FORM 497

Definitive materials filed under paragraph (a), (b), (c), (d), (e) or (f) of Securities Act Rule 497

Filing Date: **1995-06-13**
SEC Accession No. 0000950131-95-001613

FILER

NUVEEN TAX FREE BOND FUND INC	Mailing Address	Business Address
CIK:**799665**| State of Incorp.:**MN** | Fiscal Year End: **1130**	*JOHN NUVEEN & CO*	*333 WEST WACKER DR*
Type: **497** | Act: **33** | File No.: **033-08370** | Film No.: **95546597**	*333 W WACKER*	*CHICAGO IL 60606*
	CHICAGO IL 60606	*3129177786*

NUVEEN TAX-FREE BOND FUND, INC.

Prospectus

June 13, 1995

NUVEEN MASSACHUSETTS TAX-FREE VALUE FUND
NUVEEN NEW YORK TAX-FREE VALUE FUND
NUVEEN OHIO TAX-FREE VALUE FUND

Nuveen Tax-Free Bond Fund, Inc. is an open-end investment company consisting of the three tax-free mutual funds named above (the "Funds"). Each Fund represents a separate portfolio, which is designed to provide as high a level of current interest income exempt from both regular federal income tax and the applicable state personal income tax as is consistent, in the view of the Fund's management, with preservation of capital. Each Fund invests in investment grade quality, long-term Municipal Obligations judged by the Fund's investment adviser to offer the best values among Municipal Obligations of similar credit quality.

Each Fund has adopted a Flexible Sales Charge Program which provides you with alternative ways of purchasing Fund shares based upon your individual investment needs and preferences. You may purchase Class A Shares at a price equal to their net asset value plus an up-front sales charge. You may purchase Class C Shares without any up-front sales charge at a price equal to their net asset value, but subject to an annual distribution fee designed to compensate securities dealers over time for the sale of Fund shares. Class C Shares issued on or after June 13, 1995 are subject to a 1% contingent deferred sales charge ("CDSC") for redemptions within 12 months of purchase. Class C Shares automatically convert to Class A Shares six years after purchase. Both Class A Shares and Class C Shares are also subject to annual service fees, which are used to compensate securities dealers for providing you with ongoing account services. Under the Flexible Sales Charge Program, all Fund shares outstanding as of September 6, 1994, have been designated as Class R Shares. Class R Shares are available for purchase at a price equal to their net asset value only under certain limited circumstances, or by specified investors, as described herein. See "How to Buy Fund Shares."

This Prospectus contains information you should know before investing in the Funds. Please retain it for future reference. You can find more detailed information about the Funds in the "Statement of Additional Information" dated June 13, 1995. For a free copy of this Statement, write to the Funds, c/o John Nuveen & Co. Incorporated, 333 West Wacker Drive, Chicago, IL 60606, or call Nuveen toll-free at 800-621-7227. The Statement has been filed with the Securities and Exchange Commission and is incorporated by reference into this Prospectus.

Shares of the Funds are not deposits or obligations of, or guaranteed or endorsed by, any bank and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other agency. Shares of the Funds involve investment risks, including possible loss of principal.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

JOHN NUVEEN & CO. INCORPORATED
FOR INFORMATION, CALL TOLL-FREE 800-621-7227

CONTENTS

SUMMARY OF FUND EXPENSES

SHAREHOLDER TRANSACTION EXPENSES (AS A PERCENT OF OFFERING PRICE)	EACH FUND CLASS A	CLASS C	CLASS R
Maximum Sales Load Imposed on Purchases	4.50%	None	None
Maximum Sales Load Imposed on Reinvested Dividends	None	None	None
Deferred Sales Charge (for redemptions within 12 months of purchase)	None	1.00%	None
Redemption Fees	None	None	None
Exchange Fees	None	None	None

ANNUAL OPERATING EXPENSES, AFTER FEE WAIVERS AND EXPENSE REIMBURSEMENTS (AS A PERCENT OF AVERAGE DAILY NET ASSETS)(1)	MANAGEMENT FEES	12B-1 FEES(2)	OTHER OPERATING EXPENSES	TOTAL EXPENSES	TOTAL EXPENSES, WITHOUT FEE WAIVERS AND EXPENSE REIMBURSEMENTS
MASSACHUSETTS FUND					
Class A	None	.25%	.75%	1.00%	1.87%
Class C	None	1.00%	.75%	1.75%	3.40%
Class R	.53%	None	.22%	.75%	.77%
NEW YORK FUND					

Class A	None	.25%	.75%	1.00%	1.56%
Class C	None	1.00%	.75%	1.75%	7.98%
Class R	.55%	None	.19%	.74%	.74%
OHIO FUND					
Class A	.28%	.25%	.47%	1.00%	1.27%
Class C	.21%	1.00%	.54%	1.75%	2.09%
Class R	.55%	None	.18%	.73%	.73%

----

(1) In order to prevent total operating expenses (excluding any distribution or service fees) from exceeding .75 of 1% of the average daily net asset value of any class of shares of a Fund for any fiscal year, Nuveen Advisory has agreed to waive all or a portion of its management fees or reimburse certain expenses of each Fund. Nuveen Advisory may also voluntarily agree to reimburse additional expenses from time to time, which voluntary reimbursements may be terminated at any time in its discretion.

(2) Class C Shares are subject to an annual distribution fee of .75 of 1% of average daily net assets to compensate Authorized Dealers over time for the sale of Fund shares. Both Class A Shares and Class C Shares of each Fund are subject to an annual service fee of .25 of 1% of average daily net assets to compensate Authorized Dealers for ongoing account services. See "Distribution and Service Plans." Long-term holders of Class C Shares may pay more in Rule 12b-1 fees than the economic equivalent of the maximum front-end sales charge permitted under the National Association of Securities Dealers Rules of Fair Practice.

The purpose of the tables above is to help you understand all expenses and fees that you would bear directly or indirectly as a Fund shareholder. The expenses and fees shown are for the fiscal year ended February 28, 1995.

EXAMPLE*

The following example applies to each of the Funds. You would pay the following expenses on a $1,000 investment over various time periods, assuming (1) a 5% annual rate of return and (2) redemption at the end of each time period:

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
MASSACHUSETTS FUND				
Class A	$55	$75	$98	$162
Class C	$28**	$55	$95	$168
Class R	$ 8	$24	$42	$ 93
NEW YORK FUND				
Class A	$55	$75	$98	$162
Class C	$28**	$55	$95	$168
Class R	$ 8	$24	$41	$ 92
OHIO FUND				
Class A	$55	$75	$98	$162
Class C	$28**	$55	$95	$168
Class R	$ 7	$23	$41	$ 91

----

*This example does not represent past or future expenses. Actual expenses may be greater or less than those shown. Moreover, a Fund's actual rate of return may be greater or less than the hypothetical 5% return shown in this example. This example assumes that the percentage amounts listed under Annual Operating Expenses remain the same in each of the periods. The ten-year figure for Class C Shares reflects the automatic conversion of Class C Shares into Class A Shares six years after purchase. Based on the foregoing assumptions, the expenses incurred on an investment in Class C Shares will exceed the expenses incurred on an investment in Class A Shares sometime in the sixth year after purchase. You should also note that Class R Shares are available for purchase only under certain limited circumstances, or by specified investors. For additional information about each Fund's fees and expenses, see "Distribution and Service Plans" and "Management of the Funds."

**If shares were purchased before June 13, 1995 or held longer than 12 months, so that no CDSC is imposed, expenses in the first year would be $18 for the Massachusetts, New York and Ohio Funds.

HOW TO DETERMINE IF ONE OF THE FUNDS IS RIGHT FOR YOU

There are many reasons why you might invest in one of the Funds.
These can include:

. lowering the tax burden on your investment income

. earning regular monthly dividends

. seeking to preserve your investment capital

. systematically setting money aside for retirement, college funding or estate planning purposes

While there can be no assurance that the Funds will enable you to achieve your individual investment goals, they have been designed for investors who have these kinds of investment goals in mind.

In addition, each Fund incorporates the following features and benefits. You should carefully review the more detailed description of these features and benefits elsewhere in the Prospectus to make sure they serve your individual investment goals.

MONTHLY, DOUBLE TAX-FREE INCOME — Each Fund provides monthly dividends exempt from regular federal and applicable state personal income taxes for in-state residents.

DIVERSIFIED, INVESTMENT GRADE QUALITY PORTFOLIO — Each Fund purchases investment grade quality Municipal Obligations issued within its respective state. Each Fund is diversified and maintains diversity within its portfolio by selecting Municipal Obligations of different issuers. Each Fund further enhances its portfolio mix by purchasing Municipal Obligations of different types and purposes.

EXPERIENCED MANAGEMENT — Each Fund is managed by Nuveen Advisory Corp. ("Nuveen Advisory"), a wholly-owned subsidiary of John Nuveen & Co. Incorporated ("Nuveen"). Founded in 1898, Nuveen is the oldest and largest investment banking firm in the country devoted exclusively to tax-exempt securities. Nuveen Advisory currently manages 76 different tax-free portfolios representing approximately $30 billion in assets.

VALUE INVESTING — As a guiding policy, Nuveen Advisory's portfolio managers seek investment grade quality, undervalued or underrated Municipal Obligations which offer the best values among Municipal Obligations of similar credit quality. By selecting these Municipal Obligations, Nuveen Advisory seeks to position each Fund better to achieve its investment

---

objective of as high a level of current interest income exempt from both regular federal income tax and the applicable state personal income tax as is consistent, in the view of the Fund's management, with preservation of capital, regardless of which direction the market may move.

NUVEEN RESEARCH — Nuveen Advisory's portfolio managers call upon the resources of Nuveen's Research Department, the largest in the investment banking industry devoted exclusively to tax-exempt securities. Nuveen research analysts reviewed in 1994 more than $100 billion of tax-exempt securities sold in new issue and secondary markets.

LOW MINIMUMS

You can start earning tax-free income with a low initial investment of $1,000 in a particular class. See "How to Buy Fund Shares."

FLEXIBLE SALES CHARGE PROGRAM

For many investors, working with a professional financial adviser is an important part of their financial strategy. Because Nuveen recognizes the value a financial adviser can provide in developing and implementing a comprehensive plan for your financial future, Nuveen's open-end, long-term bond funds ("Nuveen Mutual Funds") are sold with a sales charge, either at the time of purchase or over time in the form of a distribution fee. This provides your financial adviser with compensation for the professional advice and service you receive in financial planning and investment selection.

Each Fund has adopted a Flexible Sales Charge Program which provides you with alternative ways of purchasing Fund shares based upon your individual investment needs and preferences. As described below, each Fund offers Class A Shares, Class C Shares and, under certain limited circumstances, Class R Shares. In deciding which class of a Fund's shares to purchase, you should consider all relevant factors, including the dollar amount of your purchase, the length of time you expect to hold the shares and whether a CDSC would apply, the amount of any applicable up-front sales charge, the amount of any applicable distribution or service fee that may be incurred while you own the shares, and whether or not you will be reinvesting income or capital gain distributions in additional shares. For assistance with this decision, please refer to the tables under "Summary of Fund Expenses" on page 3 of this Prospectus which set forth examples of the expenses applicable to each class of shares, or consult your financial adviser. The following summary describes the three classes of shares offered by each Fund:

Class A Shares

- available at net asset value plus an up-front sales charge
- certain purchasers qualify for a reduction or waiver of the up-front sales charge
- annual service fee to compensate securities dealers who have sales agreements with Nuveen ("Authorized Dealers") for providing you with ongoing account services

Class C Shares

- available at net asset value without any up-front sales charge
- annual distribution fee to compensate Authorized Dealers over time for the sale of Fund shares
- automatic tax-free conversion to Class A Shares six years after purchase
- annual service fee to compensate Authorized Dealers for providing you with ongoing account services
- 1% CDSC on shares purchased on or after June 13, 1995 and redeemed within 12 months of purchase

Class R Shares

- if you owned Fund shares as of September 6, 1994, those shares have been designated as Class R Shares
- available for purchase under certain limited circumstances, or by specified investors, at net asset value without any sales charge or annual distribution or service fees

See "Flexible Sales Charge Program" and "How to Buy Fund Shares" for additional information about the three classes of shares offered by each Fund.

AUTOMATIC DEPOSIT PLANS

The Funds offer a number of investment options, including automatic deposit, direct deposit and payroll deduction, to help you add to your account on a regular basis.

AUTOMATIC REINVESTMENT	All monthly dividends or capital gains paid by your Fund on each class of shares will be reinvested automatically into additional shares of the same class without a sales charge, unless you elect to receive them in cash. Separately, distributions from any Nuveen unit investment trust (a "Nuveen UIT") may be used to buy Class A Shares and, under certain circumstances, Class R Shares of a Fund, in either case without a sales charge at net asset value.

-

EXCHANGE PRIVILEGE	Shares of a class may be quickly and easily exchanged by telephone, without a sales charge, for shares of the same or equivalent class of another Nuveen Mutual Fund or for shares of certain Nuveen money market funds. Class R Shares of a Fund may be exchanged for Class A Shares of the same Fund at any time, provided that the current net asset value of those Class R Shares is at least $1,000 or you already own Class A Shares of that Fund.
LIQUIDITY	You may redeem all or a portion of your Fund shares on any business day at the net asset value next computed for the class of shares you are redeeming. An investor purchasing Class C Shares on or after June 13, 1995 agrees to pay a CDSC of 1% if Class C Shares are redeemed within 12 months of purchase. Each Fund will redeem Shares at net asset value and deduct any applicable CDSC from the proceeds of the redemption. Remember that share prices will fluctuate with market conditions and upon redemption may be worth more or less than their original cost. See "How to Redeem Fund Shares."
AUTOMATIC WITHDRAWAL	If you own shares totalling $10,000 or more, you can arrange to have $50 or more sent to you from your account either monthly or quarterly.
TELEPHONE REDEMPTIONS	You may establish free telephone redemption privileges for your account.
NO REDEMPTION FEES	There are no fees imposed by the Funds for selling shares when redeeming all or part of your holdings. However, your financial adviser may charge you for serving as agent in the redemption of shares.

RISKS AND SPECIAL CONSIDERATIONS	You should consider certain other factors about the Funds before investing. As with other bond mutual funds or any long-term, fixed income investment, the value of a Fund's portfolio will tend to vary inversely with changes in prevailing interest rates. Accordingly, each Fund should be considered a long-term investment, designed to provide the best results when held for a multi-year period. A Fund may not be suitable if you have a short-term investment horizon. Additionally, each Fund's portfolio may be susceptible to political, economic or regulatory developments affecting issuers of Municipal Obligations in its state. The Funds also have the ability to engage in certain investment practices, including the purchase of Municipal Obligations that pay interest subject to the federal alternative minimum tax, the purchase or sale of securities on a when-issued or delayed delivery basis, the purchase or sale of municipal lease and installment purchase obligations, and the purchase or sale of futures or options for hedging purposes. As described elsewhere in this Prospectus, the Funds have no present intention of purchasing or selling futures or options, and may engage in the other investment practices listed above only under strict limits.

FINANCIAL HIGHLIGHTS

The following financial information has been derived from Nuveen Tax-Free Bond Fund, Inc.'s financial statements, which have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report appearing in the Annual Report to Shareholders, and should be read in conjunction with the financial statements and related notes appearing in the Annual Report. A copy of the Annual Report to Shareholders which contains additional unaudited performance information can be obtained without charge by writing to the Nuveen Tax-Free Bond Fund, Inc.

<TABLE>
<CAPTION>

	Operating performance			Distributions	
MA	Net asset value at beginning of period	Net investment income	Net realized and unrealized gain (loss) from investments+++	Net investment income	Capital gains
Class A					
9/7/94 to 2/28/95	$ 9.540	$.254*	$ .025	$(.259)	$ --
Class C					
10/6/94 to 2/28/95	9.280	.188*	.254	(.212)	--
Class R					
Year ended,					
2/28/95	9.940	.541*	(.403)	(.538)	--
2/28/94	9.910	.543*	.038	(.541)	(.010)
2/28/93	9.210	.563*	.704	(.563)	(.004)
3 Months ended 2/29/92	9.130	.146	.077	(.143)	--
Year ended,					
11/30/91	8.760	.577*	.375	(.582)	--
11/30/90	8.900	.587*	(.144)	(.583)	--
11/30/89	8.600	.587*	.300	(.587)	--
11/30/88	8.250	.581*	.350	(.581)	--
12/10/86 to 11/30/87	9.600	.577*	(1.350)	(.577)	--

</TABLE>
See notes on pages 12 and 13.

On September 6, 1994, the Fund commenced selling Class A and Class C shares. All Fund shares outstanding as of September 6, 1994, have been designated as Class R Shares.

Selected data for a Class A Share, Class C Share or Class R Share outstanding throughout each period is as follows:

<TABLE>
<CAPTION>

		Ratios/Supplemental data			
Net asset value at end of period	Total return on net asset value+	Net assets end of period (in thousands)+	Ratio of expenses to average net assets	Ratio of net investment income to average net assets	Portfolio turnover rate
$ 9.560	3.05%	$ 1,067	1.00%*+	5.75%*+	17%
9.510	4.86	147	1.75*+	5.11*+	17
9.540	1.64	71,568	.75*	5.77*	17
9.940	5.96	71,942	.75*	5.38*	3
9.910	14.21	53,231	.75*	5.91*	5
9.210	2.44	34,470	.71+	6.31+	5
9.130	11.19	31,150	.75*	6.39*	19
8.760	5.21	20,829	.75*	6.68*	23
8.900	10.62	15,513	.75*	6.64*	31

8.600	11.56	9,485	.75*	6.74*	55
8.250	(8.19)	5,681	.37*+	6.47*+	34

</TABLE>

FINANCIAL HIGHLIGHTS (CONTINUED)

<TABLE>
<CAPTION>

<S>	<C> Operating performance: Net asset value at beginning of period	<C> Operating performance: Net investment income	<C> Operating performance: Net realized and unrealized gain (loss) from investments+++	<C> Distributions: Net investment income	<C> Distributions: Capital gains
NY					
Class A					
9/7/94 to 2/28/95	$10.230	$.277*	$(.067)	$(.273)	$(.047)
Class C					
9/14/94 to 2/28/95	10.110	.231*	.038	(.222)	(.047)
Class R					
Year ended,					
2/28/95	10.720	.579	(.529)	(.573)	(.047)
2/28/94	10.610	.578*	.161	(.580)	(.049)
2/28/93	9.880	.603*	.806	(.598)	(.081)
3 Months ended					
2/29/92	9.820	.163	.053	(.156)	--
Year ended,					
11/30/91	9.380	.629*	.441	(.630)	--
11/30/90	9.560	.631*	(.181)	(.630)	--
11/30/89	9.180	.633*	.380	(.633)	--
11/30/88	8.760	.625*	.420	(.625)	--
12/10/86 to					
11/30/87	9.600	.612*	(.840)	(.612)	--
OH					
Class A					
9/7/94 to 2/28/95	$10.160	$.266*	$ .087	$(.272)	$(.041)
Class C					
9/16/94 to 2/28/95	10.070	.219*	.133	(.221)	(.041)
Class R					
Year ended,					
2/28/95	10.610	.568	(.388)	(.569)	(.041)
2/28/94	10.580	.570*	.087	(.565)	(.062)
2/28/93	9.870	.595*	.728	(.589)	(.024)
3 Months ended					
2/29/92	9.770	.154	.126	(.153)	(.027)
Year ended,					
11/30/91	9.530	.619	.287	(.624)	(.042)
11/30/90	9.550	.624	.003	(.624)	(.023)
11/30/89	9.040	.629*	.510	(.629)	--
11/30/88	8.610	.626*	.430	(.626)	--
12/10/86 to					
11/30/87	9.600	.600*	(.990)	(.600)	--

</TABLE>

* Reflects the waiver of certain management fees and reimbursement of certain other expenses by Nuveen Advisory. For additional information about Nuveen Advisory's fee waivers and expense reimbursements, see note 7 of Notes to Financial Statements in the Annual Report to Shareholders.

+ Annualized.

<TABLE>
<CAPTION>

Net asset value at end of	Ratios/Supplemental data: Total return on net asset	Net assets at end of period	Ratio of expenses to average	Ratio of net investment income to average	Portfolio

period	value+(in thousands)+	net assets	net assets	turnover rate	
<S> <C>	<C>	<C>	<C>	<C>	
$10.120	2.21%	$ 3,189	1.00%*+	5.87%*+	29%
10.110	2.80	86	1.75*+	5.16*+	29
10.150	.75	149,454	.74	5.79	29
10.720	7.10	146,297	.75*	5.33*	15
10.610	14.79	107,146	.75*	5.84*	12
9.880	2.21	66,491	.75+	6.27+	16
9.820	11.79	59,351	.75*	6.50*	19
9.380	4.92	44,347	.75*	6.65*	51
9.560	11.34	29,040	.75*	6.63*	85
9.180	12.20	14,975	.75*	6.89*	71
8.760	(2.44)	8,239	.37*+	6.46*+	20

$10.200	3.63%	$ 4,320	1.00%*+	5.67%*+	28%
10.160	3.63	901	1.75*+	4.92*+	28
10.180	1.99	162,231	.73	5.70	28
10.610	6.30	167,448	.75*	5.28*	9
10.580	13.88	133,797	.75*	5.86*	13
9.870	2.87	90,121	.70+	6.16+	3
9.770	9.84	81,649	.71	6.37	16
9.530	6.86	56,887	.74	6.61	38
9.550	12.97	37,714	.75*	6.66*	66
9.040	12.56	20,144	.75*	6.94*	55
8.610	(4.10)	9,135	.39*+	6.53*+	26

</TABLE>

++ Total Return on Net Asset Value is the combination of reinvested dividend income, reinvested capital gain distributions if any, and changes in net asset value per share.

+++ Net of taxes, if applicable. See note 1 of Notes to Financial Statements in the Annual Report to Shareholders.

WHO IS RESPONSIBLE FOR THE OPERATION OF THE FUNDS?

