000 25,000 71,435 2002(c) 24,000 25,000 71,951 Ohio Dividend  
 Advantage 3 (NVJ) ----- Year Ended 7/31: 2006(a) 16,500 25,000  
 75,197 2005 16,500 25,000 75,918 2004 16,500 25,000 73,800 2003 16,500 25,000 72,341 2002(d) 16,500 25,000  
 73,477

===== See accompanying notes  
 to financial statements. 69 Reinvest Automatically Easily and Conveniently Nuveen makes reinvesting easy. A phone  
 call is all it takes to set up your reinvestment account. Nuveen Closed-End Exchange-Traded Funds Dividend  
 Reinvestment Plan Your Nuveen Closed-End Exchange-Traded Fund allows you to conveniently reinvest dividends  
 and/or capital gains distributions in additional fund shares. By choosing to reinvest, you'll be able to invest money  
 regularly and automatically, and watch your investment grow through the power of tax-free compounding. Just like  
 dividends or distributions in cash, there may be times when income or capital gains taxes may be payable on  
 dividends or distributions that are reinvested. It is important to note that an automatic reinvestment plan does not  
 ensure a profit, nor does it protect you against loss in a declining market. Easy and convenient To make recordkeeping  
 easy and convenient, each month you'll receive a statement showing your total dividends and distributions, the date of  
 investment, the shares acquired and the price per share, and the total number of shares you own. How shares are  
 purchased The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the  
 Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the  
 then-current market price. If the shares are trading at less than net asset value, shares for your account will be  
 purchased on the open market. Dividends and distributions received to purchase shares in the open market will

normally be invested shortly after the dividend payment date. No interest will be paid on dividends and distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions. Flexible You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change. Should you withdraw, you can receive a certificate for all whole shares credited to your reinvestment account and cash payment for fractional shares, or cash payment for all reinvestment account shares, less brokerage commissions and a \$2.50 service fee. You can reinvest whether your shares are registered in your name, or in the name of a brokerage firm, bank, or other nominee. Ask your investment advisor if his or her firm will participate on your behalf. Participants whose shares are registered in the name of one firm may not be able to transfer the shares to another firm and continue to participate in the Plan. The Fund reserves the right to amend or terminate the Plan at any time. Although the Fund reserves the right to amend the Plan to include a service charge payable by the participants, there is no direct service charge to participants in the Plan at this time. Call today to start reinvesting dividends and/or distributions For more information on the Nuveen Automatic Reinvestment Plan or to enroll in or withdraw from the Plan, speak with your financial advisor or call us at (800) 257-8787. 70 Other Useful Information Quarterly Portfolio of Investments and Proxy voting information Each Fund's (i) quarterly portfolio of investments, (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the 12-month period ended June 30, 2005, and (iii) a description of the policies and procedures that the Funds used to determine how to vote proxies relating to portfolio securities are available without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at [www.nuveen.com](http://www.nuveen.com). You may also obtain this and other Fund information directly from the Securities and Exchange Commission ("SEC"). The SEC may charge a copying fee for this information. Visit the SEC on-line at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, D.C. Call the SEC at 1-202-942-8090 for room hours and operation. You may also request Fund information by sending an e-mail request to [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing to the SEC's Public References Section at 450 Fifth Street NW, Washington, D.C. 20549. Glossary of terms used in this report Average Annual Total Return: This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return that would have been necessary each year to equal the investment's actual cumulative performance (including change in NAV or market price and reinvested dividends and capital gains distributions, if any) over the time period being considered. Average Effective Maturity: The average of all the maturities of the bonds in a Fund's portfolio, computed by weighting each maturity date (the date the security comes due) by the market value of the security. This figure does not account for the likelihood of prepayments or the exercise of call provisions. Leverage-Adjusted Duration: Duration is a measure of the expected period over which a bond's principal and interest will be paid, and consequently is a measure of the sensitivity of a bond's or bond Fund's value to changes when market interest rates change. Generally, the longer a bond's or Fund's duration, the more the price of the bond or Fund will change as interest rates change. Leverage-adjusted duration takes into account the leveraging process for a Fund and therefore is longer than the duration of the Fund's portfolio of bonds. Market Yield (also known as Dividend Yield or Current Yield): An investment's current annualized dividend divided by its current market price. Net Asset Value (NAV): A Fund's common share NAV per share is calculated by subtracting the liabilities of the Fund (including any MuniPreferred shares issued in order to leverage the Fund) from its total assets and then dividing the remainder by the number of shares outstanding. Fund NAVs are calculated at the end of each business day. Taxable-Equivalent Yield: The yield necessary from a fully taxable investment to equal, on an after-tax basis, the yield of a municipal bond investment. Board of Directors/Trustees Robert P. Bremner Lawrence H. Brown Jack B. Evans William C. Hunter David J. Kundert William J. Schneider Timothy R. Schwertfeger Judith M. Stockdale Eugene S. Sunshine Fund Manager Nuveen Asset Management 333 West Wacker Drive Chicago, IL 60606 Custodian State Street Bank & Trust Company Boston, MA Transfer Agent and Shareholder Services State Street Bank & Trust Company Nuveen Funds P.O. Box 43071 Providence, RI 02940-3071 (800) 257-8787 Legal Counsel Chapman and Cutler LLP Chicago, IL Independent Registered Public Accounting Firm Ernst & Young LLP Chicago, IL Each Fund intends to repurchase shares of its own common or preferred stock in the future at such times and in such amounts as is deemed advisable. No shares were repurchased during the period covered by this report. Any future repurchases will be reported to