The following organizations work together to provide the services and features offered by the Funds:

<TABLE>
<CAPTION>

ORGANIZATION	FUNCTION	DUTIES
<C>	<C>	<S>
John Nuveen & Co. Incorporated ("Nuveen")	Fund Sponsor and Principal Underwriter	Sponsors and manages the offering of Fund shares; provides certain administrative services
Nuveen Advisory Corp. ("Nuveen Advisory")	Investment Adviser	Manages the Funds' investment portfolios and provides day-to-day administrative services to the Funds
Shareholder Services, Inc. ("SSI")	Transfer Agent; Shareholder Services Agent; Dividend Paying Agent	Maintains shareholder accounts, handles share redemptions and exchanges and dividend payments
United States Trust Company of New York ("US Trust")	Custodian	Maintains custody of the Funds' investments and provides certain accounting services to the Funds

</TABLE>

The Chase Manhattan Bank, N.A., has agreed to become successor to U.S. Trust, as Custodian and Fund Accountant. The succession is presently scheduled for July 1, 1995. No changes in the Funds' administration or in the amount of fees and expenses paid by the Funds for these services will result, and no action by shareholders will be required.

WHAT ARE THE FUNDS' INVESTMENT OBJECTIVES AND POLICIES?

INVESTMENT OBJECTIVES

Each Fund is designed to

The investment objective of each Fund is to provide you with as high a level of current interest income exempt from both regular federal income tax and the applicable state personal income tax as is consistent, in the view of the Fund's management, with preservation of capital.

provide income free from federal and state personal income taxes.

This investment objective is a fundamental policy of each Fund and may not be changed without the approval of the holders of a majority of the shares of that Fund. There can be no assurance that the investment objective of any Fund will be achieved.

HOW THE FUNDS PURSUE THEIR OBJECTIVES

The Funds seek Municipal Obligations considered to be undervalued.

Value Investing. Nuveen Advisory believes that in any market environment there are quality Municipal Obligations whose current price, yield, credit quality and future prospects make them seem underpriced or exceptionally attractive when compared with other Municipal Obligations in the market. In selecting investments for the Funds, Nuveen Advisory will attempt to identify and purchase those investment grade quality, undervalued or underrated Municipal Obligations that offer the best values among Municipal Obligations of similar credit quality. By selecting these Municipal Obligations, each Fund will seek to provide attractive current tax-free income and to protect the Fund's net asset value in both rising and declining markets. In this way, regardless of the direction the market may move, value investing, if successful, will better position each Fund to achieve its investment objective of as high a level of current interest income exempt from both regular federal income tax and the applicable state personal income tax as is consistent, in the view of the Fund's management, with preservation of capital. Any net capital appreciation realized by a Fund will generally result in the distribution of taxable capital gains to Fund shareholders. See "Distributions and Taxes."

Thorough research can help identify values.

The Importance of Thorough Research. Successful value investing depends on identifying and purchasing undervalued or underrated securities before the rest of the marketplace finds them. Nuveen Advisory believes the municipal market provides these opportunities, in part because of the relatively large number of issuers of tax-exempt securities and the relatively small number of full-time, professional municipal market analysts. For example, there are currently about 7,500 common stocks that are followed by about 23,000 analysts. By contrast, there are about 60,000 entities that issue tax-exempt securities and less than 1,000 professional municipal market analysts.

Nuveen and Nuveen Advisory believe that together they employ the largest number of research analysts in the investment banking industry de-

voted exclusively to the review and surveillance of tax-exempt securities. Their team of more than 40 individuals has over 350 years of combined municipal market experience. Nuveen and Nuveen Advisory have access to information on approximately 60,000 municipal issuers, and review annually more than $100 billion of tax-exempt securities sold in new issue and secondary markets.

Which Municipal Obligations Are Selected As Investments? Each Fund will invest primarily in Municipal Obligations issued within its respective state so that the interest income on the Municipal Obligations will be exempt from both regular federal and applicable state personal income taxes. Because of the different credit characteristics of governmental authorities in each of the states and because of differing supply and demand factors for each state's Municipal Obligations, there may be differences in the yields on each Fund's classes of shares and in the degree of market and financial risk to which each Fund is subject.

Each Fund will seek to purchase investment grade quality Municipal Obligations issued within its respective state.

Each Fund's investment assets will consist of:

- Municipal Obligations rated investment grade at the time of purchase (Baa or BBB or better by Moody's Investors Service, Inc. ("Moody's") or Standard and Poor's Corporation ("S&P"));

- unrated Municipal Obligations of investment grade quality in the opinion of Nuveen Advisory, with no fixed percentage limitations on these unrated Municipal Obligations; and

. temporary investments within the limitations and for the purposes described below.

Municipal Obligations rated Baa are considered by Moody's to be medium grade obligations which lack outstanding investment characteristics and in fact have speculative characteristics as well, while Municipal Obligations rated BBB are regarded by S&P as having an adequate capacity to pay principal and interest. Each Fund may invest up to 20% of its net assets in Municipal Obligations that pay interest subject to the federal alternative minimum tax ("AMT Bonds"). The Funds intend to emphasize investments in Municipal Obligations with long-term maturities in order to maintain an average portfolio maturity of 20-30 years, but the average maturity may be shortened from time to time depending on market conditions in order to help limit each Fund's exposure to market risk. As a result, each Fund's portfolio at any given time may include both long-term and intermediate-term Municipal Obligations.

Under ordinary circumstances, each Fund will invest substantially all (at least 80%) of its net assets in its respective state's Municipal Obliga-

tions, and not more than 20% of its net assets in "temporary investments," described below, provided that temporary investments subject to regular federal income tax and AMT Bonds may not comprise more than 20% of each Fund's net assets. For defensive purposes, however, in order to limit the exposure of its portfolio to market risk from temporary imbalances of supply and demand or other temporary circumstances affecting the municipal market, each Fund may invest without limit in temporary investments. A Fund will not be in a position to achieve its investment objective of tax-exempt income to the extent it invests in taxable temporary investments.

The foregoing investment policies are fundamental policies of each Fund and may not be changed without the approval of the holders of a majority of the shares of that Fund.

DESCRIPTION OF THE FUNDS' INVESTMENTS

Municipal Obligations are issued by states, cities and local authorities to support a variety of public activities.

Municipal Obligations. Municipal Obligations, as the term is used in this Prospectus, are federally tax-exempt debt obligations issued by states, cities and local authorities and by certain U.S. possessions or territories to obtain funds for various public purposes, such as the construction of public facilities, the payment of general operating expenses and the refunding of outstanding debts. They may also be issued to obtain funding for various private activities, including loans to finance the construction of housing, educational and medical facilities or privately owned industrial development and pollution control projects.

The two principal classifications of Municipal Obligations are general obligation and revenue bonds. GENERAL OBLIGATION bonds are secured by the issuer's pledge of its full faith, credit and taxing power for the payment of principal and interest. REVENUE bonds are payable only from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise or other specific revenue source. Industrial development and pollution control bonds are in most cases revenue bonds and do not generally constitute the pledge of the credit or taxing power of the issuer of these bonds.

Municipal Obligations may also include participations in lease obligations or installment purchase contract obligations (collectively, "lease obligations") of municipal authorities or entities. Certain "non-appropriation" lease obligations may present special risks because the municipality's obligation to make future lease or installment payments depends on money being appropriated each year for this purpose. Each Fund will seek to minimize these risks by not investing more than 10% of its assets in non-appropriation lease obligations, and by only investing in those non-appropriation lease obligations that meet certain criteria of the Fund. See the Statement of Additional Information for further information about lease obligations.

The yields on Municipal Obligations depend on a variety of factors, including the condition of financial markets in general and the municipal market in particular, as well as the size of a particular offering, the maturity of the obligation and the rating of the issue. Certain Municipal Obligations may pay variable or floating rates of interest based upon certain market rates or indexes such as a bank prime rate or a tax-exempt money market index. The ratings of Moody's and S&P represent their opinions as to the quality of the Municipal Obligations that they undertake to rate. It should be emphasized, however, that ratings are general and are not absolute standards of quality. Consequently, Municipal Obligations with the same maturity, coupon and rating may have different yields, while those having the same maturity and coupon with different ratings may have the same yield. The market value of Municipal Obligations will vary with changes in prevailing interest rate levels and as a result of changing evaluations of the ability of their issuers to meet interest and principal payments. Similarly, the market value and net asset value of shares of the Funds will change in response to interest rate changes; they will tend to decrease when interest rates rise and increase when interest rates fall.

All temporary investments will be U.S. Government or high quality securities.

Temporary Investments. As described above, each Fund under ordinary circumstances may invest up to 20% of its net assets in "temporary investments," but may invest without limit in temporary investments during temporary defensive periods. Each Fund will seek to make temporary investments in short-term securities the interest on which is exempt from regular federal income tax, but may be subject to state income tax in the Fund's respective state. If suitable federally tax-exempt temporary investments are not available at reasonable prices and yields, a Fund may make temporary investments in taxable securities whose interest is subject to both state and federal income tax. A Fund will invest only in those taxable temporary investments that are either U.S. Government securities or are rated within the highest grade by Moody's or S&P, and mature within one year from the date of purchase or carry a variable or floating rate of interest. See the Statement of Additional Information for further information about the temporary investments in which the Funds may invest.

SPECIAL FACTORS PERTAINING TO EACH FUND

Because each Fund will concentrate its investments in Municipal Obligations issued within a single state, a Fund may be affected by political, economic or regulatory factors that may impair the ability of issuers in that state to pay interest on or to repay the principal of their debt obligations. These special factors are briefly described for each Fund's respective state in Appendix A to this Prospectus. See the Statement of Additional Information for further information about these factors.

CERTAIN INVESTMENT STRATEGIES AND LIMITATIONS

Each Fund will focus on long-term investment strategies, and will engage in short-term trading only when consistent with its stated investment objective.

Portfolio Trading and Turnover. Each Fund will make changes in its investment portfolio from time to time in order to take advantage of opportunities in the municipal market and to limit exposure to market risk. A Fund may engage to a limited extent in short-term trading consistent with its investment objective, but a Fund will not trade securities solely to realize a profit. Changes in a Fund's investments are known as "portfolio turnover." While each Fund's annual portfolio turnover rate is not expected to exceed 50%, actual portfolio turnover rates are impossible to predict, and may exceed 50% in particular years depending upon market conditions.

When-issued or Delayed Delivery Transactions. A Fund may purchase and sell Municipal Obligations on a when-issued or delayed delivery basis, which calls for the Fund to make payment or take delivery at a future date, normally 15-45 days after the trade date. The commitment to purchase securities on a when-issued or delayed delivery basis may involve an element of risk because the value of the securities is subject to market fluctuation, no interest accrues to the purchaser prior to settlement of the transaction, and at the time of delivery the market value may be less than cost. A Fund commonly engages in when-issued transactions in order to purchase or sell newly-issued Municipal Obligations, and may engage in delayed delivery transactions in order to manage its operations more effectively. See the Statement of Additional Information for further information about when-issued and delayed delivery transactions.

The Funds do not presently intend to use futures or options.

Financial Futures and Options Transactions. Although the Funds have no present intent to do so, each Fund reserves the right to engage in certain hedging transactions involving the use of financial futures contracts, options on financial futures or options based on either an index of long-term tax-exempt securities or on debt securities whose prices, in the opinion of Nuveen Advisory, correlate with the prices of the Fund's investments. These hedging transactions are designed to limit the risk of fluctuations in the prices of a Fund's investments. See the Statement of Additional Information for further information on futures and options and associated risks.

Each Fund will take steps to ensure that its assets are not concentrated in just a few holdings.

Other Investment Policies and Restrictions. Each Fund has adopted certain fundamental policies intended to limit the risk of its investment portfolio. In accordance with these policies, each Fund may not:

. invest more than 5% of its total assets in securities of any one issuer, except that this limitation shall not apply to securities of the U.S. government, its agencies and instrumentalities or to the investment of 25% of the Fund's assets;

. invest more than 5% of its total assets in securities of unseasoned issuers which, together with their predecessors, have been in operation for less than three years;

. invest more than 10% of its assets in illiquid municipal lease obligations and other securities that are unmarketable, illiquid or not readily marketable (securities that cannot reasonably be sold within seven days, including repurchase agreements maturing in more than seven days);

. invest more than 25% of its total assets in securities of issuers in any one industry, provided, however, that such limitation shall not be applicable to Municipal Obligations issued by governments or political subdivisions of governments, and obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities;

. borrow money, except from banks for temporary or emergency purposes and then only in an amount not exceeding (a) 10% of the value of its total assets at the time of borrowing or (b) one-third of the value of its total assets, including the amount borrowed, in order to meet redemption requests which might otherwise require the untimely disposition of securities; or

. hold securities of a single bank, including securities backed by a letter of credit of that bank, if these holdings would exceed 10% of the total assets of the Fund.

In applying these policies, the "issuer" of a security is deemed to be the entity whose assets and revenues are committed to the payment of principal and interest on that security, provided that the guarantee of an instrument will generally be considered a separate security.

See the Statement of Additional Information for a more complete description of the fundamental investment policies summarized above and the Funds' other fundamental investment policies. Each Fund's fundamental investment policies may not be changed without the approval of the Fund's shareholders.

FLEXIBLE SALES CHARGE PROGRAM

Each Fund offers various sales charge options designed to meet your individual investment needs and preferences.

For many investors, working with a professional financial adviser is an important part of their financial strategy. Because Nuveen recognizes the value a financial adviser can provide in developing and implementing a comprehensive plan for your financial future, Nuveen Mutual Funds are sold with a sales charge, either at the time of purchase or at the time of redemption (in the case of Class C Shares purchased on or after June 13, 1995 and redeemed within 12 months of purchase), or over time in the form of a distribution fee. This provides your financial adviser with compensation for the professional advice and service you receive in financial planning and investment selection.

Each Fund has adopted a Flexible Sales Charge Program which provides you with alternative ways of purchasing Fund shares based upon your individual investment needs and preferences. You may purchase Class A Shares at a price equal to their net asset value plus an up-front sales charge. You may purchase Class C Shares without any up-front sales charge at a price equal to their net asset value, but subject to an annual distribution fee designed to compensate Authorized Dealers over time for the sale of Fund shares and a 1% CDSC if Class C Shares are purchased on or after June 13, 1995 and redeemed within 12 months of purchase. See "How to Buy Fund Shares--Class C Shares" and "How to Redeem Fund Shares." Class C Shares automatically convert to Class A Shares six years after purchase. Both Class A Shares and Class C Shares are also subject to annual service fees, which are used to compensate Authorized Dealers for providing you with ongoing account services. Under the Flexible Sales Charge Program, all Fund shares outstanding as of September 6, 1994, have been designated as Class R Shares. Class R Shares are available for purchase at a price equal to their net asset value only under certain limited circumstances, or by specified investors, as described herein. The price at which the purchase of any Fund's shares is effected is based on the next calculation of the Fund's net asset value after the order is placed.

Which Option is Right For You?

When you purchase Class A Shares of a Fund, you will pay an up-front sales charge. As a result, you will have less money invested initially and you will own fewer Class A Shares than you would in the absence of an up-front sales charge. Alternatively, when you purchase Class C Shares of a Fund, you will not pay an up-front sales charge and all of your monies will be fully invested at the time of purchase. However, Class C Shares are subject to an annual distribution fee to compensate Authorized Dealers over time for the sale of Fund shares and a CDSC of 1% if purchased on or after June 13, 1995 and redeemed within 12 months of purchase. Class C Shares automatically convert to Class A Shares six years after purchase. This automatic conversion is designed to ensure that holders of

Class C Shares would pay over the six-year period a distribution fee that is approximately the economic equivalent of the one-time, up-front sales charge paid by holders of Class A Shares on purchases of up to $50,000. Class A Shares and Class C Shares are also subject to annual service fees which are identical in amount and which are used to compensate Authorized Dealers for providing you with ongoing account services. You may qualify for a reduced sales charge or a sales charge waiver on a purchase of Class A Shares, as described below under "How the Sales Charge on Class A Shares May Be Reduced or Waived." Under certain limited circumstances, Class R Shares are available for purchase at a price equal to their net asset value.

In deciding whether to purchase Class A Shares, Class C Shares or Class R Shares of a Fund, you should consider all relevant factors, including the dollar amount of your purchase, the length of time you expect to hold the shares, the amount of any applicable up-front sales charge, the amount of any applicable distribution or service fee that may be incurred while you own the shares, and whether or not you will be reinvesting income or capital gain distributions in additional shares. For assistance with this decision, please refer to the tables under "Summary of Fund Expenses" on page 3 of this Prospectus which set forth examples of the expenses applicable to each class of shares, or consult your financial adviser.

Differences Between the Classes of Shares

Each class of shares of a Fund represents an interest in the same portfolio of investments. Each class of shares of a Fund is identical in all respects except that each class bears its own class expenses, including administration and distribution expenses, and each class has exclusive voting rights with respect to any distribution or service plan applicable to its shares. In addition, the Class C Shares are subject to a conversion feature and a CDSC of 1% if purchased on or after June 13, 1995 and redeemed within 12 months of purchase, as described below. As a result of the differences in the expenses borne by each class of shares, net income per share, dividends per share and net asset value per share will vary among each Fund's classes of shares.

Dealer Incentives

Upon notice to all Authorized Dealers, Nuveen may reallow to Authorized Dealers electing to participate up to the full applicable sales charge during periods and for transactions specified in the notice. The reallowances made during these periods may be based upon attainment of minimum sales levels. Further, Nuveen may from time to time make additional reallowances only to certain Authorized Dealers who sell or are expected to sell certain minimum amounts of the Funds or other Nuveen Mutual Funds and Nuveen UITs during specified time periods. The staff of the Securities and Exchange Commission takes the position that dealers

who receive 90% or more of the applicable sales charge may be deemed underwriters under the Securities Act of 1933, as amended.

Nuveen may also from time to time provide additional promotional support to certain Authorized Dealers who sell or are expected to sell certain minimum amounts of Nuveen Mutual Funds and Nuveen UITs during specified time periods. Such promotional support may include providing sales literature to and holding informational or educational programs for the benefit of such Authorized Dealers' representatives, seminars for the public, and advertising and sales campaigns. Any such support would be provided by Nuveen out of its own assets, and not out of the assets of the Funds, and will not change the price an investor pays for shares or the amount that a Fund will receive from such a sale.

HOW TO BUY FUND SHARES

CLASS A SHARES

Class A Shares are offered at their net asset value plus an up-front sales charge.

You may purchase Class A Shares of any Fund at a public offering price equal to the applicable net asset value per share plus an up-front sales charge imposed at the time of purchase as set forth below. You may qualify for a reduced sales charge, or the sales charge may be waived in its entirety, as described below under "How the Sales Charge on Class A Shares May Be Reduced or Waived." Class A Shares are also subject to an annual service fee to compensate Authorized Dealers for providing you with ongoing account services. See "Distribution and Service Plans."

The sales charges for each Fund's Class A Shares are as follows:

<TABLE>
<CAPTION>

AMOUNT OF PURCHASE	SALES CHARGE AS % OF PUBLIC OFFERING PRICE	SALES CHARGE AS % OF NET AMOUNT INVESTED	REALLOWANCE AS % OF PUBLIC OFFERING PRICE
<S>	<C>	<C>	<C>
Less than $50,000	4.50%	4.71%	4.00%

$50,000 but less than $100,000	4.25%	4.44%	3.75%
$100,000 but less than $250,000	3.50%	3.63%	3.25%
$250,000 but less than $500,000	2.75%	2.83%	2.50%
$500,000 but less than $1,000,000	2.00%	2.04%	1.75%
$1,000,000 but less than $2,500,000	1.00%	1.01%	1.00%
$2,500,000 but less than $5,000,000	0.75%	0.76%	0.75%
$5,000,000 but less than $7,500,000	0.50%	0.50%	0.50%
$7,500,000 and over	0.00%	0.00%	0.00%

</TABLE>

The Funds receive the entire net asset value of all Class A Shares that are sold. Nuveen retains the full applicable sales charge from which it pays the uniform reallowances shown above to Authorized Dealers. See "Flexi-

ble Sales Charge Program--Dealer Incentives" above for more information about reallowances and other compensation to Authorized Dealers.

Certain commercial banks may make Class A Shares of the Funds available to their customers on an agency basis. Pursuant to the agreements between Nuveen and these banks, some or all of the sales charge paid by a bank customer in connection with a purchase of Class A Shares may be retained by or paid to the bank. Certain banks and other financial institutions may be required to register as securities dealers in certain states.

HOW THE SALES CHARGE ON CLASS A SHARES MAY BE REDUCED OR WAIVED

There are several ways to reduce or eliminate the sales charge.

Summary. These are several ways to reduce or eliminate the sales charge:

. cumulative discount;

. letter of intent;

. group purchase programs; and

. special sales charge waivers for certain categories of investors.

Cumulative Discount. You may qualify for a reduced sales charge as shown above on a purchase of Class A Shares of any Fund if the amount of your purchase, when added to the value that day of all of your prior purchases of shares of any Fund or of another Nuveen Mutual Fund, or units of a Nuveen UIT, on which an up-front sales charge or ongoing distribution fee is imposed, falls within the amounts stated in the table. You or your financial adviser must notify Nuveen or SSI of any cumulative discount whenever you plan to purchase Class A Shares of a Fund that you wish to qualify for a reduced sales charge.

Letter of Intent. You may qualify for a reduced sales charge on a purchase of Class A Shares of any Fund if you plan to purchase Class A Shares of Nuveen Mutual Funds over the next 13 months and the total amount of your purchases would, if purchased at one time, qualify you for one of the reduced sales charges shown above. In order to take advantage of this option, you must complete the applicable section of the Application Form or sign and deliver either to an Authorized Dealer or to SSI a written Letter of Intent in a form acceptable to Nuveen. A Letter of Intent states that you intend, but are not obligated, over the next 13 months to purchase a stated total amount of Class A Shares that would qualify you for a reduced sales charge shown above. You may count shares of a Nuveen Mutual Fund that you already own on which you paid an up-front sales charge or an ongoing distribution fee and any Class C Shares of a Nuveen Mutual Fund that you purchase over the next 13 months towards completion of your investment program, but you will receive a reduced sales charge only on new Class A Shares you purchase with a

sales charge over the 13 months. You cannot count towards completion of your investment program Class A Shares that you purchase without a sales charge through investment of distributions from a Nuveen Mutual Fund or a Nuveen UIT, or otherwise.

By establishing a Letter of Intent, you agree that your first purchase of Class A Shares of a Fund following execution of the Letter of Intent will be at least 5% of the total amount of your intended purchases. You further agree that shares representing 5% of the total amount of your intended purchases will be held in escrow pending completion of these purchases. All dividends and capital gains distributions on Class A Shares held in escrow will be credited to your account. If total purchases, less redemptions, prior to the expiration of the 13 month period equal or exceed the amount specified in your Letter of Intent, the Class A Shares held in escrow will be transferred to your account. If the total purchases, less redemptions, exceed the amount specified in your Letter of Intent and thereby qualify for a lower sales charge than the sales charge specified in your Letter of Intent, you will receive this lower sales charge retroactively, and the difference between it and the higher sales charge paid will be used to purchase additional Class A Shares on your behalf. If the total purchases, less redemptions, are less than the amount specified, you must pay Nuveen an amount equal to the difference between the amounts paid for these purchases and the amounts which would have been paid if the higher sales charge had been applied. If you do not pay the additional amount within 20 days after written request by Nuveen or your financial adviser, Nuveen will redeem an appropriate number of your escrowed Class A Shares to meet the required payment. By establishing a Letter of Intent, you irrevocably appoint Nuveen as attorney to give instructions to redeem any or all of your escrowed shares, with full power of substitution in the premises.

You or your financial adviser must notify Nuveen or SSI whenever you make a purchase of Fund shares that you wish to be covered under the Letter of Intent option.

Group Purchase Programs. If you are a member of a qualified group, you may purchase Class A Shares of any Fund or of another Nuveen Mutual Fund at the reduced sales charge applicable to the group's purchases taken as a whole. A "qualified group" is one which has been in existence for more than six months, has a purpose other than investment, has five or more participating members, has agreed to include Fund sales publications in mailings to members and has agreed to comply with certain administrative requirements relating to its group purchases.

Under any group purchase program, the minimum monthly investment in Class A Shares of any particular Fund or portfolio by each participant is $25, and the minimum monthly investment in Class A Shares of any particular Fund or portfolio for all participants in the program combined is $1,000. No certificates will be issued for any participant's account. All dividends and other distributions by a Fund will be reinvested in additional Class A Shares of the same Fund. No participant may utilize a systematic withdrawal program.

To establish a group purchase program, both the group itself and each participant must fill out special application materials, which the group administrator may obtain from the group's financial adviser, by checking the applicable box on the enclosed Application Form or by calling Nuveen toll-free at 800-621-7227. See the Statement of Additional Information for more complete information about "qualified groups" and group purchase programs.

Special Sales Charge Waivers. Class A Shares of any Fund may be purchased at net asset value without a sales charge and in any amount by the following categories of investors:

. officers, directors and retired directors of the Funds;

. bona fide, full-time and retired employees of Nuveen, any parent company of Nuveen, and subsidiaries thereof, or their immediate family members (as defined below);

- any person who, for at least 90 days, has been an officer, director or bona fide employee of any Authorized Dealer, or their immediate family members;

- officers and directors of bank holding companies that make Fund shares available directly or through subsidiaries or bank affiliates;

- bank or broker-affiliated trust departments investing funds over which they exercise exclusive discretionary investment authority and that are held in a fiduciary, agency, advisory, custodial or similar capacity; and

- registered investment advisers, certified financial planners and registered broker-dealers who in each case either charge periodic fees to their customers for financial planning, investment advisory or asset management services, or provide such services in connection with the establishment of an investment account for which a comprehensive "wrap fee" charge is imposed.

Any Class A Shares purchased pursuant to a special sales charge waiver must be acquired for investment purposes and on the condition that they will not be transferred or resold except through redemption by the Funds.

You or your financial adviser must notify Nuveen or SSI whenever you make a purchase of Class A Shares of any Fund that you wish to be covered under these special sales charge waivers. The above categories of investors are also eligible to purchase Class R Shares of any Fund, as described below under "Class R Shares."

You may also purchase Class A Shares of any Fund at net asset value without a sales charge if the purchase takes place through a broker-dealer and represents the reinvestment of the proceeds of the redemption of shares of one or more registered investment companies not affiliated with Nuveen. You must provide appropriate documentation that the redemption occurred not more than 60 days prior to the reinvestment of the proceeds in Class A Shares, and that you either paid an up-front sales charge or were subject to a contingent deferred sales charge in respect of the redemption of such shares of such other investment company. Finally, Class A Shares of any Fund may be issued at net asset value without a sales charge in connection with the acquisition by a Fund of another investment company. All purchases under the special sales charge waivers will be subject to minimum purchase requirements as established by the Funds.

In determining the amount of your purchases of Class A Shares of any Fund that may qualify for a reduced sales charge, the following purchases may be combined: (1) all purchases by a trustee or other fiduciary for a single trust estate or fiduciary account; (2) all purchases by individuals and their immediate family members (i.e., their spouses and their children under 21 years of age); or (3) all purchases made through a group purchase program as described above.

The reduced sales charge programs may be modified or discontinued by the Funds at any time upon prior written notice to shareholders of the Funds.

FOR MORE INFORMATION ABOUT THE PURCHASE OF CLASS A SHARES OR REDUCED SALES CHARGE PROGRAMS, OR TO OBTAIN THE REQUIRED APPLICATION FORMS, CALL NUVEEN TOLL-FREE AT 800-621-7227.

CLASS C SHARES

Class C Shares may be purchased at their net asset value, and are subject to an annual distribution fee.

You may purchase Class C Shares of any Fund at a public offering price equal to the applicable net asset value per share without any up-front sales charge. Class C Shares are subject to an annual distribution fee to compensate Authorized Dealers over time for the sale of Fund shares. See "Flexible Sales Charge Program--Dealer Incentives" above for more information about compensation to Authorized Dealers. Class C Shares are also subject to an annual service fee to compensate Authorized Dealers for providing you with ongoing financial advice and other services. See "Distribution and Service Plans."

An investor purchasing Class C Shares on or after June 13, 1995 agrees to pay a CDSC of 1% if Class C Shares are redeemed within 12 months of purchase. Each Fund will redeem shares at net asset value and deduct any applicable CDSC from the proceeds of the redemption.

The Class C Shares of the applicable Fund will effectively retain the CDSC: the Fund will pay the amount of the CDSC to Nuveen, but will be reimbursed by Nuveen in an equal amount by a reduction in the distribution fees payable to Nuveen.

The CDSC will be the lower of (i) the net asset value of Class C Shares at the time of purchase or (ii) the net asset value of Class C Shares at the time of redemption and will be charged for Class C Shares redeemed within 12 months of purchase. No CDSC will be charged on Class C Shares purchased as a result of automatic reinvestment of dividends or capital gains paid, or on exchanges for Class C Shares of another Nuveen Mutual Fund or money market fund. The CDSC will be calculated as if Class C Shares not subject to a CDSC are redeemed first, except if another order of redemption would result in a lower charge. The CDSC will be waived for redemptions following the disability (as determined by the Social Security Administration) or death of the shareholder.

Class C Shares will automatically convert to Class A Shares six years after purchase. All conversions will be done at net asset value without the imposition of any sales load, fee, or other charge, so that the value of each shareholder's account immediately before conversion will be the same as the value of the account immediately after conversion. Class C Shares acquired through reinvestment of distributions will convert into Class A Shares based on the date of the initial purchase to which such shares relate. For this purpose, Class C Shares acquired through reinvestment of distributions will be attributed to particular purchases of Class C Shares in accordance with such procedures as the Board of Directors may determine from time to time. The automatic conversion of Class C Shares to Class A Shares six years after purchase was designed to ensure that holders of Class C Shares would pay over the six-year period a distribution fee that is approximately the economic equivalent of the one-time, up-front sales charge paid by holders of Class A Shares on purchases of up to $50,000. Class C Shares that are converted to Class A Shares will no longer be subject to an annual distribution

fee, but they will remain subject to an annual service fee which is identical in amount for both Class C Shares and Class A Shares. Since net asset value per share of the Class C Shares and the Class A Shares may differ at the time of conversion, a shareholder may receive more or fewer Class A Shares than the number of Class C Shares converted. Any conversion of Class C Shares into Class A Shares will be subject to the continuing availability of an opinion of counsel or a private letter ruling from the Internal Revenue Service to the effect that the conversion of shares would not constitute a taxable event under federal income tax law. Conversion of Class C Shares into Class A Shares might be suspended if such an opinion or ruling were no longer available.

CLASS R SHARES

Class R Shares are offered at their net asset value.

If you owned Fund shares as of September 6, 1994, those shares have been designated as Class R Shares. Purchases of additional Class R Shares of any Fund, which will not be subject to any sales charge or any distribution or service fee, will be limited to the following circumstances. You may purchase Class R Shares with monies representing distributions from Nuveen-sponsored UITs if, prior to September 6, 1994, you had purchased such UITs and elected to reinvest distributions from such UITs in shares of a Fund. You may also purchase Class R Shares with monies representing dividends and capital gain distributions on Class R Shares of a Fund. Finally, you may purchase Class R Shares if you are within the following specified categories of investors who are also eligible to purchase Class A Shares at net asset value without an up-front sales charge:

. officers, directors and retired directors of the Funds;

. bona fide, full-time and retired employees of Nuveen, any parent company of Nuveen, and subsidiaries thereof, or their immediate family members;

. any person who, for at least 90 days, has been an officer, director or bona fide employee of any Authorized Dealer, or their immediate family members;

. officers and directors of bank holding companies that make Fund shares available directly or through subsidiaries or bank affiliates;

. bank or broker-affiliated trust departments investing funds over which they exercise exclusive discretionary investment authority and that are held in a fiduciary, agency, custodial or similar capacity; and

. registered investment advisers, certified financial planners and registered broker-dealers who in each case either charge periodic fees for financial planning, investment advisory or asset management services, or provide such services in connection with the establishment of an investment account for which a comprehensive "wrap fee" charge is imposed.

Investors who are eligible to purchase either Class R Shares or Class A Shares of a Fund without a sales charge at net asset value should be aware of

the differences between these two classes of shares. Class A Shares are subject to an annual service fee to compensate Authorized Dealers for providing you with ongoing account services. Class R Shares are not subject to a service fee and consequently holders of Class R Shares may not receive the same types or levels of services from Authorized Dealers. In choosing between Class A Shares and Class R Shares, you should weigh the benefits of the services to be provided by Authorized Dealers against the annual service fee imposed upon the Class A Shares.

INITIAL AND SUBSEQUENT PURCHASES OF SHARES

The Funds offer a number of convenient ways to purchase shares.

You may buy Fund shares through Authorized Dealers or by directing your financial adviser to call Nuveen toll-free at 800-843-6765. You may pay for your purchase by Federal Reserve draft or by check made payable to "Nuveen [name of state] Tax-Free Value Fund, Class [A], [C], [R]," delivered to the financial adviser through whom the investment is to be made for forwarding to the Funds' shareholder services agent, SSI. When making your initial investment, you must also furnish the information necessary to establish your Fund account by completing and enclosing with your payment the attached Application Form. After your initial investment, you may make subsequent purchases at any time by forwarding to SSI a check in the amount of your purchase made payable to "Nuveen [name of state] Tax-Free Value Fund, Class [A], [C], [R]," and indicating on the check your account number. All payments must be in U.S. dollars and should be sent directly to SSI at its address listed on the back cover of this Prospectus. A check drawn on a foreign bank or payable other than to the order of a Fund generally will not be acceptable. You may also wire Federal Funds directly to SSI, but you may be charged a fee for this. For instructions on how to make Fund purchases by wire transfer, call Nuveen toll-free at 800-621-7227. Authorized Dealers and other persons distributing the Funds' shares may receive different compensation for selling different classes of shares.

MINIMUM INVESTMENT REQUIREMENTS

Generally, your first purchase of any class of a Fund's shares must be for $1,000 or more. Additional purchases may be in amounts of $100 or more. These minimums may be changed at any time by the Funds. There are exceptions to these minimums for shareholders who qualify under one or more of the Funds' automatic deposit, group purchase or reinvestment programs.

SYSTEMATIC INVESTMENT

The Funds offer you several opportunities to capture the benefits of "dollar cost averaging" through systematic

PROGRAMS investment programs. In a regularly followed dollar cost averaging program, you would purchase more shares when Fund share prices are lower and fewer shares when Fund share prices are higher, so that the average price paid for Fund shares is less than the average price of Fund shares over the same time period. The chart below shows the cumulative effect that compound interest can have on a systematic investment program.

The Power of a Systematic Investment Program.

[GRAPH APPEARS HERE]
<TABLE>
<CAPTION>

YEAR	6%	5%	4%	0%
<S>	<C>	<C>	<C>	<C>
0	1,000	1,000	1,000	1,000
1	2,184	2,170	2,156	2,100
2	3,553	3,509	3,466	3,300
3	5,005	4,916	4,829	4,500
4	6,548	6,396	6,248	5,700
5	8,185	7,951	7,725	6,900
6	9,923	9,586	9,262	8,100
7	11,769	11,304	10,862	9,300
8	13,728	13,110	12,526	10,500
9	15,809	15,009	14,259	11,700
10	18,017	17,004	16,062	12,900
11	20,362	19,102	17,939	14,100
12	22,852	21,307	19,892	15,300
13	25,494	23,625	21,925	16,500
14	28,300	26,062	24,040	17,700
15	31,280	28,623	26,242	18,900

</TABLE>
- --- 6% Compound Interest
- --- 5% Compound Interest
- --- 4% Compound Interest
- --- No Interest

SOURCE: NUVEEN MARKETING RESEARCH DEPARTMENT

In the above example, it is assumed that $100 is added to an investment account every month for 15 years. From the same $1,000 beginning, the chart shows the amount that would be in the account after 15 years, assuming no interest and interest compounded annually at the rates of 4%, 5% and 6%.

This chart is designed to illustrate the effects of compound interest, and is not intended to predict the results of an actual investment in a Fund. There are several important differences between the Funds and the hypothetical investment program shown. This example assumes no gain or loss in the net asset value of the investment over the entire 15-year period, whereas the net asset value of each of the Funds will rise and fall due to market conditions or other factors, which could have a significant impact on the total value of your investment. Similarly, this example shows four steady interest rates over the entire 15-year period, whereas the dividend rates of the Funds can be expected to fluctuate over time. The Funds may provide additional information to investors and advisors illustrating the benefits of systematic investment programs and dollar cost averaging.

The Funds offer automatic deposit and payroll deposit plans.

The Funds offer two different types of systematic investment programs:

Automatic Deposit Plan. Once you have established a Class A Share account or Class C Share account, or if you are eligible to purchase additional Class R Shares in one of the Funds, you may make regular investments in an amount of $25 or more each month by authorizing SSI to draw preauthorized checks on your bank account.

There is no obligation to continue payments and you may terminate your participation at any time at your discretion. No charge in addition to the applicable sales charge is made in connection with this Plan, and there is no cost to the Funds. To obtain an application form for the Automatic Deposit Plan, check the applicable box on the enclosed Application Form or call Nuveen toll-free at 800-621-7227.

Payroll Direct Deposit Plan. Once you have established a Class A Share or Class C Share account in one of the Funds, you may, with your employer's consent, make regular investments in Fund shares of $25 or more per pay period by authorizing your employer to deduct this amount automatically from your paycheck. There is no obligation to continue payments and you may terminate your participation at any time at your discretion. No charge in addition to the applicable sales charge is made for this Plan, and there is no cost to the Funds. To obtain an application form for the Payroll Direct Deposit Plan, check the applicable box on the enclosed Application Form or call Nuveen toll-free at 800-621-7227.

OTHER SHAREHOLDER PROGRAMS

The Funds offer no-charge exchanges with other Nuveen Mutual Funds.

Exchange Privilege. You may exchange shares of a class of any Fund you own for shares of the same or equivalent class of another Fund or for shares of another Nuveen Mutual Fund with reciprocal exchange privileges by sending a written request to the applicable Fund, c/o Shareholder Services, Inc., P.O. Box 5330, Denver, CO 80217-5330. The shares to be purchased must be offered in your state of residence and you must have held the shares you are exchanging for at least 15 days. For example, Class A Shares of a Fund may be exchanged for Class A Shares of another Nuveen Mutual Fund at net asset value without a sales charge. Similarly, Class A Shares of another Nuveen Mutual Fund purchased subject to a sales charge may be exchanged for Class A Shares of any Fund at net asset value without a sales charge. Shares of any Nuveen Mutual Fund purchased through dividend reinvestment or through investment of Nuveen UIT distributions may be exchanged for shares of a Fund or any other Nuveen Mutual Fund without a sales charge. Exchanges of shares from any Nuveen money market fund will be made into Class A Shares or Class C Shares of any Fund at the public offering price, which includes an up-front sales charge in the case of Class A Shares, and will be subject to an annual distribution fee in the case of Class C Shares. If, however, a sales charge has previously been paid on the investment represented by the exchanged shares (i.e., the shares to be exchanged were originally issued in exchange for shares on which a sales charge was paid), the exchange of shares from a Nuveen money market fund will be made into Class A Shares at net asset value without any up-front sales charge. Shares of any class of a Fund may be exchanged for shares of any Nuveen money market fund that does not impose a sales charge or have any distribution or service fees.

No CDSC will be charged on the exchange of Class C Shares of a Fund for Class C Shares of any other Nuveen Mutual Fund or shares of any Nuveen money market fund. The 12 month holding period for purposes of the CDSC applicable to Class C Shares will continue to run during any period in which Class C Shares of a Fund, Class C Shares of any other Nuveen Mutual Fund or shares of a Nuveen money market fund are held.

You must exchange shares whose total value at least equals the minimum investment requirement of the Nuveen Mutual Fund being purchased. For federal income tax purposes, any exchange constitutes a sale and purchase of shares and may result in capital gain or loss. Before making any exchange, you should obtain the Prospectus for the Nuveen Mutual Fund you are purchasing and read it carefully. If the registration of the account for the Fund you are purchasing is not exactly the same as that of the fund account from which the exchange is made, written instructions from all holders of the account from which the exchange is being made must be received, with signatures guaranteed by a member of an approved Medallion Guarantee Program or in such other manner as may be acceptable to the Fund. You may also exchange shares by telephone if you authorize telephone exchanges by checking the applicable box on the enclosed Application Form or by calling Nuveen toll-free at 800-621-7227 to obtain an authorization form. The exchange privilege may be modified or discontinued by any Fund at any time upon prior written notice to shareholders of that Fund.

In addition, you may exchange Class R Shares of any Fund for Class A Shares of the same Fund without a sales charge if the current net asset value of those Class R Shares is at least $1,000 or you already own Class A Shares of that Fund.

Reinstatement Privilege. If you have redeemed Class A Shares of a Fund or Class A Shares of any other Nuveen Mutual Fund that were subject to a sales charge, you may reinvest without any added sales charge up to the full amount of the redemption in Class A Shares of a Fund at net asset value at the time of reinvestment. This reinstatement privilege can be exercised only once for all or a portion of the Class A Shares you redeemed and must be exercised within 90 days of the date of the redemption. As applied to Class C Shares of any Fund or of any other Nuveen Mutual Fund, this reinstatement privilege, if exercised within 90 days of the date of the redemption, will preserve the number of years credited to your ownership of Class C Shares for purposes of conversion of these Class C Shares to Class A Shares. Any CDSC charged if the shares were purchased on or after June 13, 1995 and redeemed within 12 months of purchase will be refunded if ownership is reinstated within the 90 day period. The tax consequences of any capital gain realized on a redemption will not be affected by reinstatement, but a capital loss may be disallowed in whole or in part depending on the timing and amount of the reinvestment.

FOR MORE INFORMATION ABOUT THESE PURCHASE OPTIONS AND TO OBTAIN THE APPLICATION FORMS REQUIRED FOR SOME OF THEM, CALL NUVEEN TOLL-FREE AT 800-621-7227.

ADDITIONAL INFORMATION

If you choose to invest in a Fund, an account will be opened and maintained for you by SSI, the Funds' shareholder services agent. Share certificates will be issued to you only upon written request to SSI, and no certificates will be issued for fractional shares. Each Fund reserves the right to reject any purchase order and to waive or increase minimum investment requirements. A change in registration or transfer of shares

held in the name of your financial adviser's firm can only be made by an order in good form from the financial adviser acting on your behalf.

Authorized Dealers are encouraged to open single master accounts. However, some Authorized Dealers may wish to use SSI's sub-accounting system to minimize their internal recordkeeping requirements. An Authorized Dealer or other investor requesting shareholder servicing or accounting other than the master account or sub-accounting service offered by SSI will be required to enter into a separate agreement with another agent for these services for a fee that will depend upon the level of services to be provided.

Subject to the rules and regulations of the Securities and Exchange Commission, Nuveen Tax-Free Bond Fund, Inc. reserves the right to suspend the continuous offering of shares of any of its Funds at any time, but no suspension shall affect your right of redemption as described below.

DISTRIBUTION AND SERVICE PLANS

Each Fund has adopted a plan (the "Plan") pursuant to Rule 12b-1 under the Investment Company Act of 1940, which provides that Class C Shares will be subject to an annual distribution fee and that both Class A Shares and Class C Shares will be subject to an annual service fee. Class R Shares will not be subject to either distribution or service fees.

The distribution fee applicable to Class C Shares under each Fund's Plan will be payable to reimburse Nuveen for services and expenses incurred in connection with the distribution of Class C Shares. These expenses include payments to Authorized Dealers, including Nuveen, who are brokers of record with respect to the Class C Shares, as well as, without limitation, expenses of printing and distributing prospectuses to persons other than shareholders of the Fund, expenses of preparing, printing and distributing advertising and sales literature and reports to shareholders used in connection with the sale of Class C Shares, certain other expenses associated with the distribution of Class C Shares, and any distribution-related expenses that may be authorized from time to time by the Board of Directors.

The service fee applicable to Class A Shares and Class C Shares under each Fund's Plan will be payable to Authorized Dealers in connection with the provision of ongoing account services to shareholders. These services may include establishing and maintaining shareholder accounts,

answering shareholder inquiries and providing other personal services to shareholders.

Each Fund may spend up to .25 of 1% per year of the average daily net assets of Class A Shares as a service fee under the Plan applicable to Class A Shares. Each Fund may spend up to .75 of 1% per year of the average daily net assets of Class C Shares less the amount of any CDSC received by Nuveen as to which no reinstatement privilege has been exercised, as a distribution fee and up to .25 of 1% per year of the average daily net assets of Class C Shares as a service fee under the Plan applicable to Class C Shares.