shareholders in the next annual or semiannual report. 71 [GRAPHIC OMITTED] Learn more about Nuveen Funds at [www.nuveen.com/etf](http://www.nuveen.com/etf) Nuveen Investments: SERVING Investors For GENERATIONS Since 1898, financial advisors and their clients have relied on Nuveen Investments to provide dependable investment solutions. For the past century, Nuveen Investments has adhered to the belief that the best approach to investing is to apply conservative risk-management principles to help minimize volatility. Building on this tradition, we today offer a range of high quality equity and fixed-income solutions that are integral to a well-diversified core portfolio. Our clients have come to appreciate this diversity, as well as our continued adherence to proven, long-term investing principles. We offer many different investing solutions for our clients' different needs. Managing more than \$135 billion in assets, Nuveen Investments offers access to a number of different asset classes and investing solutions through a variety of products. Nuveen Investments markets its capabilities under four distinct brands: Nuveen, a leader in fixed-income investments; NWQ, a leader in value-style equities; Rittenhouse, a leader in growth-style equities; and Symphony, a leading institutional manager of market-neutral alternative investment portfolios. Find out how we can help you reach your financial goals. To learn more about the products and services Nuveen Investments offers, talk to your financial advisor, or call us at (800) 257-8787. Please read the information provided carefully before you invest. Be sure to obtain a prospectus, where applicable. Investors should consider the investment objective and policies, risk considerations, charges and expenses of the Fund carefully before investing. The prospectus contains this and other information relevant to an investment in the Fund. For a prospectus, please contact your securities representative or Nuveen Investments, 333 W. Wacker Dr., Chicago, IL 60606. Please read the prospectus carefully before you invest or send money.

o Share prices o Fund details o Daily financial news o Investor education o Interactive planning tools

[LOGO] NUVEEN Investments ESA-B-0106D ITEM 2. CODE OF ETHICS. Not applicable to this filing. ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT. Not applicable to this filing. ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES. Not applicable to this filing. ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS. Not applicable to this filing. ITEM 6. SCHEDULE OF INVESTMENTS. See Portfolio of Investments in Item 1. ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES. Not applicable to this filing. ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES. Not applicable to this filing. ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS. Not applicable. ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS. There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board implemented after the registrant last provided disclosure in response to this Item. ITEM 11. CONTROLS AND PROCEDURES. (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (17 CFR 240.13a-15(b) or 240.15d-15(b)). (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting. ITEM 12. EXHIBITS. File the exhibits listed below as part of this Form. (a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable to this filing. (a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)) in the exact form set forth below: Ex-99.CERT attached hereto. (a)(3) Any written solicitation to purchase securities under Rule 23c-1 under the 1940 Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons: Not applicable. (b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the 1940 Act (17 CFR 270.30a-2(b)); Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed "filed" for purposes of Section 18 of the

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Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference. Ex-99.906 CERT attached hereto.

SIGNATURES Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. (Registrant) Nuveen Michigan Quality Income Municipal Fund, Inc.

----- By (Signature and Title)\* /s/ Jessica R. Droeger  
----- Jessica R. Droeger Vice President and Secretary Date: April 7, 2006

----- Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated. By (Signature and Title)\* /s/ Gifford R. Zimmerman

----- Gifford R. Zimmerman Chief Administrative Officer (principal executive officer) Date: April 7, 2006 ----- By (Signature and Title)\* /s/ Stephen D. Foy ----- Stephen D. Foy Vice President and Controller (principal financial officer) Date: April 7, 2006 ----- \* Print the name and title of each signing officer under his or her signature.