HOW TO REDEEM FUND SHARES

You may require a Fund at any time to redeem for cash your shares of that Fund at the net asset value next computed after instructions and required documents and certificates, if any, are received in proper form. There is no charge for the redemption of Class A Shares or Class R Shares. An investor purchasing Class C Shares on or after June 13, 1995 agrees to pay a CDSC of 1% of the lower of (i) the net asset value of Class C Shares at the time of purchase or (ii) the net asset value of Class C Shares at the time of redemption, if such Class C Shares are redeemed within 12 months of purchase. Each Fund will redeem shares at net asset value and deduct any applicable CDSC from the proceeds of redemption. No CDSC will be charged on Class C Shares purchased as a result of automatic reinvestment of dividends or capital gains paid. The CDSC will be calculated as if Class C Shares not subject to a CDSC are redeemed first, except if another order of redemption would result in a lower charge. The CDSC will be waived for redemptions following the disability (as determined in writing by the Social Security Administration) or death of the shareholder. There is no CDSC on Class C Shares held more than 12 months.

The Funds offer a variety of redemption options.

By Written Request. You may redeem shares by sending a written request for redemption directly to the applicable Fund, c/o Shareholder Services, Inc., P.O. Box 5330, Denver, CO 80217-5330, accompanied by duly endorsed certificates, if issued. Requests for redemption and share certificates, if issued, must be signed by each shareholder and, if the redemption proceeds exceed $25,000 or are payable other than to the shareholder of record at the address of record (which address may not have been changed in the preceding 60 days), the signature must be guaranteed by a member of an approved Medallion Guarantee Program or in such other manner as may be acceptable to the Fund. You will receive payment equal to the net asset value per share next determined after receipt by the Fund of a properly executed redemption request in proper form. A check for the redemption proceeds will be mailed to you within seven days after receipt of your redemption request. However, if any shares to be redeemed were purchased by check within 15 days prior to the date the redemption request is received, a Fund will not mail the redemption proceeds until the check received for the purchase of shares has cleared, which may take up to 15 days.

By TEL-A-CHECK. If you have authorized telephone redemption and your account address has not changed within the last 60 days, you can redeem shares that are held in non-certificate form and that are worth $25,000 or less by calling Nuveen at 800-621-7227. While you or anyone authorized by you may make telephone redemption requests, redemption checks will be issued only in the name of the shareholder of record and will be mailed to the address of record. If your telephone request is received prior to 2:00 p.m. eastern time, the shares redeemed will earn income through the day the request is made and the redemption check will be mailed the next business day. For requests received after 2:00 p.m. eastern time, the shares redeemed earn income through the next business day and the check will be mailed on the second business day after the request.

By TEL-A-WIRE. If you have authorized TEL-A-WIRE redemption, you can take advantage of the following expedited redemption procedures to redeem shares held in non-certificate form that are worth at least $1,000. You may make TEL-A-WIRE redemption requests by calling Nuveen at 800-621-7227. If a redemption request is received by 4:00 p.m. eastern time, the redemption will be made as of 4:00 p.m. that day. If the redemption request is received after 4:00 p.m. eastern time, the redemption will be made as of 4:00 p.m. the following business day. Redemption proceeds will normally be wired on the second business day following the redemption, but may be delayed one additional business day if the Federal Reserve Bank of Boston or the Federal Reserve Bank of New York is closed on the day redemption proceeds would ordinarily be wired. The Funds reserve the right to charge a fee for TEL-A-WIRE.

Before you may redeem shares by TEL-A-CHECK or TEL-A-WIRE, you must complete the telephone redemption authorization section of the enclosed Application Form and return it to Nuveen or SSI. If you did not authorize telephone redemption when you opened your account, you may obtain a telephone redemption authorization form by writing the Funds or by calling Nuveen toll-free at 800-621-7227. Proceeds of share redemptions made by TEL-A-WIRE will be transferred by Federal Reserve wire

only to the commercial bank account specified by the shareholder on the application form. You must send a written request to Nuveen or SSI in order to establish multiple accounts, or to change the account or accounts designated to receive redemption proceeds. These requests must be signed by each account owner with signatures guaranteed by a member of an approved Medallion Guarantee Program or in such other manner as may be acceptable to the Funds. Further documentation may be required from corporations, executors, trustees or personal representatives.

For the convenience of shareholders, the Funds have authorized Nuveen as their agent to accept orders from financial advisers by wire or telephone for the redemption of Fund shares. The redemption price is the first net asset value determined following receipt of an order placed by the financial adviser. A Fund makes payment for the redeemed shares to the financial adviser who placed the order promptly upon presentation of required documents with signatures guaranteed as described above. Neither the Funds nor Nuveen charges any redemption fees. However, your financial adviser may charge you for serving as agent in the redemption of shares.

The Funds reserve the right to refuse telephone redemptions and, at their option, may limit the timing, amount or frequency of these redemptions. This procedure may be modified or terminated at any time, on 30 days' notice, by the Funds. The Funds, SSI and Nuveen will not be liable for following telephone instructions reasonably believed to be genuine. The Funds employ procedures reasonably designed to confirm that telephone instructions are genuine. These procedures include recording all telephone instructions and requiring up to three forms of identification prior to acting upon a caller's instructions. If a Fund does not follow reasonable procedures for protecting shareholders against loss on telephone transactions, it may be liable for any losses due to unauthorized or fraudulent telephone instructions.

Automatic Withdrawal Plan. If you own Fund shares currently worth at least $10,000, you may establish an Automatic Withdrawal Plan by completing an application form for the Plan. You may obtain an application form by checking the applicable box on the enclosed Application Form or by calling Nuveen toll-free at 800-621-7227.

The Plan permits you to request periodic withdrawals on a monthly, quarterly, semi-annual or annual basis in an amount of $50 or more. Depending upon the size of the withdrawals requested under the Plan and fluctuations in the net asset value of Fund shares, these withdrawals may reduce or even exhaust your account.

The purchase of Class A Shares, other than through reinvestment, while you are participating in the Automatic Withdrawal Plan with respect to Class A Shares will usually be disadvantageous because you will be paying a sales charge on any Class A Shares you purchase at the same time you are redeeming shares. Similarly, use of the Automatic Withdrawal Plan for Class C Shares purchased on or after June 13, 1995 and held 12 months or less will result in imposition of the 1% CDSC. Purchase of new Class C Shares, other than through reinvestment, while participating in the Automatic Withdrawal Plan may be disadvantageous because the newly-purchased Class C Shares will be subject to the 1% CDSC until 12 months after purchase.

General. Each Fund may suspend the right of redemption of Fund shares or delay payment more than seven days (a) during any period when the New York Stock Exchange is closed (other than customary weekend and holiday closings), (b) when trading in the markets the Fund normally utilizes is restricted, or an emergency exists as determined by the Securities and Exchange Commission so that trading of the Fund's investments or determination of its net asset value is not reasonably practicable, or (c) for any other periods that the Securities and Exchange Commission by order may permit for protection of Fund shareholders.

Each Fund may, from time to time, establish a minimum total investment for Fund shareholders, and each Fund reserves the right to redeem your shares if your investment is less than the minimum after giving you at least 30 days' notice. If any minimum total investment is established, and if your account is below the minimum, you will be allowed 30 days following the notice in which to purchase sufficient shares to meet the minimum. So long as a Fund continues to offer shares at net asset value to holders of Nuveen UITs who are investing their Nuveen UIT distributions, no minimum total investment will be established for that Fund.

MANAGEMENT OF THE FUNDS

Nuveen Advisory has been managing similar tax-free funds since 1976, and has approximately $30 billion of assets under management.

Board of Directors. The management of Nuveen Tax-Free Bond Fund, Inc., including general supervision of the duties performed for each Fund by Nuveen Advisory under the Investment Management Agreement, is the responsibility of its Board of Directors.

Investment Adviser. Nuveen Advisory acts as the investment adviser for and manages the investment and reinvestment of the assets of each of the Funds. Its address is Nuveen

Advisory Corp., 333 West Wacker Drive, Chicago, Illinois 60606. Nuveen Advisory also administers the Funds' business affairs,

provides office facilities and equipment and certain clerical, bookkeeping and administrative services, and permits any of its officers or employees to serve without compensation as directors or officers of Nuveen Tax-Free Bond Fund, Inc. if elected to such positions.

Nuveen Advisory was organized in 1976 and since then has exclusively engaged in the management of municipal securities portfolios. It currently serves as investment adviser to 21 open-end municipal securities portfolios (the "Nuveen Mutual Funds") and 55 exchange-traded municipal securities funds (the "Nuveen Exchange-Traded Funds"). Each of these invests substantially all of its assets in investment grade quality, tax-free municipal securities, and except for money-market funds, adheres to the value investing strategy described previously. As of the date of this Prospectus, Nuveen Advisory manages approximately $30 billion in assets held by the Nuveen Mutual Funds and the Nuveen Exchange-Traded Funds.

Nuveen Advisory is a wholly-owned subsidiary of John Nuveen & Co. Incorporated, 333 West Wacker Drive, Chicago, Illinois 60606, the oldest and largest investment banking firm (based on number of employees) specializing in the underwriting and distribution of tax-exempt securities. Nuveen, the principal underwriter of the Funds' shares, is sponsor of the Nuveen Tax-Exempt Unit Trust, a registered unit investment trust. It is also the principal underwriter for the Nuveen Mutual Funds, and served as co-managing underwriter for the shares of the Nuveen Exchange-Traded Funds. Over 1,000,000 individuals have invested to date in Nuveen's tax-exempt funds and trusts. Founded in 1898, Nuveen is a subsidiary of The John Nuveen Company which, in turn, is approximately 75% owned by The St. Paul Companies, Inc. ("St. Paul"). St. Paul is located in St. Paul, Minnesota, and is principally engaged in providing property-liability insurance through subsidiaries.

For the services and facilities furnished by Nuveen Advisory, each Fund has agreed to pay an annual management fee as follows:

<TABLE>
<CAPTION>

AVERAGE DAILY NET ASSET VALUE	MANAGEMENT FEE
<S>	<C>
For the first $125 million	.5500 of 1%
For the next $125 million	.5375 of 1%
For the next $250 million	.5250 of 1%
For the next $500 million	.5125 of 1%
For the next $1 billion	.5000 of 1%
For assets over $2 billion	.4750 of 1%

</TABLE>

All fees and expenses are accrued daily and deducted before payment of dividends to investors. In addition to the management fee of Nuveen Advisory, each Fund pays all its other costs and expenses and a portion of Nuveen Tax-Free Bond Fund, Inc.'s general administrative expenses allo-

cated in proportion to the net assets of each Fund. In order to prevent total operating expenses (excluding any distribution or service fees) from exceeding .75 of 1% of the average daily net asset value of any class of shares of each Fund for any fiscal year, Nuveen Advisory has agreed to waive all or a portion of its management fees or reimburse certain expenses of each Fund. Nuveen Advisory may also voluntarily agree to reimburse additional expenses from time to time, which voluntary reimbursements may be terminated at any time in its discretion. For information regarding the management fees and total operating expenses of each class of shares of each of the Funds for the year ended February 28, 1995, see the table under "Summary of Fund Expenses" on page 3 of this Prospectus.

Portfolio Management. Overall portfolio management strategy for the Funds is determined by Nuveen Advisory under the general supervision of Thomas C. Spalding, Jr., a Vice President of Nuveen Advisory and of the Funds. Mr. Spalding has been employed by Nuveen since 1976 and by Nuveen Advisory since 1978 and has responsibility with respect to the portfolio management of all Nuveen open-end and exchange-traded funds managed by Nuveen Advisory. See the Statement of Additional Information for further information about Mr. Spalding.

The day-to-day management of the Massachusetts Fund is the responsibility of Stephen S. Peterson, an Assistant Portfolio Manager of Nuveen Advisory since October 1991 and portfolio manager for the Massachusetts Fund since May 1993. Prior to joining Nuveen Advisory, he was an analyst in Nuveen's Research Department. Mr. Peterson currently manages eight Nuveen sponsored investment companies.

The day-to-day management of the New York Fund is the responsibility of Daniel S. Solender, an Assistant Portfolio Manager of Nuveen Advisory since January 1992 and portfolio manager for the New York Fund since September 1994. Prior to joining Nuveen Advisory, Mr. Solender attended the University of Chicago (from September 1990 to June 1992) where he received his M.B.A. and worked part time in the Research Department of Nuveen. From June 1989 to August 1990, Mr. Solender worked for Citibank Investment Services in the areas of investment research and product development. He currently manages nine Nuveen-sponsored investment companies.

The day-to-day management of the Ohio Fund is the responsibility of James W. Lumberg, an Assistant Portfolio Manager of Nuveen Advisory since July 1993 and portfolio manager for the Ohio Fund since September 1994. Mr. Lumberg was Sector Manager, Municipal Leases and Pooled Finance and a

municipal analyst of Nuveen and, prior thereto, was a professor of English in Liberia, West Africa. Mr. Lumberg acts under the direct supervision of J. Thomas Futrell and he currently manages five Nuveen-sponsored investment companies. J. Thomas Futrell has been a Vice President of Nuveen Advisory since February 1991. Prior thereto, he served as Assistant Vice President of Nuveen Advisory. He currently manages seven Nuveen-sponsored investment companies.

Consistent with the Funds' investment objectives, the day-to-day management of each Fund is characterized by an emphasis on value investing, a process that involves the search for Municipal Obligations with favorable characteristics that, in Nuveen Advisory's judgment, have not yet been recognized in the marketplace. The process of searching for such undervalued or underrated securities is an ongoing one that draws upon the resources of the portfolio managers of the various Nuveen funds and senior management of Nuveen Advisory. All portfolio management decisions are subject to weekly review by Nuveen Advisory's management and to quarterly review by the Board of Directors of Nuveen Tax-Free Bond Fund, Inc.

HOW THE FUNDS SHOW PERFORMANCE

The Funds may compare their performance with other tax-free and taxable investments, often on a taxable equivalent basis.

Each Fund from time to time may quote various performance measures in order to illustrate the historical returns available from an investment in the Fund. These performance measures, which are determined for each class of shares of a Fund, include:

Yield Information. YIELD is a standardized measure of the net investment income earned over a specified 30-day period, expressed as a percentage of the offering price per share at the end of the period. Yield is an annualized figure, which means that it is assumed that the same level of net investment income is generated over a one-year period.

TAXABLE EQUIVALENT YIELD is the yield that a taxable investment would need to generate in order to equal the yield on an after-tax basis for an investor in a stated tax bracket. Taxable equivalent yield will consequently be higher

than its yield. See the chart below and Appendix B for examples of taxable equivalent yields and how you can use them to compare other investments with investments in the Funds.

HISTORICAL YIELDS

[GRAPH APPEARS HERE]

<TABLE>
<CAPTION>

DATE	TAXABLE EQUIVALENT BB 20	30 YEAR TREASURY	6 MONTH CD	TAXABLE MMF
<S>	<C>	<C>	<C>	<C>
1/86	12.63%	9.40%	7.54%	7.15%
1/87	10.41%	7.39%	5.60%	5.50%
1/88	12.08%	8.83%	6.75%	6.50%
1/89	11.48%	8.93%	8.12%	8.36%
1/90	11.09%	8.26%	7.62%	7.75%
1/91	11.06%	8.27%	6.75%	6.89%
1/92	10.18%	7.75%	3.72%	4.13%
1/93	9.62%	7.34%	2.87%	2.84%
1/94	8.29%	5.54%	2.72%	2.71%
1/95	10.21%	7.85%	5.43%	5.13%

</TABLE>

SOURCES: BOND BUYER, BANXQUOTE, IBC/DONOGHUE'S MONEY FUND REPORT

As this chart shows, interest rates on various long- and short-term investments will fluctuate over time, and not always in the same direction or to the same degree. For convenience, the taxable equivalent yield of the Bond Buyer 20 Index shown here was calculated using a 36% federal income tax rate. Other federal income tax rates, both higher and lower, were in existence for all or part of the period shown in the chart. This chart is not intended to predict the future direction of interest rates. See the discussion below under the subcaption "General" for a description of the indices and investments shown in the chart.

DISTRIBUTION RATE is determined based upon the latest dividend, annualized, expressed as a percentage of the offering price per share at the end of the measurement period. Distribution rate may sometimes be different than yield because it may not include the effect of amortization of bond premiums to the extent such premiums arise after the bonds were purchased.

Total Return Information. AVERAGE ANNUAL TOTAL RETURN and CUMULATIVE TOTAL RETURN figures for a specified period measure both the net investment income generated by, and the effect of any realized and unrealized appreciation or depreciation of, an investment in a Fund, assuming the reinvestment of all dividends and capital gain distributions. Average annual total return figures generally are quoted for at least one-, five- and ten-year (or life-of-fund, if shorter) periods and represent the average annual percentage change over those periods. Cumulative total return figures are not annualized and represent the cumulative percentage or dollar value change over the period specified.

TAXABLE EQUIVALENT TOTAL RETURN represents the total return that would be generated by a taxable income fund that produced the same amount of net asset value appreciation or depreciation and after-tax income as a Fund in each year, assuming a specified tax rate. The taxable equivalent total return of a Fund will therefore be higher than its total return over the same period.

From time to time, a Fund may compare its risk-adjusted performance with other investments that may provide different levels of risk and return. For example, a Fund may compare its risk level, as measured by the variability of its periodic returns, or its RISK-ADJUSTED TOTAL RETURN, with those of other funds or groups of funds. Risk-adjusted total return would be calculated by adjusting each investment's total return to account for the risk level of the investment.

A Fund may also compare its TAX-ADJUSTED TOTAL RETURN with that of other funds or groups of funds. This measure would take into account the tax-exempt nature of exempt-interest dividends and the payment of income taxes on a Fund's distributions of net realized capital gains and ordinary income.

General. Any given performance quotation or performance comparison for a Fund is based on historical earnings and should not be considered as representative of the performance of the Fund for any future period. See the Statement of Additional Information for further information concerning the Funds' performance. For information as to current yield and other performance information regarding the Funds, call Nuveen toll-free at 800-621-7227.

A comparison of the current yield or historic performance of a Fund to those of other investments is one element to consider in making an informed investment decision. Each Fund may from time to time in its

advertising and sales materials compare its current yield or total return with the yield or total return on taxable investments such as corporate or U.S. Government bonds, bank certificates of deposit (CDs) or money market funds. These taxable investments have investment characteristics that differ from those of the Funds. U.S. Government bonds, for example, are long-term investments backed by the full faith and credit of the U.S. Government, and bank CDs are generally short-term, FDIC-insured investments, which pay fixed principal and interest but are subject to fluctuating rollover rates. Money market funds are short-term investments with stable net asset values, fluctuating yields and special features enhancing liquidity. Additionally, each Fund may compare its current yield or total return history with a widely-followed, unmanaged municipal market index such as the Bond Buyer 20 Index, the Merrill Lynch 500 Municipal Market Index or the Lehman Brothers Municipal Bond Index. Comparative performance information may also be used from time to time in advertising or marketing a Fund's shares, including data from Lipper Analytical Services, Inc., Morningstar, Inc. and other industry publications.

DISTRIBUTIONS AND TAXES

HOW THE FUNDS PAY DIVIDENDS

Each Fund will pay monthly dividends to shareholders at a level rate that reflects the past and projected net income of the Fund and that results, over time, in the distribution of substantially all of the Fund's net income. Net income of each Fund consists of all interest income accrued on its portfolio less all expenses of Nuveen Tax-Free Bond Fund, Inc. accrued daily that are applicable to that Fund. To maintain a more stable monthly distribution, each Fund may from time to time distribute less than the entire amount of net income earned in a particular period. This undistributed net income would be available to supplement future distributions, which might otherwise have been reduced by a decrease in a Fund's monthly net income due to fluctuations in investment income or expenses. As a result, the distributions paid by a Fund for any particular monthly period may be more or less than the amount of net income actually earned by a Fund during such period. Undistributed net income is included in a Fund's net asset value and, correspondingly, distributions from previously undistributed net income are deducted from a Fund's net asset value. It is not expected that this dividend policy will impact the management of the Funds' portfolios.

Each Fund pays monthly dividends.

Dividends paid by a Fund with respect to each class of shares will be calculated in the same manner and at the same time, and will be paid in the same amount except that different distribution and service fees and any other expense relating to a specific class of shares will be borne exclu-

sively by that class. As a result, dividends per share will vary among a Fund's classes of shares.

Each Fund will declare dividends on the 9th of each month (or if the 9th is not a business day, on the immediately preceding business day), payable to shareholders of record as of the close of business on that day. This distribution policy is subject to change, however, by the Board of Directors without prior notice to or approval by shareholders. Dividends will be paid on the first business day of the following month and are reinvested in additional shares of a Fund at net asset value unless you have elected that your dividends be paid in cash. Net realized capital gains, if any, will be paid not less frequently than annually and will be reinvested at net asset value in additional shares of the Fund unless you have elected to receive capital gains distributions in cash.

TAX MATTERS

The following federal and state tax discussion, together with the additional information on state taxes in Appendix A, is intended to provide you with an overview of the impact on the Funds and their shareholders of federal as well as state and local income tax provisions. These tax provisions are subject to change by legislative or administrative action, and any changes may be applied retroactively. Because the Funds' taxes are a complex matter, you should consult your tax adviser for more detailed information concerning the taxation of the Funds and the federal, state and local tax consequences to Fund shareholders.

Income dividends are free from regular federal income tax.

Federal Income Tax. Each Fund intends to qualify, as it has in prior years, under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code") for tax treatment as a regulated investment company. In order to qualify for treatment as a regulated investment company, a Fund must satisfy certain requirements relating to the sources of its income, diversification of its assets and distribution of its income to shareholders. As a regulated investment company, a Fund will not be subject to federal income tax on the portion of its net investment income and net realized capital gains that is currently distributed to shareholders. Each Fund also intends to satisfy conditions that will enable it to pay "exempt-interest dividends" to its shareholders. This means that you will not be subject to regular federal income tax on Fund dividends you receive from income on Municipal Obligations.

Your share of a Fund's taxable income, if any, from income on taxable temporary investments and net short-term capital gains, will be taxable to you as ordinary income. If a Fund purchases a Municipal Obligation at a market discount, any gain realized by the Fund upon sale or redemp-

tion of the Municipal Obligation will be treated as taxable ordinary income to the extent such gain does not exceed the market discount, and any gain realized in excess of the market discount will be treated as capital gains. Distributions, if any, of net long-term capital gains are taxable as long-term capital gains, regardless of the length of time you have owned shares of a Fund. You are required to pay tax on all taxable distributions even if these distributions are automatically reinvested in additional Fund shares. Certain distributions paid by a Fund in January of a given year may be taxable to shareholders as if received the prior December 31. As long as a Fund qualifies as a regulated investment company under the Code, distributions will not qualify for the dividends received deduction for corporate shareholders. Investors should consider the tax implications of buying shares immediately prior to a distribution. Investors who purchase shares shortly before the record date for a distribution will pay a per share price that includes the value of the anticipated distribution and will be taxed on the distribution (unless it is exempt from tax) even though the distribution represents a return of a portion of the purchase price.

If in any year a Fund should fail to qualify under Subchapter M for tax treatment as a regulated investment company, the Fund would incur a regular corporate federal income tax upon its taxable income for that year, and the entire amount of your distributions would be taxable as ordinary income.

The Code does not permit you to deduct the interest on borrowed monies used to purchase or carry tax-free investments, such as shares of a Fund. Under Internal Revenue Service rules, the purchase of Fund shares may be considered to have been made with borrowed monies even though those monies are not directly traceable to the purchase of those shares.

Because the net asset value of each Fund's shares includes net tax-exempt interest earned by the Fund but not yet declared as an exempt-interest dividend, each time an exempt-interest dividend is declared, the net asset value of the Fund's shares will decrease in an amount equal to the amount of the dividend. Accordingly, if you redeem shares of a Fund immediately prior to or on the record date of a monthly exempt-interest dividend, you may realize a taxable gain even though a portion of the redemption proceeds may represent your pro rata share of undistributed tax-exempt interest earned by the Fund.

The redemption or exchange of Fund shares normally will result in capital gain or loss to shareholders. Any loss you may realize on the redemption or exchange of shares of a Fund held for six months or less will be

disallowed to the extent of any distribution of exempt-interest dividends received on these shares and will be treated as a long-term capital loss to the extent of any distribution of long-term capital gain received on these shares.

If you receive social security or railroad retirement benefits you should note that tax-exempt income is taken into account in calculating the amount of these benefits that may be subject to federal income tax.

The Funds may invest in private activity bonds, the interest on which is not exempt from federal income tax to "substantial users" of the facilities financed by these bonds or "related persons" of such substantial users. Therefore, the Funds may not be appropriate investments for you if you are considered either a substantial user or a related person.

Each Fund may invest up to 20% of its net assets in AMT Bonds, the interest on which is a specific tax preference item for purposes of computing the alternative minimum tax on corporations and individuals. If your tax liability is determined under the alternative minimum tax, you will be taxed on your share of a Fund's exempt-interest dividends that were paid from income earned on AMT Bonds. In addition, the alternative minimum taxable income for corporations is increased by 75% of the difference between an alternative measure of income ("adjusted current earnings") and the amount otherwise determined to be the alternative minimum taxable income. Interest on all Municipal Obligations, and therefore all distributions by the Fund that would otherwise be tax exempt, is included in calculating a corporation's adjusted current earnings.

Each Fund is required in certain circumstances to withhold 31% of taxable dividends and certain other payments paid to non-corporate holders of shares who have not furnished to the Fund their correct taxpayer identification number (in the case of individuals, their social security number) and certain certifications, or who are otherwise subject to back-up withholding.

Each January, your Fund will notify you of the amount and tax status of Fund distributions for the preceding year.

Dividends are free from applicable state personal income tax.

State Income Tax Matters. Under the laws of the respective state of each Fund, exempt-interest dividends (as determined for federal income tax purposes) you receive from income earned by the Fund on Municipal Obligations issued by the Fund's respective state or a political subdivision thereof generally will be exempt from that state's applicable personal income tax. The exemption from state personal income tax applies whether you receive a Fund's dividends in cash or reinvest them in additional

shares of the Fund. Dividends paid by a Fund representing interest payments on particular categories of Municipal Obligations may, under some circumstances, also be exempt from income taxes imposed by political subdivisions of that Fund's respective state.

Because other special tax rules may apply, you are encouraged to review Appendix A to this Prospectus and the Statement of Additional Information for further information concerning the effect of applicable state or local taxes.

NET ASSET VALUE

Net asset value is calculated daily.

Net asset value of the shares of a Fund will be determined separately for each class of shares. The net asset value per share of a class of shares will be computed by dividing the value of the Fund's assets attributable to the class, less the liabilities attributable to the class, by the total number of shares of the class outstanding. The net asset value per share is expected to vary among a Fund's Class A Shares, Class C Shares and Class R Shares, principally due to the differences in sales charges, distribution and service fees and other class expenses borne by each class.

Net asset value of the shares of each Fund will be determined by United States Trust Company of New York, the Funds' custodian, as of 4:00 p.m. eastern time on each day the New York Stock Exchange is normally open for trading. In determining the net asset value, the custodian uses the valuations of portfolio securities furnished by a pricing service approved by the Board of Directors. The pricing service values portfolio securities at the mean between the quoted bid and asked prices or the yield equivalent when quotations are readily available. Securities for which quotations are not readily available (which are expected to constitute a majority of the securities held by the Funds) are valued at fair value as determined by the pricing service using methods that include consideration of the following: yields or prices of municipal bonds of comparable quality, type of issue, coupon, maturity and rating; indications as to value from securities dealers; and general market conditions. The pricing service may employ electronic data processing techniques and/or a matrix system to determine valuations. The procedures of the pricing service and its valuations are reviewed by the officers of Nuveen Tax-Free Bond Fund, Inc. under the general supervision of its Board of Directors.

GENERAL INFORMATION

If you have any questions about the Funds or other Nuveen Mutual Funds, call Nuveen toll-free at 800-621-7227.

Custodian and Transfer and Shareholder Services Agent. The Custodian of the assets of the Funds is United States Trust Company of New York, 114 West 47th Street, New York, NY 10036. The Chase Manhattan Bank, N.A., 1 Chase Manhattan Plaza, New York, NY 10081, has agreed to become successor to U.S. Trust, as Custodian and Fund Accountant. The succession is presently scheduled for July 1, 1995. No changes in the Funds' administration or in the amount of fees and expenses paid by the Funds for these services will result, and no action by shareholders will be required. The Funds' transfer, shareholder services and dividend paying agent, Shareholder Services, Inc., P.O. Box 5330, Denver, CO 80217-5330, performs bookkeeping, data processing and administrative services for the maintenance of shareholder accounts.

Organization. Nuveen Tax-Free Bond Fund, Inc. is an open-end diversified management series investment company under the Investment Company Act of 1940. Each Fund constitutes a separate series of Nuveen Tax-Free Bond Fund, Inc. and is itself an open-end diversified management mutual fund. Nuveen Tax-Free Bond Fund, Inc. was incorporated in Minnesota on July 11, 1986. It is currently authorized to issue an aggregate of 2,000,000,000 shares of common stock, $.01 par value, consisting of 500,000,000 shares of the Nuveen Massachusetts Tax-Free Value Fund, 500,000,000 shares of the Nuveen New York Tax-Free Value Fund, 500,000,000 shares of the Nuveen Ohio Tax-Free Value Fund, and 500,000,000 shares to be issued in such classes or series as the Board of Directors may determine. Each Fund's shares of common stock are divided into three classes of shares designated as Class A Shares, Class C Shares and Class R Shares. Each class of shares represents an interest in the same portfolio of investments and has equal rights as to voting, redemption, dividends and liquidation, except that each bears different class expenses, including different distribution and service fees, and each has exclusive voting rights with respect to any distribution or service plan applicable to its shares. There are no conversion, preemptive or other subscription rights, except that Class C Shares of a Fund automatically convert into Class A Shares of the same Fund, as described above. The Board of Directors has the right to establish additional series and classes of shares in the future, to change those series or classes and to determine the preferences, voting powers, rights and privileges thereof.

The Funds are not required and do not intend to hold annual meetings of shareholders. Shareholders owning more than 10% of the outstanding shares of a Fund have the right to call a special meeting to remove directors or for any other purpose.

APPENDIX A--SPECIAL STATE FACTORS AND STATE TAX TREATMENT

SPECIAL FACTORS PERTAINING TO EACH FUND

The following information is a brief summary of special factors that affect the risk of investing in Municipal Obligations issued within each Fund's state. This information was obtained from official statements of issuers located in these states as well as from other publicly available official documents and statements and is not intended to be a complete description. The Funds have not independently verified any of the information contained in these statements and documents. See the Statement of Additional Information for further information relating to current political, economic or regulatory risk factors as well as information relating to legal proceedings which may adversely affect a state's financial position.

MASSACHUSETTS

In recent years, the Commonwealth of Massachusetts and certain of its public bodies and municipalities, particularly the City of Boston, have faced serious financial difficulties which have affected the credit standing and borrowing abilities of Massachusetts and these respective entities and may have contributed to higher interest rates on debt obligations. As a result of these difficulties, the rating agencies lowered the credit ratings on Massachusetts general obligation bonds several times during 1989 and 1990. Since then, both S&P and Moody's have upgraded Massachusetts general obligation bonds several times. As of the date of this Prospectus, the uninsured general obligation bonds carry a rating of A+ by S&P and A1 by Moody's. Since 1988, there has been a significant slowdown in the Commonwealth's economy, as indicated by a rise in unemployment, a slowing of its per capita income growth and a trend in declining state revenues. In fiscal 1991, the Commonwealth's expenditures for state government programs exceeded current revenues, and although fiscal 1992, 1993 and 1994 results indicate that revenues exceeded expenditures, no assurance can be given that lower than expected tax revenues will not resume and continue. The continuation of, or an increase in, the financial difficulties of the Commonwealth and its public bodies and municipalities, or the development of a financial crisis relating to these entities, could result in declines in the market value of, or default on, existing obligations issued by governmental authorities in the state of Massachusetts, including Municipal Obligations held by the Massachusetts Fund. Many factors, in addition to those cited above do or may have a bearing upon the financial condition of the Commonwealth, including social and economic conditions, many of which are not within the control of the Commonwealth.

NEW YORK

New York State has historically been one of the wealthiest states in the nation. For decades, however, the State's economy has grown more slowly than that of the nation as a whole, gradually eroding the State's relative economic affluence. Statewide, urban centers have experienced significant changes involving migration of the more affluent to the suburbs and an influx of generally less affluent residents. Regionally, the older Northeast cities have suffered because of the relative success that the South and the West have had in attracting people and business. New York City has faced greater competition as other major cities have developed financial and business resources which make them less dependent on the specialized services traditionally available almost exclusively in New York City, which has had an additional negative impact on New York City's recovery. The State has for many years had a very high State and local tax burden relative to other states. The burden of State and local taxation, in combination with the many other causes of regional economic dislocation, has contributed to the decisions of some businesses and individuals to relocate outside, or not locate within, the State.

Economic recovery started considerably later in the State than in the nation as a whole, due in part to a significant retrenchment in the banking and financial services industry, cutbacks in defense spending, and an overbuilt real estate market. The State has projected the rate of economic growth to slow within New York during 1995 as the expansion of the national economy moderates.

The State ended its 1993-94 fiscal year with an operating surplus of approximately $1.0 billion. The State Legislature enacted the State's 1994-95 fiscal year budget on June 7, 1994, more than two months after the start of that fiscal year.

As of February 1, 1995, the updated 1994-95 State Financial Plan (the "Plan") projected total general fund receipts and disbursements of $33.3 billion and $33.5 billion, respectively, representing reductions in receipts and disbursements of $1 billion and $743 million, respectively, from the amounts set forth in the 1994-95 State budget, as adopted by the legislature. The Plan projected a General Fund balance of approximately $157 million at the close of the 1994-95 fiscal year.

The Governor issued a proposed State budget for the 1995-96 fiscal year on February 1, 1995, which projected a balanced general fund and receipts and disbursements of $32.5 billion and $32.4 billion, respectively. As of April 17, 1995, the State legislature had not yet enacted, nor had the Governor and the legislature reached an agreement on, the budget for the 1995-96 fiscal year commencing on April 1, 1995. The delay in the enactment of the budget may negatively affect certain proposed actions and reduce projected savings.

Following enactment of the State's 1994-95 fiscal year budget, New York City adopted a 1995 fiscal year budget on June 21, 1994, which provided for $31.6 billion in spending. However, following adoption of that New York City budget, unexpected budget gaps totalling approximately $2.0 billion for the 1995 fiscal year were identified and the Mayor imposed additional spending cuts. In January 1995, in response to the City's plan to borrow $120 million to refund debt due in February without imposing additional cuts, S&P placed the City on negative credit watch and indicated that it would consider a possible downgrade of the City's general obligation debt in April 1995. On February 2, 1995, the Mayor outlined his proposed $30.5 billion budget for the 1996 fiscal year which included $2.7 billion of deficit reduction measures, almost half of which are dependent upon State actions in the 1996 fiscal year. The Governor and the legislature have not agreed upon the level of State aid to the City during the 1996 fiscal year and there can be no assurances that further cuts will not be necessary to close additional budget gaps once a State budget is adopted. If State aid in later years is less than the levels projected in the Mayor's proposal, projected savings may be negatively impacted and the Mayor may be required to propose significant additional spending reductions or tax increases to balance the City's budget for the 1996 and later fiscal years. If the State, the State agencies, New York City, other municipalities or school districts were to suffer serious financial difficulties jeopardizing their respective access to the public credit markets, or increasing the risk of a default, the market price of Municipal Obligations issued by such entities could be adversely affected.

OHIO

The Ohio economy, while diversifying more into the service and other non-manufacturing areas, continues to rely in part on durable goods manufacturing largely concentrated in motor vehicles and equipment, steel, rubber products and household appliances. As a result, general economic activity in Ohio, as in many other industrially-developed states, tends to be more cyclical than in some other states and in the nation as a whole. Agriculture is an important segment of the State's economy, with over half the State's area devoted to farming and approximately 15% of total employment in agribusiness.

In prior years, the State's overall unemployment rate was usually somewhat higher than the national figure. For example, the reported 1990 average monthly State rate was 5.7%, compared to the 5.5% national figure. However, for the last four years the State rates were below the

national rates (5.5% versus 6.1% in 1994, based on preliminary figures). The unemployment rate, and its effects, vary among particular geographic areas of the State.

There can be no assurance that future national, regional or state-wide economic difficulties, and the resulting impact on State or local government finances generally, will not adversely affect the market value of Municipal Obligations held in the portfolio of the Ohio Fund or the ability of particular obligors to make timely payments of debt service on (or lease payments relating to) those Municipal Obligations.

DESCRIPTION OF STATE TAX TREATMENT

The following state tax information applicable to a Fund or its shareholders is based upon the advice of the Fund's special state tax counsel, and represents a summary of certain provisions of each state's tax laws presently in effect. These provisions are subject to change by legislative or administrative action, which may be applied retroactively to Fund transactions. The state tax information below assumes that each Fund qualifies as a regulated investment company for federal income tax purposes under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), and that amounts so designated by each Fund to its shareholders qualify as "exempt-interest dividends" under Section 852(b)(5) of the Code. You should consult your own tax adviser for more detailed information concerning state taxes to which you may be subject.

MASSACHUSETTS

Individual shareholders of the Massachusetts Fund who are subject to Massachusetts income taxation will not be required to include that portion of their federally tax-exempt dividends in Massachusetts gross income which the Massachusetts Fund clearly identifies as directly attributable to interest earned on Municipal Obligations issued by governmental authorities in Massachusetts which are specifically exempted from income taxation in Massachusetts, provided such dividends are identified in a timely written notice mailed to shareholders of the Massachusetts Fund, or interest earned on obligations of certain U.S. territories or possessions. Similarly, such shareholders will not be required to include in Massachusetts gross income capital gain dividends designated by the Massachusetts Fund to the extent such dividends are attributable to gains derived from Municipal Obligations issued by Massachusetts governmental authorities and are specifically exempted from income taxation in Massachusetts, provided such dividends are identified in a timely written notice mailed to shareholders of the Massachusetts Fund. Lastly, any dividends of the Massachusetts Fund attributable to interest on U.S. obligations exempt from state

taxation and included in Federal gross income will not be included in Massachusetts gross income, provided such dividends are identified in a timely written notice mailed to shareholders of the Massachusetts Fund. Individual shareholders of the Massachusetts Fund will be required to include all remaining dividends in their Massachusetts income.

With respect to corporate shareholders of the Massachusetts Fund that are subject to the Massachusetts excise tax, dividends received from the Massachusetts Fund are includable in gross income and generally may not be deducted by corporate shareholders in computing their net income, and the net worth base of an intangible property corporation includes the corporate shareholders' shares in the Massachusetts Fund.

NEW YORK

Individual shareholders of the New York Fund who are subject to New York State or New York City personal income taxation will not be required to include in their New York adjusted gross income that portion of their exempt-interest dividends (as determined for federal income tax purposes) which the New York Fund clearly identifies as directly attributable to interest earned on Municipal Obligations issued by governmental authorities in New York ("New York Municipal Obligations") and which are specifically exempted from personal income taxation in New York State or New York City, or interest earned on obligations of U.S. territories or possessions that is exempt from taxation by the states pursuant to federal law. Distributions to individual shareholders of dividends derived from interest that does not qualify as exempt-interest dividends (as determined for federal income tax purposes), distributions of exempt-interest dividends (as determined for federal income tax purposes) which are derived from interest on Municipal Obligations issued by governmental authorities in states other than New York State, and distributions derived from interest earned on federal obligations will be included in their New York adjusted gross income as ordinary income. Distributions to individual shareholders of the New York Fund of capital gain dividends (as determined for federal income tax purposes) will be included in their New York adjusted gross income as long-term capital gains. Distributions to individual shareholders of the New York Fund of dividends derived from any net income received from taxable temporary investments and any net short-term capital gains realized by the New York Fund will be included in their New York adjusted gross income as ordinary income.

For purposes of New York State franchise taxation (or New York City general corporation taxation), entire income will include dividends received from the New York Fund (as determined for federal income tax purposes), as well as any gain or loss recognized from an exchange or redemption of shares of the New York Fund that is recognized for federal

income tax purposes, and investment capital will include a corporate shareholder's shares of the New York Fund. If a shareholder of the New York Fund is subject to the New York City unincorporated business tax, income and gains derived from the New York Fund will be subject to such tax, except for exempt-interest dividends (as determined for federal income tax purposes) which the New York Fund clearly identifies as directly attributable to interest earned on New York Municipal Obligations.

OHIO

Shareholders of the Ohio Fund who are otherwise subject to the Ohio personal income tax will not be subject to such tax on distributions with respect to shares of the Ohio Fund to the extent that such distributions are properly attributable to interest on or gain from the sale of interest-bearing obligations issued by or on behalf of the State of Ohio, political subdivisions thereof and agencies and instrumentalities of the State or its political subdivisions ("Ohio Obligations"), provided that the Ohio Fund continues to qualify as a regulated investment company for federal income tax purposes and that at all times at least 50% of the value of the total assets of the Ohio Fund consists of Ohio Obligations or similar obligations of other states or their subdivisions. It is assumed for purposes of this discussion of Ohio taxation that these requirements are satisfied.

Shareholders that are otherwise subject to the Ohio corporation franchise tax computed on the net income basis will not be subject to such tax on distributions with respect to shares of the Ohio Fund to the extent that these distributions either (a) are properly attributable to interest on or gain from the sale of Ohio Obligations, or (b) represent "exempt-interest dividends" for federal income tax purposes. Shares of the Ohio Fund will be included in a shareholder's tax base for purposes of computing the Ohio corporation franchise tax on the net worth basis.

Distributions by the Ohio Fund that are properly attributable to interest on obligations of the U.S. or the governments of Puerto Rico, the Virgin Islands or Guam or their authorities or municipalities are exempt from the Ohio personal income tax and are excluded from the net income base of the Ohio corporation franchise tax to the same extent that such interest would be so exempt or excluded if the obligations were held directly by the shareholders.

APPENDIX B--TAXABLE EQUIVALENT YIELD TABLES

TAXABLE EQUIVALENT YIELD TABLES AND THE EFFECT OF TAXES AND INTEREST RATES ON INVESTMENTS

The following tables show the combined effects for individuals of federal, state and local (if applicable) income taxes on:

- what you would have to earn on a taxable investment to equal a given tax-free yield; and
- the amount that those subject to a given combined tax rate would have to put into a tax-free investment in order to generate the same after-tax income as a taxable investment.

These tables are for illustrative purposes only and are not intended to predict the actual return you might earn on a Fund investment. The Funds occasionally may advertise their performance in similar tables using other current combined tax rates than those shown here. The combined tax rates used in these tables have been rounded to the nearest one-half of one percent. They are based upon published 1995 marginal federal tax rates and marginal state tax rates currently available and scheduled to be in effect, and do not take into account changes in tax rates that are proposed from time to time. They are calculated using the highest state tax rate applicable within each federal bracket, and assume taxpayers are not subject to any alternative minimum taxes and deduct any state income taxes paid on their federal income tax returns. They also reflect the current federal tax limitations on itemized deductions and personal exemptions, which may raise the effective tax rate and taxable equivalent yield for taxpayers above certain income levels. The combined tax rates shown here may be higher or lower than your actual combined tax rate. A higher combined tax rate would tend to make the dollar amounts in the third table lower, while a lower combined tax rate would make the amounts higher. You should consult your tax adviser to determine your actual combined tax rate.

MASSACHUSETTS

COMBINED MARGINAL TAX RATES FOR JOINT TAXPAYERS WITH FOUR PERSONAL EXEMPTIONS

<TABLE>
<CAPTION>

Federal Taxable Income (1,000's)	Federal Adjusted Gross Income (1,000's)	Combined State and Federal Tax Rate	TAX-FREE YIELD 3.50%	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%
			TAXABLE EQUIVALENT YIELD						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$ 0-39.0	$ 0-114.7	25.0%	4.67	5.33	6.00	6.67	7.33	8.00	8.67
39.0-94.3	0-114.7	36.5	5.51	6.30	7.09	7.87	8.66	9.45	10.24
	114.7-172.1	37.5	5.60	6.40	7.20	8.00	8.80	9.60	10.40
94.3-143.6	0-114.7	39.5	5.79	6.61	7.44	8.26	9.09	9.92	10.74
	114.7-172.1	40.0	5.83	6.67	7.50	8.33	9.17	10.00	10.83
	172.1-294.6	42.5	6.09	6.96	7.83	8.70	9.57	10.43	11.30
143.6-256.5	114.7-172.1	44.5	6.31	7.21	8.11	9.01	9.91	10.81	11.71
	172.1-294.6	47.0	6.60	7.55	8.49	9.43	10.38	11.32	12.26
	Over 294.6	44.5	6.31	7.21	8.11	9.01	9.91	10.81	11.71
Over 256.5	172.1-294.6	50.5	7.07	8.08	9.09	10.10	11.11	12.12	13.13
	Over 294.6	48.0	6.73	7.69	8.65	9.62	10.58	11.54	12.50

</TABLE>

COMBINED MARGINAL TAX RATES FOR SINGLE TAXPAYERS WITH ONE PERSONAL EXEMPTION

<TABLE>
<CAPTION>

Federal Taxable Income (1,000's)	Federal Adjusted Gross Income (1,000's)	Combined State and Federal Tax Rate	TAX-FREE YIELD 3.50%	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%
			TAXABLE EQUIVALENT YIELD						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$ 0-23.4	$ 0-114.7	25.0%	4.67	5.33	6.00	6.67	7.33	8.00	8.67
23.4-56.6	0-114.7	36.5	5.51	6.30	7.09	7.87	8.66	9.45	10.24

56.6-118.0	0-114.7	39.5	5.79	6.61	7.44	8.26	9.09	9.92	10.74
	114.7-237.2	40.5	5.88	6.72	7.56	8.40	9.24	10.08	10.92
118.0-256.5	114.7-237.2	45.5	6.42	7.34	8.26	9.17	10.09	11.01	11.93
	Over 237.2	44.5	6.31	7.21	8.11	9.01	9.91	10.81	11.71
Over 256.5	Over 237.2	48.0	6.73	7.69	8.65	9.62	10.58	11.54	12.50

</TABLE>

FOR AN EQUAL AFTER-TAX RETURN, YOUR

<TABLE>
<CAPTION>

$50,000 INVESTMENT	3.5% TAX-FREE	4.0% TAX-FREE	4.5% TAX-FREE	5.0% TAX-FREE	5.5% TAX-FREE	6.0% TAX-FREE	6.5% TAX-FREE
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
COMPARE 4% TAXABLE	$34,571	$30,250	$26,889	$24,200	$22,000	$20,167	$18,615
COMPARE 5% TAXABLE	$43,214	$37,813	$33,611	$30,250	$27,500	$25,208	$23,269
COMPARE 6% TAXABLE	$51,857	$45,375	$40,333	$36,300	$33,000	$30,250	$27,923
COMPARE 7% TAXABLE	$60,500	$52,938	$47,056	$42,350	$38,500	$35,292	$32,577
COMPARE 8% TAXABLE	$69,143	$60,500	$53,778	$48,400	$44,000	$40,333	$37,231

</TABLE>

TAX-FREE INVESTMENT MAY BE LESS*

For example, $50,000 in a 6% taxable investment earns the same after-tax return as $36,300 in a 5% tax-free Nuveen investment.

*Dollar amounts in the table reflect a 39.5% combined federal and state tax rate.

NEW YORK STATE

COMBINED FEDERAL AND NEW YORK STATE MARGINAL TAX RATES FOR JOINT TAXPAYERS WITH FOUR PERSONAL EXEMPTIONS

<TABLE>
<CAPTION>

Federal Taxable Income (1,000's)	Federal Adjusted Gross Income (1,000's)	Combined State and Federal Tax Rate	3.50%	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%
			TAX-FREE YIELD / TAXABLE EQUIVALENT YIELD						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$ 0-39.0	$ 0-100.0	21.5%	4.46	5.10	5.73	6.37	7.01	7.64	8.28

	100.0-114.7	22.5	4.52	5.16	5.81	6.45	7.10	7.74	8.39
39.0-94.3	0-100.0	33.5	5.26	6.02	6.77	7.52	8.27	9.02	9.77
	100.0-114.7	34.5	5.34	6.11	6.87	7.63	8.40	9.16	9.92
	114.7-150.0	35.0	5.38	6.15	6.92	7.69	8.46	9.23	10.00
	150.0-172.1	34.0	5.30	6.06	6.82	7.58	8.33	9.09	9.85
94.3-143.6	0-100.0	36.0	5.47	6.25	7.03	7.81	8.59	9.38	10.16
	100.0-114.7	37.0	5.56	6.35	7.14	7.94	8.73	9.52	10.32
	114.7-150.0	38.0	5.65	6.45	7.26	8.06	8.87	9.68	10.48
	150.0-172.1	37.0	5.56	6.35	7.14	7.94	8.73	9.52	10.32
	172.1-294.6	39.5	5.79	6.61	7.44	8.26	9.09	9.92	10.74
143.6-256.5	114.7-150.0	42.5	6.09	6.96	7.83	8.70	9.57	10.43	11.30
	150.0-172.1	42.0	6.03	6.90	7.76	8.62	9.48	10.34	11.21
	172.1-294.6	44.5	6.31	7.21	8.11	9.01	9.91	10.81	11.71
	Over 294.6	42.0	6.03	6.90	7.76	8.62	9.48	10.34	11.21
Over 256.5	172.1-294.6	48.0	6.73	7.69	8.65	9.62	10.58	11.54	12.50
	Over 294.6	45.5	6.42	7.34	8.26	9.17	10.09	11.01	11.93

</TABLE>

COMBINED FEDERAL AND NEW YORK STATE MARGINAL TAX RATES FOR SINGLE TAXPAYERS WITH ONE PERSONAL EXEMPTION

<TABLE>
<CAPTION>

Federal Taxable Income (1,000's)	Federal Adjusted Gross Income (1,000's)	Combined State and Federal Tax Rate	TAX-FREE YIELD 3.50% / TAXABLE EQUIVALENT YIELD	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$ 0-23.4	$ 0-100.0	21.5%	4.46	5.10	5.73	6.37	7.01	7.64	8.28
	100.0-114.7	22.0	4.49	5.13	5.77	6.41	7.05	7.69	8.33
23.4-56.6	0-100.0	33.5	5.26	6.02	6.77	7.52	8.27	9.02	9.77
	100.0-114.7	34.0	5.30	6.06	6.82	7.58	8.33	9.09	9.85
56.6-118.0	0-100.0	36.0	5.47	6.25	7.03	7.81	8.59	9.38	10.16
	100.0-114.7	36.5	5.51	6.30	7.09	7.87	8.66	9.45	10.24
	114.7-150.0	38.0	5.65	6.45	7.26	8.06	8.87	9.68	10.48
	150.0-237.2	37.5	5.60	6.40	7.20	8.00	8.80	9.60	10.40
118.0-256.5	114.7-150.0	43.0	6.14	7.02	7.89	8.77	9.65	10.53	11.40
	150.0-237.2	42.5	6.09	6.96	7.83	8.70	9.57	10.43	11.30
	Over 237.2	42.0	6.03	6.90	7.76	8.62	9.48	10.34	11.21
Over 256.5	Over 237.2	45.5	6.42	7.34	8.26	9.17	10.09	11.01	11.93

</TABLE>

FOR AN EQUAL AFTER-

<TABLE>
<CAPTION>

	3.5% TAX-FREE	4.0% TAX-FREE	4.5% TAX-FREE	5.0% TAX-FREE	5.5% TAX-FREE	6.0% TAX-FREE	6.5% TAX-FREE
$50,000 INVESTMENT							

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
COMPARE 4% TAXABLE	$36,571	$32,000	$28,444	$25,600	$23,273	$21,333	$19,692
COMPARE 5% TAXABLE	$45,714	$40,000	$35,556	$32,000	$29,091	$26,667	$24,615
COMPARE 6% TAXABLE	$54,857	$48,000	$42,667	$38,400	$34,909	$32,000	$29,538
COMPARE 7% TAXABLE	$64,000	$56,000	$49,778	$44,800	$40,727	$37,333	$34,462
COMPARE 8% TAXABLE	$73,143	$64,000	$56,889	$51,200	$46,545	$42,667	$39,385

</TABLE>
TAX RETURN, YOUR
TAX-FREE INVESTMENT
MAY BE LESS*

For example, $50,000 in a 6% taxable investment earns the same after-tax return as $38,400 in a 5% tax-free Nuveen investment.

*The dollar amounts in the table reflect a 36.0% combined federal and state tax rate.

NEW YORK STATE AND NEW YORK CITY

COMBINED FEDERAL,
<TABLE>
<CAPTION>

Federal Taxable Income (1,000's)	Federal Adjusted Gross Income (1,000's)	Combined State and Federal Tax Rate	TAX-FREE YIELD 3.50%	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%
			TAXABLE EQUIVALENT YIELD						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$ 0-39.0	$ 0-100.0	25.0%	4.67	5.33	6.00	6.67	7.33	8.00	8.67
	100.0-114.7	26.0	4.73	5.41	6.08	6.76	7.43	8.11	8.78
39.0-94.3	0-100.0	36.5	5.51	6.30	7.09	7.87	8.66	9.45	10.24
	100.0-114.7	37.5	5.60	6.40	7.20	8.00	8.80	9.60	10.40
	114.7-150.0	38.0	5.65	6.45	7.26	8.06	8.87	9.68	10.48
	150.0-172.1	37.5	5.60	6.40	7.20	8.00	8.80	9.60	10.40
94.3-143.6	0-100.0	39.5	5.79	6.61	7.44	8.26	9.09	9.92	10.74
	100.0-114.7	40.0	5.83	6.67	7.50	8.33	9.17	10.00	10.83
	114.7-150.0	41.0	5.93	6.78	7.63	8.47	9.32	10.17	11.02
	150.0-172.1	40.0	5.83	6.67	7.50	8.33	9.17	10.00	10.83
	172.1-294.6	42.5	6.09	6.96	7.83	8.70	9.57	10.43	11.30
143.6-256.5	114.7-150.0	45.5	6.42	7.34	8.26	9.17	10.09	11.01	11.93
	150.0-172.1	44.5	6.31	7.21	8.11	9.01	9.91	10.81	11.71
	172.1-294.6	47.0	6.60	7.55	8.49	9.43	10.38	11.32	12.26
	Over 294.6	44.5	6.31	7.21	8.11	9.01	9.91	10.81	11.71
Over 256.5	172.1-294.6	50.5	7.07	8.08	9.09	10.10	11.11	12.12	13.13
	Over 294.6	48.0	6.73	7.69	8.65	9.62	10.58	11.54	12.50

</TABLE>
NEW YORK STATE
AND NEW YORK CITY
MARGINAL TAX
RATES FOR JOINT
TAXPAYERS WITH
FOUR PERSONAL
EXEMPTIONS

COMBINED FEDERAL,

Federal Taxable Income (1,000's)	Federal Adjusted Gross Income (1,000's)	Combined State and Federal Tax Rate	3.50%	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%
			TAXABLE EQUIVALENT YIELD						
$ 0-23.4	$ 0-100.0	25.0%	4.67	5.33	6.00	6.67	7.33	8.00	8.67
	100.0-114.7	25.5	4.70	5.37	6.04	6.71	7.38	8.05	8.72
23.4-56.6	0-100.0	36.5	5.51	6.30	7.09	7.87	8.66	9.45	10.24
	100.0-114.7	37.0	5.56	6.35	7.14	7.94	8.73	9.52	10.32
56.6-118.0	0-100.0	39.5	5.79	6.61	7.44	8.26	9.09	9.92	10.74
	100.0-114.7	39.5	5.79	6.61	7.44	8.26	9.09	9.92	10.74
	114.7-150.0	41.0	5.93	6.78	7.63	8.47	9.32	10.17	11.02
	150.0-237.2	40.5	5.88	6.72	7.56	8.40	9.24	10.08	10.92
118.0-256.5	114.7-150.0	45.5	6.42	7.34	8.26	9.17	10.09	11.01	11.93
	150.0-237.2	45.5	6.42	7.34	8.26	9.17	10.09	11.01	11.93
	Over 237.2	44.5	6.31	7.21	8.11	9.01	9.91	10.81	11.71
Over 256.5	Over 237.2	48.0	6.73	7.69	8.65	9.62	10.58	11.54	12.50

NEW YORK STATE
AND NEW YORK CITY
MARGINAL TAX
RATES
FOR SINGLE
TAXPAYERS
WITH ONE PERSONAL
EXEMPTION

FOR AN EQUAL
AFTER-

$50,000 INVESTMENT	3.5% TAX-FREE	4.0% TAX-FREE	4.5% TAX-FREE	5.0% TAX-FREE	5.5% TAX-FREE	6.0% TAX-FREE	6.5% TAX-FREE
COMPARE 4% TAXABLE	$34,571	$30,250	$26,889	$24,200	$22,000	$20,167	$18,615
COMPARE 5% TAXABLE	$43,214	$37,813	$33,611	$30,250	$27,500	$25,208	$23,269
COMPARE 6% TAXABLE	$51,857	$45,375	$40,333	$36,300	$33,000	$30,250	$27,923
COMPARE 7% TAXABLE	$60,500	$52,938	$47,056	$42,350	$38,500	$35,292	$32,577
COMPARE 8% TAXABLE	$69,143	$60,500	$53,778	$48,400	$44,000	$40,333	$37,231

TAX RETURN, YOUR
TAX-FREE
INVESTMENT
MAY BE LESS*

For example, $50,000 in a 6% taxable investment earns the same after-tax return as $36,300 in a 5% tax-free Nuveen investment.

*The dollar amounts in the table reflect a 39.5% combined federal, state and New York City tax rate.

OHIO

COMBINED MARGINAL TAX RATES FOR JOINT TAXPAYERS WITH FOUR PERSONAL EXEMPTIONS

<TABLE>
<CAPTION>

Federal Taxable Income (1,000's)	Federal Adjusted Gross Income (1,000's)	Combined State and Federal Tax Rate	TAX-FREE YIELD 3.50% TAXABLE EQUIVALENT YIELD	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$ 0-39.0	$ 0-114.7	19.0%	4.32	4.94	5.56	6.17	6.79	7.41	8.02
39.0-94.3	0-114.7	32.5	5.19	5.93	6.67	7.41	8.15	8.89	9.63
	114.7-167.7	33.0	5.22	5.97	6.72	7.46	8.21	8.96	9.70
94.3-143.6	0-114.7	36.0	5.47	6.25	7.03	7.81	8.59	9.38	10.16
	114.7-172.1	36.5	5.51	6.30	7.09	7.87	8.66	9.45	10.24
	172.1-294.6	39.0	5.74	6.56	7.38	8.20	9.02	9.84	10.66
143.6-256.5	114.7-172.1	42.0	6.03	6.90	7.76	8.62	9.48	10.34	11.21
	172.1-294.6	44.5	6.31	7.21	8.11	9.01	9.91	10.81	11.71
	Over 294.6	42.0	6.03	6.90	7.76	8.62	9.48	10.34	11.21
Over 256.5	172.1-294.6	48.0	6.73	7.69	8.65	9.62	10.58	11.54	12.50
	Over 294.6	45.0	6.36	7.27	8.18	9.09	10.00	10.91	11.82

</TABLE>

COMBINED MARGINAL TAX RATES FOR SINGLE TAXPAYERS WITH ONE PERSONAL EXEMPTION

<TABLE>
<CAPTION>

Federal Taxable Income (1,000's)	Federal Adjusted Gross Income (1,000's)	Combined State and Federal Tax Rate	TAX-FREE YIELD 3.50% TAXABLE EQUIVALENT YIELD	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$ 0-23.4	$ 0-114.7	19.0%	4.32	4.94	5.56	6.17	6.79	7.41	8.02
23.4-56.6	0-114.7	31.5	5.11	5.84	6.57	7.30	8.03	8.76	9.49
56.6-118.0	0-114.7	36.0	5.47	6.25	7.03	7.81	8.59	9.38	10.16
	114.7-237.2	37.0	5.56	6.35	7.14	7.94	8.73	9.52	10.32
118.0-256.5	114.7-237.2	42.5	6.09	6.96	7.83	8.70	9.57	10.43	11.30
	Over 237.2	42.0	6.03	6.90	7.76	8.62	9.48	10.34	11.21
Over 256.5	Over 237.2	45.0	6.36	7.27	8.18	9.09	10.00	10.91	11.82

</TABLE>

FOR AN EQUAL AFTER-

<TABLE>
<CAPTION>

$50,000 INVESTMENT	3.5% TAX-FREE	4.0% TAX-FREE	4.5% TAX-FREE	5.0% TAX-FREE	5.5% TAX-FREE	6.0% TAX-FREE	6.5% TAX-FREE
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
COMPARE 4% TAXABLE	$36,571	$32,000	$28,444	$25,600	$23,273	$21,333	$19,692
COMPARE 5% TAXABLE	$45,714	$40,000	$35,556	$32,000	$29,091	$26,667	$24,615

COMPARE 6% TAXABLE	$54,857	$48,000	$42,667	$38,400	$34,909	$32,000	$29,538
COMPARE 7% TAXABLE	$64,000	$56,000	$49,778	$44,800	$40,727	$37,333	$34,462
COMPARE 8% TAXABLE	$73,143	$64,000	$56,889	$51,200	$46,545	$42,667	$39,385

</TABLE>

TAX RETURN, YOUR TAX-FREE INVESTMENT MAY BE LESS*

For example, $50,000 in a 6% taxable investment earns the same after-tax return as $38,400 in a 5% tax-free Nuveen investment.

*The dollar amounts in the table reflect a 36.0% combined federal and state tax rate.

PART B--STATEMENT OF ADDITIONAL INFORMATION

NUVEEN TAX-FREE BOND FUND, INC.

333 West Wacker Drive

Chicago, Illinois 60606

Statement of Additional Information June 13, 1995
Nuveen Tax-Free Bond Fund, Inc.
333 West Wacker Drive
Chicago, Illinois 60606

NUVEEN MASSACHUSETTS TAX-FREE VALUE FUND
NUVEEN NEW YORK TAX-FREE VALUE FUND
NUVEEN OHIO TAX-FREE VALUE FUND

This Statement of Additional Information is not a prospectus. A prospectus may be obtained from certain securities representatives, banks and other financial institutions that have entered into sales agreements with John Nuveen & Co. Incorporated, or from the Funds, c/o John Nuveen & Co. Incorporated, 333 West Wacker Drive, Chicago, Illinois 60606. This Statement of Additional Information relates to, and should be read in conjunction with, the Prospectus dated June 13, 1995.

<TABLE>
<S> <C>

</TABLE>

The audited financial statements for the fiscal year ended February 28, 1995, appearing in the Annual Report of Nuveen Tax-Free Bond Fund, Inc. are incorporated herein by reference. The Annual Report accompanies this Statement of Additional Information.

FUNDAMENTAL POLICIES AND INVESTMENT PORTFOLIO

FUNDAMENTAL POLICIES
The investment objective and certain fundamental investment policies of each Fund are described in the Prospectus. Each of the Funds, as a fundamental policy, may not, without the approval of the holders of a majority of the shares of that Fund:

(1) Invest in securities other than Municipal Obligations and temporary investments, as those terms are defined in the Prospectus;

(2) Invest more than 5% of its total assets in securities of any one issuer, except that this limitation shall not apply to securities of the United States government, its agencies and instrumentalities or to the investment of 25% of such Fund's assets;

(3) Borrow money, except from banks for temporary or emergency purposes and not for investment purposes and then only in an amount not exceeding (a) 10% of the value of its total assets at the time of borrowing or (b) one-third of the value of the Fund's total assets including the amount borrowed, in order to meet redemption requests which might otherwise require the untimely disposition of securities. While any such borrowings exceed 5% of such Fund's total assets, no additional purchases of investment securities will be made by such Fund. If due to market fluctuations or other reasons, the value of the Fund's assets falls below 300% of its borrowings, the Fund will reduce its borrowings within 3 business days. To do this, the Fund may have to sell a portion of its investments at a time when it may be disadvantageous to do so;

(4) Pledge, mortgage or hypothecate its assets, except that, to secure borrowings permitted by subparagraph (3) above, it may pledge securities having a market value at the time of pledge not exceeding 10% of the value of the Fund's total assets;

(5) Issue senior securities as defined in the Investment Company Act of 1940, except to the extent such issuance might be involved with respect to borrowings described under item (3) above or with respect to transactions involving futures contracts or the writing of options within the limits described in the Prospectus and this Statement of Additional Information;

(6) Underwrite any issue of securities, except to the extent that the purchase of Municipal Obligations in accordance with its investment objective, policies and limitations, may be deemed to be an underwriting;

(7) Purchase or sell real estate, but this shall not prevent any Fund from investing in Municipal Obligations secured by real estate or interests therein or foreclosing upon and selling such security;

(8) Purchase or sell commodities or commodities contracts or oil, gas or other mineral exploration or development programs, except for transactions involving futures contracts within the limits described in the Prospectus and this Statement of Additional Information;

(9) Make loans, other than by entering into repurchase agreements and through the purchase of Municipal Obligations or temporary investments in accordance with its investment objective, policies and limitations;

(10) Make short sales of securities or purchase any securities on margin, except for such short-term credits as are necessary for the clearance of transactions;

(11) Write or purchase put or call options, except to the extent that the purchase of a stand-by commitment may be considered the purchase of a put, and except for transactions involving options within the limits described in the Prospectus and this Statement of Additional Information;

(12) Invest more than 5% of its total assets in securities of unseasoned issuers which, together with their predecessors, have been in operation for less than three years;

(13) Invest more than 25% of its total assets in securities of issuers in any one industry; provided, however, that such limitations shall not be applicable to Municipal Obligations issued by governments or political subdivisions of governments, and obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities;

(14) Invest more than 10% of its total assets in repurchase agreements maturing in more than seven days, "illiquid" securities (such as non-negotiable CDs) and securities without readily available market quotations;

(15) Purchase or retain the securities of any issuer other than the securities of the Fund if, to the Fund's knowledge, those directors of Nuveen Tax-Free Bond Fund, Inc., or those officers and directors of Nuveen Advisory Corp. ("Nuveen Advisory"), who individually own beneficially more than 1/2 of 1% of the outstanding securities of such issuer, together own beneficially more than

5% of such outstanding securities.

For the purpose of applying the limitations set forth in paragraphs (2) and (12) above, an issuer shall be deemed the sole issuer of a security when its assets and revenues are separate from other governmental entities and its securities are backed only by its assets and revenues. Similarly, in the case of a non-governmental user, such as an industrial corporation or a privately owned or operated hospital, if the security is backed only by the assets and revenues of the non-governmental user, then such non-governmental user would be deemed to be the sole issuer. Where a security is also backed by the enforceable obligation of a superior or unrelated governmental entity or other entity (other than a bond insurer), it shall also be included in the computation of securities owned that are issued by such governmental or other entity.

Where a security is guaranteed by a governmental entity or some other facility, such as a bank guarantee or letter of credit, such a guarantee or letter of credit would be considered a separate security and would be treated as an issue of such government, other entity or bank. Where a security is insured by bond insurance, it shall not be considered a security issued or guaranteed by the insurer; instead the issuer of such security will be determined in accordance with the principles set forth above. The foregoing restrictions do not limit the percentage of a Fund's assets that may be invested in securities insured by any single insurer. It is a fundamental policy of each Fund, which cannot be changed without the approval of the holders of a majority of shares of such Fund, that a Fund will not hold securities of a single bank, including securities backed by a letter of credit of such bank, if such holdings would exceed 10% of the total assets of such Fund.

The foregoing restrictions and limitations, as well as the Funds' policies as to ratings of portfolio investments, will apply only at the time of purchase of securities, and the percentage limitations will not be considered violated unless an excess or deficiency occurs or exists immediately after and as a result of an acquisition of securities, unless otherwise indicated.

The foregoing fundamental investment policies, together with the investment objective of each Fund, cannot be changed without approval by holders of a "majority of the Fund's outstanding voting shares." As defined in the Investment Company Act of 1940, this means the vote of (i) 67% or more of the Fund's shares present at a meeting, if the holders of more than 50% of the Fund's shares are present or represented by proxy, or (ii) more than 50% of the Fund's shares, whichever is less.

Nuveen Tax-Free Bond Fund, Inc. is an open-end diversified management series company under SEC Rule 18f-2. Each Fund is a separate series issuing its own shares. Nuveen Tax-Free Bond Fund, Inc. currently has three authorized series with shares outstanding: the Nuveen Massachusetts Tax-Free Value Fund (the "Massachusetts Fund"), the Nuveen New York Tax-Free Value Fund (the "New York Fund") and the Nuveen Ohio Tax-Free Value Fund (the "Ohio Fund"). Certain matters under the Investment Company Act of 1940 which must be submitted to a vote of the holders of the outstanding voting securities of a series company shall not be deemed to have been effectively acted upon unless approved by the holders of a majority of the outstanding voting securities of each series affected by such matter.

PORTFOLIO SECURITIES

As described in the Prospectus, each Fund invests primarily in a diversified portfolio of Municipal Obligations that are issued within the Fund's respective state or certain U.S. possessions or territories. In general, Municipal Obligations include debt obligations issued by states, cities and local authorities to obtain funds for various public purposes, including construction of a wide range of public facilities such as airports, bridges, highways, hospitals, housing, mass transportation, schools, streets and water and sewer works. Industrial development bonds and pollution control bonds that are issued by or on behalf of public authorities to finance various privately-rated facilities are included within the term Municipal Obligations if the interest paid thereon is exempt from federal income tax. Municipal Obligations in which each Fund will primarily invest are issued by that Fund's respective state and cities and local authorities in that state, and bear interest that, in the opinion of bond counsel to the issuer, is exempt from federal income tax and from personal income tax imposed by the respective state.

The investment assets of each Fund will consist of (1) Municipal Obligations which are rated at the time of purchase within the four highest grades (Baa or BBB or better) by Moody's Investors Ser vice, Inc. ("Moody's") or Standard and Poor's Corporation ("S&P"), (2) unrated Municipal Obligations which, in the opinion of Nuveen Advisory, have credit characteristics equivalent to bonds rated within the four highest grades by Moody's or S&P, with no fixed percentage limitations on these unrated Municipal Obligations, and (3) temporary investments as described below, the income from which may be subject to state income tax or to both federal and state income taxes.

As described in the Prospectus, each Fund may invest in Municipal Obligations that constitute participations in a lease obligation or installment purchase contract obligation (hereafter collectively called "lease obligations") of a municipal authority or entity. Although lease obligations do not constitute general obligations of the municipality for which the municipality's taxing power is pledged, a lease obligation is ordinarily backed by the municipality's covenant to budget for, appropriate and make the payments due under the lease obligation. However, certain lease obligations contain "non-appropria-

tion" clauses which provide that the municipality has no obligation to make lease or installment purchase payments in future years unless money is appropriated for such purpose on a yearly basis. Although non-appropriation lease obligations are secured by the leased property, disposition of the property in the event of foreclosure might prove difficult. Each Fund will seek to minimize the special risks associated with such securities by not investing more than 10% of its assets in lease obligations that contain non-appropriation clauses, and by only investing in those nonappropriation leases where (1) the nature of the leased equipment or property is such that its ownership or use is essential to a governmental function of the municipality, (2) the lease payments will commence amortization of principal at an early date resulting in an average life of seven years or less for the lease obligation, (3) appropriate covenants will be obtained from the municipal obligor prohibiting the substitution or purchase of similar equipment if lease payments are not appropriated, (4) the lease obligor has maintained good market acceptability in the past, (5) the investment is of a size that will be attractive to institutional investors, and (6) the underlying leased equipment has elements of portability and/or use that enhance its marketability in the event foreclosure on the underlying equipment were ever required. Lease obligations provide a premium interest rate which along with regular amortization of the principal may make them attractive for a portion of the assets of the Funds.

Obligations of issuers of Municipal Obligations are subject to the provisions of bankruptcy, insolvency and other laws affecting the rights and remedies of creditors, such as the Federal Bankruptcy Reform Act of 1978. In addition, the obligations of such issuers may become subject to the laws enacted in the future by Congress, state legislatures or referenda extending the time for payment of principal and/or interest, or imposing other constraints upon enforcement of such obligations or upon municipalities to levy taxes. There is also the possibility that, as a result of legislation or other conditions, the power or ability of any issuer to pay, when due, the principal of and interest on its Municipal Obligations may be materially affected.

PORTFOLIO TRADING AND TURNOVER

Each Fund will make changes in its investment portfolio from time to time in order to take advantage of opportunities in the municipal market and to limit exposure to market risk. A Fund may also engage to a limited extent in short-term trading consistent with its investment objective. Securities may be sold in anticipation of market decline or purchased in anticipation of market rise and later sold, but a Fund will not engage in trading solely to recognize a gain. In addition, a security may be sold and another of comparable quality purchased at approximately the same time to take advantage of what Nuveen Advisory believes to be a temporary disparity in the normal yield relationship between the two securities. A Fund may make changes in its investment portfolio in order to limit its exposure to changing market conditions. Changes in a Fund's investments are known as "portfolio turnover." While it is impossible to predict future portfolio turnover rates, each Fund's annual portfolio turnover rate is generally not expected to exceed 50%. However, each Fund reserves the right to make changes in its investments whenever it deems such action advisable, and therefore, a Fund's annual portfolio turnover rate may exceed 50% in particular years depending upon market conditions. The portfolio turnover rates for the Massachusetts Fund, the New York Fund and the Ohio Fund for the fiscal year ended February 28, 1995, were 17%, 29% and 28%, respectively, and for the fiscal year ended February 28, 1994, were 3%, 15% and 9%, respectively.

WHEN-ISSUED SECURITIES

As described in the Prospectus, each Fund may purchase and sell Municipal Obligations on a when-issued or delayed delivery basis. When-issued and delayed delivery transactions arise when securities are purchased or sold with payment and delivery beyond the regular settlement date. (When-issued transactions normally settle within 15-45 days.) On such transactions the payment obligation and the interest rate are fixed at the time the buyer enters into the commitment. The commitment to purchase securities on a when-issued or delayed delivery basis may involve an element of risk because the value of the securities is subject to market fluctuation, no interest accrues to the purchaser prior to settlement of the transaction, and at the time of delivery the market value may be less than cost. At the time a Fund makes the commitment to purchase a Municipal Obligation on a when-issued or delayed delivery basis, it will record the transaction and reflect the amount due and the value of the security in determining its net asset value. Likewise, at the time a Fund makes the commitment to sell a Municipal Obligation on a delayed delivery basis, it will record the transaction and include the proceeds to be received in determining its net asset value; accordingly, any fluctuations in the value of the Municipal Obligation sold pursuant to a delayed delivery commitment are ignored in calculating net asset value so long as the commitment remains in effect. The Fund will maintain designated readily marketable assets at least equal in value to commitments to purchase when-issued or delayed delivery securities, such assets to be segregated by the Custodian specifically for the settlement of such commitments. A Fund will only make commitments to purchase Municipal Obligations on a when-issued or delayed delivery basis with the intention of actually acquiring the securities, but each Fund reserves the right to sell these securities before the settlement date if it is deemed advisable. If a when-issued security is sold before delivery any gain or loss would not be tax-exempt. A Fund commonly engages in when-issued transactions in order to purchase or sell newly-issued Municipal Obligations, and may engage in delayed delivery transactions in order to manage its operations more effectively.

SPECIAL CONSIDERATIONS RELATING TO MUNICIPAL OBLIGATIONS OF DESIGNATED STATES
As described in the Prospectus, except for investments in temporary investments, each of the Funds will, at all times, invest all of its net assets in its respective state's Municipal Obligations. Each Fund is therefore more susceptible to political, economic or regulatory factors adversely affecting issuers of Municipal Obligations in its respective state. Brief summaries of these factors are contained in the Prospectus. Set forth below is additional information that bears upon the risk of investing in Municipal Obligations issued by public authorities in these states. This information was obtained from official statements of issuers located in the respective states as well as from other publicly available official documents and statements. The Funds have not independently verified any of the information contained in such statements and documents.

FACTORS PERTAINING TO MASSACHUSETTS
As described above, except to the extent the Massachusetts Fund invests in temporary investments, the Massachusetts Fund will invest substantially all of its net assets in Massachusetts Municipal Obligations. The Massachusetts Fund is therefore susceptible to political, economic or regulatory factors affecting issuers of Massachusetts Municipal Obligations. Without intending to be complete, the following briefly summarizes the current financial situation, as well as some of the complex factors affecting the financial situation, in the Commonwealth of Massachusetts (the "Commonwealth"). It is derived from

sources that are generally available to investors and is based in part on information obtained from various agencies in Massachusetts. No independent verification has been made of the accuracy or completeness of the following information.

There can be no assurance that current or future statewide or regional economic difficulties, and the resulting impact on Commonwealth or local governmental finances generally, will not adversely affect the market value of Massachusetts Obligations in the Fund or the ability of particular obligors to make timely payments of debt service on (or relating to) those obligations.

Since 1988, there has been a significant slowdown in the Commonwealth's economy, as indicated by a rise in unemployment, a slowing of its per capita income growth and declining state revenues. In fiscal 1991, the Commonwealth's expenditures for state government programs exceeded current revenues, and although fiscal 1992, 1993 and 1994 revenues exceeded expenditures, no assurance can be given that lower than expected tax revenues will not resume and continue.

1995 Fiscal Year Budget. On July 10, 1994, the Governor signed the Commonwealth's budget for fiscal 1995. The fiscal 1995 budget is based on estimated budgeted revenues and other sources of approximately $16.360 billion, which includes revised tax revenue estimates of approximately $11.179 billion. Tax revenues for fiscal 1995 were originally estimated at $11.328 billion in May, 1994, however, due to the slowing of the rate of growth in certain tax revenue categories in the months following the signing of the budget, particularly income tax, the Secretary of the Administration on September 26, 1994, as required by law, reduced the fiscal 1995 tax revenue estimate by $75 million. On January 25, 1995, the Secretary for Administration and Finance further revised the fiscal 1995 tax revenue estimate to $11.179 billion, a reduction of approximately $55 million from the September 26, 1994 estimate. The tax revenue estimate includes $19.3 million of tax cuts signed by the Governor in the fiscal 1995 budget. Estimated fiscal 1995 tax revenues are approximately $572 million higher than fiscal 1994 tax revenues of $10.607 billion.

As signed by the Governor, the budget authorizes approximately $16.482 billion in fiscal 1995 expenditures. The Governor exercised his authority to veto and reduce individual line items and reduced total expenditures by approximately $298.2 million and vetoed certain other law changes contained in the fiscal 1995 budget. The $16.449 billion of fiscal 1995 expenditures includes a reserve against certain contingencies currently in the amount of $98.6 million. On January 25, 1995, the Governor filed a supplemental appropriation recommendation aggregating approximately $43.6 million, which expenditures are included in the $98.6 million contingency reserve for fiscal 1995 expenditures. Included in the approximately $298.2 million of vetoes noted above, the Governor vetoed approximately $296.9 million in appropriations for the Executive Office of Human Services and the Department of Public Welfare, representing the estimate, at the time, of 4 months of funding for the Commonwealth's public assistance programs.

On February 10, 1995, the Governor signed into law certain reforms to the Commonwealth's program for Aid to Families with Dependent Children ("AFDC") which take effect on July 1, 1995, subject to federal approval of certain waivers. The revised program reduces AFDC benefits to able bodied recipients by 2.75%, while allowing them to keep a larger portion of their earned wages, requires approxi-

mately 22,000 able-bodied parents of school-aged children to work or perform community service for 20 hours per week and requires approximately 16,000 recipients who have children between the ages of two and six to participate in an education or training program or perform community service. The plan also establishes a pilot program for up to 2,000 participants that offers tax credits and wage subsidies to employers who hire welfare recipients. Parents who find employment will be provided with extended medical benefits and day care benefits for up to one year. The plan mandates paternal identification, expands funding for anti-fraud initiatives, and requires parents on AFDC to immunize their children. Parents who are disabled, caring for a disabled child, have a child under the age of two, or are teen-agers living at home and attending high school, will continue to receive cash assistance. Since most provisions of the new law do not take effect until July 1, 1995, the Executive Office for Administration projects that the reforms will not materially affect fiscal 1995 public assistance spending. The fiscal 1995 expenditure estimate of $16.449 billion includes $247.8 million appropriated to fund the Commonwealth's public assistance programs for the last four months of fiscal 1995. The Commonwealth is currently evaluating the new law's impact on fiscal 1996 projected spending for public assistance programs.

The fiscal 1995 budget is based on numerous spending and revenue estimates the achievement of which cannot be assured.

On November 8, 1994, the voters in the statewide general election approved an initiative petition that would slightly increase the portion of the gasoline tax revenue credited to the Highway Fund, one of the Commonwealth's three major budgetary funds, prohibit the transfer of money from the Highway Fund to other funds for non-highway purposes and not permit including the Highway Fund balance in the computation "consolidated net surplus" for purposes of state finance laws. The initiative petition also provides that no more than 15% of gasoline tax revenues may be used for mass transportation purposes, such as expenditures related to the Massachusetts Bay Transit Authority. The Executive Office of Administration and Finance is analyzing the effect, if any, this initiative petition, which became law on December 8, 1994, may have on the fiscal 1995 budget and it currently does not expect it to have any materially adverse impact. This is not a constitutional amendment and is subject to amendment or repeal by the Legislature, which may also, notwithstanding the terms of the petition, appropriate moneys from the Highway Fund in such amounts and for such purposes as it determines, subject only to a constitutional restriction that such moneys be used for highways or mass transit purposes.

1994 Fiscal Year. Fiscal 1994 tax revenue collections were approximately $10.607 billion, $87 million below the Department of Revenue's fiscal year 1994 tax revenue estimate of $10.694 billion and $677 million above fiscal 1993 tax revenues of $9.930 billion. Budgeted revenues and other sources, including non-tax revenues, collected in fiscal 1994 were approximately $15.550 billion. Total revenues and other sources increased by approximately 5.7% from fiscal 1993 to fiscal 1994 while tax revenues increased by 6.8% for the same period. Budgeted expenditures and other uses of funds in fiscal 1994 were approximately $15.523 billion, which is $826.5 million or approximately 5.6% higher than fiscal 1993 budgeted expenditures and other uses.

As of June 30, 1994, the Commonwealth showed a year-end cash position of approximately $757 million, as compared to a projected position of $599 million.

In June, 1993, the Legislature adopted and the Governor signed into law comprehensive education reform legislation. This legislation required an increase in expenditures for education purposes above fiscal 1993 base spending of $1.288 billion of approximately $175 million in fiscal 1994. The Executive Office for Administration and Finance expects the annual increases in expenditures above the fiscal 1993 base spending of $1.288 billion to be approximately $396 million in fiscal 1995, $625 million in fiscal 1996 and $868 million in fiscal 1997. Additional annual increases are also expected in later fiscal years. The fiscal 1995 budget as signed by the Governor includes $896 million in appropriations to satisfy this legislation.

1993 Fiscal Year. The Commonwealth's budgeted expenditures and other uses were approximately $14.696 billion in fiscal 1993, which is approximately $1.280 billion or 9.6% higher than fiscal 1992 expenditures and other uses. Final fiscal 1993 budgeted expenditures were $23 million lower than the initial July 1992 estimates of fiscal 1993 budgeted expenditures. Budgeted revenues and other sources for fiscal 1993 totalled approximately $14.710 billion, including tax revenues of $9.930 billion. Total revenues and other sources increased by approximately 6.9% from fiscal 1992 to fiscal 1993, while tax revenues increased by 4.7% for the same period. Overall, fiscal 1993 ended with a surplus of revenues and other sources over expenditures and other uses of $13.1 million and aggregate ending fund balances in the budgeted operating funds of the Commonwealth of approximately $562.5 million. After payment in full of the distribution of local aid to the Commonwealth's cities and towns ("Local Aid") and the retirement of short term debt, the Commonwealth showed a year end cash position of approximately $622.2 million, as compared to a projected position of $485.1 million.

1992 Fiscal Year. The Commonwealth's budgeted expenditures and other uses were approximately $13.4 billion in fiscal 1992, which is $238.7 million or 1.7% lower than fiscal 1991 budgeted expenditures. Final fiscal 1992 budgeted expenditures were $300 million more than the initial July 1991 estimates of budgetary expenditures, due in part to increases in certain human services programs, including an increase of $268.7 million for the Medicaid program and $50.0 million for mental retardation consent decree requirements. Budgeted revenues and other sources for fiscal 1992 totalled approximately $13.7 billion (including tax revenues of approximately $9.5 billion), reflecting an increase of approximately 0.7% from fiscal 1991 to 1992 and an increase of 5.4% in tax revenues for the same period. Overall, fiscal 1992 is estimated to have ended with an excess of revenues and other sources over expenditures and other uses of $312.3 million. After payment in full of Local Aid in the amount of $514.0 million due on June 30, 1992, retirement of the Commonwealth's outstanding commercial paper (except for approximately $50 million of bond anticipation notes) and certain other short term borrowings, as of June 30, 1992, the end of fiscal 1992, the Commonwealth showed a year-end cash position of approximately $731 million, as compared with the Commonwealth's cash balance of $182.3 million at the end of fiscal 1991.

1991 Fiscal Year. Budgeted expenditures for fiscal 1991 were approximately $13.659 billion, as against budgeted revenues and other sources of approximately $13.634 billion. The Commonwealth suffered an operating loss of approximately $21.2 million. Application of the adjusted fiscal 1990 fund balances

of $258.3 million resulted in a fiscal 1991 budgetary surplus of $237.1 million. State law requires that approximately $59.2 million of the fiscal year ending balances of $237.1 million be placed in the Stabilization Fund, a reserve from which funds can be appropriated (i) to make up any difference between actual state revenues in any fiscal year in which actual revenues fall below the allowable amount, (ii) to replace state and local losses by federal funds or (iii) for any event, as determined by the legislature, which threatens the health, safety or welfare of the people or the fiscal stability of the Commonwealth or any of its political subdivisions.

Upon taking office in January 1991, the new Governor proposed a series of legislative and administrative actions, including withholding of allotments under Section 9C of Chapter 29 of the General Laws, intended to eliminate the projected deficits. The new Governor's review of the Commonwealth's budget indicated projected spending of approximately $14.1 billion with an estimated $850 million in budget balancing measures that would be needed prior to the close of fiscal 1991. At that time, estimated tax revenues were revised to approximately $8.8 billion, $903 million less than was estimated at the time the fiscal 1991 budget was adopted. The Legislature adopted a number of the Governor's recommendations and the Governor took certain administrative actions not requiring legislative approval, including the adoption of a state employee furlough program. It is estimated by the Commonwealth that spending reductions achieved through savings initiatives and withholding of allotments total approximately $484.3 million in aggregate for fiscal 1991. However, these savings and reductions may be impacted negatively by litigation pursued by third parties concerning the Governor's actions under Section 9C of Chapter 29 of the General Laws and with regard to the state employee furlough program.

In addition, the new administration in May 1991 filed an amendment to its Medicaid state plan that enables it to claim 50% federal reimbursement on uncompensated care payments for certain hospitals in the Commonwealth. As a result, in fiscal 1991, the Commonwealth obtained additional non-tax revenues in the form of federal reimbursements equal to approximately $513 million on account of uncompensated care payments. This reimbursement claim was based upon recent amendments of federal law contained in the Omnibus Budget Reconciliation Act of 1990 and, consequently, on relatively undeveloped federal laws, regulations and guidelines. At the request of the federal Health Care Financing Administration, the Office of Inspector General of the United States Department of Health and Human Services has commenced an audit of the reimbursement. The administration, which had reviewed the matter with the Health Care Financing Administration prior to claiming the reimbursement, believes that the Commonwealth will prevail in the audit. If the Commonwealth does not prevail, the Commonwealth would have the right to contest an appeal, but could be required to pay all or part of Medicaid reimbursements with interest and to have such amount deducted from future reimbursement payments.

1990 and 1989 Fiscal Years. In July 1989, the former Governor vetoed certain provisions included in the budget legislation for fiscal 1990, including approximately $273 million of the fiscal 1990 appropriations, including $100 million for Local Aid. One of the Governor's vetoes occasioned a default by the Commonwealth on a September 1, 1989 payment of $2.5 million on a general obligation contract with the Massachusetts Community Development Finance Corporation to which its full faith and credit had been pledged, which payment was made on September 17, 1990 after a supplemental appro-

priation was proposed by the Governor and passed by the legislature. The legislature overrode the Governor's veto of $100 million of Local Aid and the Governor then indicated that he was withholding the allotment for such expenditure. The Supreme Judicial Court invalidated the Governor's withholding of $210 million of appropriated funds for certain Local Aid purposes in May 1990.

Budgeted expenditures for fiscal 1989 and 1990 totalled approximately $12.6 billion and $13.3 billion, respectively. Budgeted revenues for fiscal 1989 and 1990 totalled approximately $12.0 billion and $12.0 billion, respectively.

Employment. Reversing a trend of relatively low unemployment during the early and mid 1980's, the Massachusetts unemployment rate beginning in 1990 increased significantly to where the Commonwealth's unemployment rate exceeded the national unemployment rate. During 1990, the Massachusetts unemployment rate increased from 4.5% in January to 6.1% in July to 6.7% in August. During 1991, the Massachusetts unemployment rate averaged 9.0% while the average United States unemployment rate was 6.7%. The Massachusetts unemployment rate during 1992 averaged 8.5% while the average United States unemployment rate was 7.4%. Since 1993, the average monthly unemployment rate has declined steadily. The Massachusetts unemployment rate in December 1994 was 5.7%, as compared with the United States unemployment rate of 5.4% for the same period. Other factors which may significantly and adversely affect the employment rate in the Commonwealth include reductions in federal government spending on defense-related industries. Due to this and other considerations, there can be no assurance that unemployment in the Commonwealth will not increase in the future.

Debt Ratings. S&P currently rates the Commonwealth's uninsured general obligation bonds at A+. At the same time, S&P currently rates state and agency notes at SP1. From 1989 through 1992, the Commonwealth had experienced a steady decline in its S&P rating, with its decline beginning in May 1989, when S&P lowered its rating on the Commonwealth's general obligation bonds and other Commonwealth obligations from AA+ to AA and continuing a series of further reductions until March 1992, when the rating was affirmed at BBB.

Moody's currently rates the Commonwealth's uninsured general obligation bonds at A1. From 1989 through 1992, the Commonwealth had experienced a steady decline in its rating by Moody's since May 1989. In May 1989, Moody's lowered its rating on the Commonwealth's notes from MIG-1 to MIG-2, and its rating on the Commonwealth's commercial paper from P-1 to P-2. On June 21, 1989, Moody's reduced the Commonwealth's general obligation rating from Aa to A. On November 15, 1989, Moody's reduced the rating on the Commonwealth's general obligations from A to Baa1, and on March 9, 1990, Moody's reduced the rating of the Commonwealth's general obligation bonds from Baa1 to Baa. There can be no assurance that these ratings will continue.

In recent years, the Commonwealth and certain of its public bodies and municipalities have faced serious financial difficulties which have affected the credit standing and borrowing abilities of Massachusetts and its respective entities and may have contributed to higher interest rates on debt obligations. The continuation of, or an increase in, such financial difficulties could result in declines in the market values of, or default on, existing obligations including Massachusetts Obligations in the Fund.

Should there be during the term of the Fund a financial crisis relating to Massachusetts, its public bodies or municipalities, the market value and marketability of all outstanding bonds issued by the Commonwealth and its public authorities or municipalities including the Massachusetts Obligations in the Fund and interest income to the Fund could be adversely affected.

Total Bond and Note Liabilities. The total general obligation bond indebtedness of the Commonwealth (including Fiscal Recovery Bonds) as of January 1, 1995 was approximately $9.19 billion. There were also outstanding approximately $264 million in general obligation notes and other short term general obligation debt. The total bond and note liabilities of the Commonwealth as of October 1, 1994, including guaranteed bond and contingent liabilities was approximately $12.98 billion.

Debt Service. During the 1980s, capital expenditures were increased substantially, which has had a short term impact on the cash needs of the Commonwealth and also accounts for a significant rise in debt service during that period. Payments for debt service on Commonwealth general obligation bonds and notes have risen at an average annual rate of 22.2% from $770.9 million in fiscal 1990 to an estimated $942.3 million in fiscal 1991. Debt service payments in fiscal 1992 were $898.3 million. Debt service payments for fiscal 1992 reflect a $261 million one-time reduction achieved as a result of the Issuance of the refunding bonds in September and October 1991. Debt service expenditures were approximately $1.140 billion and $1.149 billion for fiscal 1993 and 1994, respectively, and are projected to be approximately $1.242 billion for fiscal 1995 and $1.267 billion for fiscal 1996. The fiscal 1993 and fiscal 1994 debt service expenditures reflect savings of $62.9 million and $57.3 million, respectively, achieved through the issuance of refunding bonds in October 1992, and March, May and August 1993. The amounts represented do not include debt service on notes issued to finance the fiscal 1989 deficit and certain Medicaid related liabilities, certain debt service contract assistance to the Massachusetts Bay Transportation Authority ($181.9 million projected in fiscal 1995), the Massachusetts Convention Center Authority ($24.6 million projected in fiscal 1995), the Massachusetts Government Land Bank ($6.0 million projected in fiscal 1995) and the Massachusetts Water Pollution Abatement Trust ($13.9 million projected in fiscal 1995), as well as grants to municipalities under the school building assistance program to defray a portion of the debt service costs on local school bonds ($179.2 million projected in fiscal 1995).

In January 1990, legislation was passed to impose a limit on debt service beginning in fiscal 1991, providing that no more than 10% of the total appropriations in any fiscal year may be expended for payment of interest and principal on general obligation debt (excluding the Fiscal Recovery Bonds). The percentage of total appropriations expended from the budgeted operating funds for debt service (excluding debt service on Fiscal Recovery Bonds) for fiscal 1994 is 5.6% which is projected to increase to 5.9% in fiscal 1995.

Certain Liabilities. Among the material future liabilities of the Commonwealth are significant unfunded general liabilities of its retirement systems and a program to fund such liabilities; a program whereby, starting in 1978, the Commonwealth began assuming full financial responsibility for all costs of the administration of justice within the Commonwealth; continuing demands to raise aggregate aid to cities, towns, schools and other districts and transit authorities above current levels; and Medicaid

expenditures which have increased each year since the program was initiated. The Commonwealth has signed consent decrees to continue improving mental health care and programs for the mentally retarded in order to meet federal standards, including those governing receipt of federal reimbursements under various programs, and the parties in those cases have worked cooperatively to resolve the disputed issues.

As a result of comprehensive legislation approved in January, 1988, the Commonwealth is required, beginning in fiscal 1989 to fund future pension liabilities currently and to amortize the Commonwealth's unfunded liabilities over 40 years. The estimated pension expenditures (inclusive of current benefits and pension reserves) for fiscal 1996 are $1.044 billion, representing an increase of 5.0% over estimated fiscal 1995 expenditures of $994.3 million.

Litigation. The Commonwealth is engaged in various lawsuits involving environmental and related laws, including an action brought on behalf of the U.S. Environmental Protection Agency alleging violations of the Clean Water Act and seeking to enforce the clean-up of Boston Harbor. The MWRA, successor in liability to the Metropolitan District Commission, has assumed primary responsibility for developing and implementing a court-approved plan for the construction of the treatment facilities necessary to achieve compliance with federal requirements. Under the Clean Water Act, the Commonwealth may be liable for costs of compliance in these or any other Clean Water cases if the MWRA or a municipality is prevented from raising revenues necessary to comply with a judgment. The MWRA currently projects that the total cost of construction of the treatment facilities required under the court's order is approximately $3.5 billion in current dollars, with approximately $1.54 billion to be spent on or after July 1, 1994.

The Department of Public Welfare has been sued for the alleged unlawful denial of personal care attendant services to certain disabled Medicaid recipients. The Superior Court has denied the plaintiff's motion for preliminary injunction and has also denied the plaintiff's motion for class certification. If the plaintiffs were to prevail on their claims and the Commonwealth were required to provide all of the services sought by the plaintiffs to all similarly situation persons, it would substantially increase the annual cost to the Commonwealth if these services are eventually required. The Department of Public Welfare currently estimates this increase to be as much as $200 million per year.

There are also actions pending in which recipients of human services benefits, such as welfare recipients, the mentally retarded, the elderly, the handicapped, children, residents of state hospitals and inmates of corrections institutions, seek expanded levels of services and benefits and in which providers of services to such recipients challenge the rates at which they are reimbursed by the Commonwealth. To the extent that such actions result in judgments requiring the Commonwealth to provide expanded services or benefits or pay increased rates, additional operating and capital expenditures might be needed to implement such judgments.

The Massachusetts Hospital Association has brought an action challenging an element of the Medicaid rate setting methodologies for hospitals. On October 12, 1993, the case was settled with the hospital association and most acute hospitals, thereby reducing the Commonwealth's potential liability in the pending case or in related appeals to approximately $10 million.

In addition there are several tax matters in litigation which could result in significant refunds to taxpayers if decisions unfavorable to the Commonwealth are rendered. In BayBank, et al. v. Commissioner of Revenue, the banks challenge the inclusion of income from tax exempt obligations in the measure of the bank excise tax. The Appellate Tax Board issued findings of fact and a report in favor of the Commissioner of Revenue on September 30, 1993. The case is pending before the Supreme Judicial Court and is expected to be heard in March 1995. Taking into account all banks and all years at issue (1974 through 1986), there are 142 appeals consolidated in this case. The amount at issue is estimated to be approximately $1.2 billion, which amount includes interest of approximately $900 million and amounts involved in other related applications for abatement pending with the Commissioner of Revenue or with the Appellate Tax Board. The amount of taxes and interest at issue in other cases is approximately $150 million.

In National Association of Government Employees v. Commonwealth, the Superior Court declared that a line item in the Commonwealth's general appropriations act for fiscal 1994 that increased the state employees' percentage share of their group health insurance premiums from 10% to 15% violated the terms of several collective bargaining agreements, and therefore was invalid under the United States Constitution as regards employees covered by the agreements. On February 9, 1995, the Supreme Judicial Court vacated the Superior Court's decision and declared that the fiscal 1994 line item did not violate the contracts clause. Several other unions have filed a companion suit asserting that the premium increase similarly violated other collective bargaining agreements. The latter suit is in its initial stages. If the Superior Court decision in favor of the state employees is upheld, the Commonwealth's aggregate liability is estimated to be approximately $32 million.

A variety of other civil suits pending against the Commonwealth may also affect its future liabilities. There include challenges to the Commonwealth's allocation of school aid under Section 9C of Chapter 29 of the General Laws and to adopt a state employee furlough program. No prediction is possible as to the ultimate outcome of these proceedings.

Many factors, in addition to those cited above, do or may have a bearing upon the financial condition of the Commonwealth, including social and economic conditions, many of which are not within the control of the Commonwealth.

Expenditure and Tax Limitation Measures. Limits have been established on state tax revenues by legislation approved by the Governor on October 25, 1986 and by an initiative petition approved by the voters on November 4, 1986. The Executive Office for Administration and Finance currently estimates that state tax revenues will not reach the limit imposed by either the initiative petition or the legislative enactment in fiscal 1992.

Proposition 2 1/2, passed by the voters in 1980, led to large reductions in property taxes, the major source of income for cities and towns and large increases in state aid to offset such revenue losses. According to the Executive Office for Administration and Finance, all of the 351 cities and towns have now achieved a property tax level of no more than 2.5% of full property values. Under the terms of Proposition 2 1/2, the property tax levy can now be increased annually for all cities and towns, almost all by 2.5% of the prior fiscal year's tax levy plus 2.5% of the value of new properties and of signifi-

cant improvements to property. Legislation has also been enacted providing for certain local option taxes. A voter initiative petition approved at the statewide general election in November, 1990 further regulates the distribution of Local Aid of no less than 40% of collections from individual income taxes, sales and use taxes, corporate excise taxes, and the balance of the state lottery fund. If implemented in accordance with its terms (including appropriation of the necessary funds), the petition as approved would shift several hundred million dollars to direct Local Aid.

Other Tax Measures. To provide revenue to pay debt service on both the deficit and Medicaid-related borrowings and to fund certain direct Medicaid expenditures, legislation was enacted imposing an additional tax on certain types of personal income for 1989 and 1990 taxable years at rates of 0.375% and 0.75%, respectively, effectively raising the tax rate of 1989 from 5% to 5.375% and for 1990 to 5.75%. Recent legislation has effectively further increased tax rates to 5.95% for tax year 1990 to 6.25% for tax year 1991 and returning to 5.95% for tax year 1992 and subsequent tax years. The tax is applicable to all personal income except income derived from dividends, capital gains, unemployment compensation, alimony, rent, interest, pensions, annuities and IRA/Keogh distributions. The income tax rate on other interest (excluding interest on obligations of the United States and of the Commonwealth and its subdivisions), dividends and net capital gains (after a 50% reduction) was increased from 10% to 12% for tax year 1990 and subsequent years, by recently enacted legislation.

Estate Tax Revisions. The fiscal 1993 budget included legislation which gradually phases out the current Massachusetts estate tax and replaces it with a "sponge tax" in 1997. The "sponge tax" is based on the maximum amount of the credit for state taxes allowed for federal estate tax purposes. The estate tax is phased out by means of annual increases in the basic exemption from the current $200,000 level. The exemption is increased to $300,000 for 1993, $400,000 for 1994, $500,000 for 1995 and $600,000 for 1996. In addition, the legislation includes a full marital deduction starting July 1, 1994. Currently the marital deduction is limited to 50% of the Massachusetts adjusted gross estate. The static fiscal impact of the phase out of the estate tax was estimated to be approximately $24.8 million in fiscal 1994 and is estimated to be approximately $72.5 million in fiscal 1995.

Other Issuers of Massachusetts Obligations. There are a number of state agencies, instrumentalities and political subdivisions of the Commonwealth that issue Municipal Obligations, some of which may be conduit revenue obligations payable from payments from private borrowers. These entities are subject to various economic risks and uncertainties, and the credit quality of the securities issued by them may vary considerably from the credit quality of obligations backed by the full faith and credit of the Commonwealth. The brief summary above does not address, nor does it attempt to address, any difficulties and the financial situations of those other issuers of Massachusetts Obligations.

FACTORS PERTAINING TO NEW YORK

As described above, except to the extent the New York Fund invests in temporary investments, the New York Fund will invest substantially all of its assets in New York Municipal Obligations. The New York Fund is therefore susceptible to political, economic or regulatory factors affecting New York State and governmental bodies within New York State. Some of the more significant events and conditions relating to the financial situation in New York are summarized below. The following information provides only a brief summary of the complex factors affecting the financial situation in New York, is

derived from sources that are generally available to investors and is believed to be accurate. It is based on information drawn from official statements and prospectuses issued by, and other information reported by, the State of New York (the "State"), by its various public bodies (the "Agencies"), and by other entities located within the State, including the City of New York (the "City"), in connection with the issuance of their respective securities.

There can be no assurance that current or future statewide or regional economic difficulties, and the resulting impact on State or local government finances generally, will not adversely affect the market value of New York Municipal Obligations held in the portfolio of the New York Fund or the ability of particular obligors to make timely payments of debt service on (or relating to) those obligations.

(1) The State: The State has historically been one of the wealthiest states in the nation. For decades, however, the State economy has grown more slowly than that of the nation as a whole, gradually eroding the State's relative economic affluence. Statewide, urban centers have experienced significant changes involving migration of the more affluent to the suburbs and an influx of generally less affluent residents. Regionally, the older Northeast cities have suffered because of the relative success that the South and the West have had in attracting people and business. The City has also had to face greater competition as other major cities have developed financial and business capabilities which make them less dependent on the specialized services traditionally available almost exclusively in the City. The State has for many years had a very high state and local tax burden relative to other states. The burden of State and local taxation, in combination with the many other causes of regional economic dislocation, has contributed to the decisions of some businesses and individuals to relocate outside, or not locate within, the State.

Slowdown of Regional Economy. A national recession commenced in mid-1990. The downturn continued throughout the State's 1990-91 fiscal year and was followed by a period of weak economic growth during the 1991 and 1992 calendar years. For calendar year 1993, the economy grew faster than in 1992, but still at a very moderate rate as compared to other recoveries. Moderate economic growth continued in calendar year 1994. The State has projected the rate of economic growth to slow within New York during 1995 as the expansion of the national economy moderates. Economic recovery started considerably later in the State than in the nation as a whole due in part to a significant retrenchment in the banking and financial services industries, downsizing by major corporations, cutbacks in defense spending, and an oversupply of office buildings. Many uncertainties exist in forecasts of both the national and State economies and there can be no assurance that the State's economy will perform at a level sufficient to meet the State's projections of receipts and disbursements.

1995-96 Fiscal Year. The Governor issued a proposed Executive Budget for the 1995-96 fiscal year (the "Proposed Budget") on February 1, 1995, which projected a balanced general fund and receipts and disbursements of $32.5 billion and $32.4 billion, respectively. As of April 17, 1995, the State legislature had not yet enacted, nor had the Governor and the legislature reached an agreement on, the budget for the 1995-96 fiscal year which commenced on April 1, 1995. The delay in the enactment of the budget may negatively affect certain proposed actions and reduce projected savings.

The Proposed Budget and the 1995-96 Financial Plan provide for the closing of a projected $4.7 billion budget gap in the 1995-96 fiscal year by cost-containment savings in social welfare programs, savings from State agency restructurings, freezing the level of some categories of local aid and new revenue measures.

The proposed budget and the 1995-96 Financial Plan may be impacted negatively by uncertainties relating to the economy and tax collections, although recent signs of improvement in the national economy could lead to short-term increases in State receipts.

1994-95 Fiscal Year. The State Legislature enacted the State's 1994-95 fiscal year budget on June 7, 1994, more than two months after the start of that fiscal year. As of February 1, 1995, the updated 1994-95 State Financial Plan (the "Plan") projected total general fund receipts and disbursements of $33.3 billion and $33.5 billion, respectively, representing reductions in receipts and disbursements of $1 billion and $743 billion, respectively, from the amount set forth in the 1994-95 budget. The Plan projected for a General Fund balance of approximately $157 million at the close of the 1994-95 fiscal year.

1993-94 Fiscal Year. The State ended the 1993-94 fiscal year with an operating surplus of approximately $1.0 billion.

Future Fiscal Years. There can be no assurance that the State will not face substantial potential budget gaps in the future resulting from a significant disparity between tax revenues projected from a lower recurring receipts base and the spending required to maintain State programs at current levels. To address any potential budgetary imbalance, the State may need to take significant actions to align recurring receipts and disbursements.

Indebtedness. As of March 31, 1994, the total amount of long-term State general obligation debt authorized but unissued stood at $2.0 billion. As of the same date, the State had approximately $5.4 billion in general obligation bonds, including $224 million in bond anticipation notes outstanding.

The State originally projected that its borrowings for capital purposes during the State's 1994-95 fiscal year would consist of $374 million in general obligation bonds and bond anticipation notes and $140 million in general obligation commercial paper. The Legislature has authorized the issuance of up to $69 million in certificates of participation in pools of leases for equipment and real property to be utilized by State agencies. Through March 15, 1995, the State had issued in excess of $590 million of its general obligation bonds (including $430 million of refunding bonds). The projections of the State regarding its borrowings for any fiscal year are subject to change if actual receipts fall short of State projections or if other circumstances require.

In June 1990, legislation was enacted creating the New York Local Government Assistance Corporation ("LGAC"), a public benefit corporation empowered to issue long-term obligations to fund certain payments to local governments traditionally funded through the State's annual seasonal borrowing. As of March 31, 1994, LGAC has issued its bonds to provide net proceeds of $4.5 billion. The LGAC was

authorized to provide net proceeds of $315 million, during the State's 1994-95 fiscal year. The LGAC issued $347 million of bonds on March 1, 1995 providing the authorized net proceeds.

Financing of capital programs by other public authorities of the State is also obtained from lease-purchase and contractual-obligation financing arrangements, the debt service for which is paid from State appropriations. As of March 31, 1994, there were $16.6 billion of such other financing arrangements outstanding and additional financings of this nature by public authorities are projected to total $2.4 billion during the 1994-1995 fiscal year. In addition, certain agencies had issued and outstanding approximately $7.3 billion of "moral obligation financings" as of March 31, 1994, which are to be repaid from project revenues. While there has never been a default on moral obligation debt of the State, the

State would be required to make up any shortfall in debt service.

Ratings. The $850 million in TRANs issued by the State in April 1993 were rated SP-1 Plus by S&P and MIG-1 by Moody's, which represent the highest ratings given by such agencies and the first time the State's TRANs have received these ratings since its May 1989 TRANs issuance. Both agencies cited the State's improved fiscal position as a significant factor in the upgrading of the April 1993 TRANs.

Moody's rating of the State's general obligation bonds stood at A on February 28, 1994, and S&P's rating stood at A- with a positive outlook, on February 28, 1994, an improvement from S&P's stable outlook from February 1994 through April 1993 and negative outlook prior to April 1993. Previously, Moody's lowered its rating to A on June 6, 1990, its rating having been A1 since May 27, 1986. S&P lowered its rating from A to A- on January 13, 1992. S&P's previous ratings were A from March 1990 to January 1992, AA- from August 1987 to March 1990 and A+ from November 1982 to August 1987.

Moody's maintained its A rating and S&P continued its A- rating in connection with the State's issuance of $537 million of general obligation bonds in March 1995.

(2) The City and the Municipal Assistance Corporation ("MAC"): The City accounts for approximately 40% of the State's population and personal income, and the City's financial health affects the State in numerous ways.

In response to the City's fiscal crisis in 1975, the State took a number of steps to assist the City in returning to fiscal stability. Among other actions, the State Legislature (i) created MAC to assist with long-term financing for the City's short-term debt and other cash requirements and (ii) created the State Financial Control Board (the "Control Board") to review and approve the City's budgets and four-year financial plans (the financial plans also apply to certain City-related public agencies).

In recent years, the rate of economic growth in the City slowed substantially as the City's economy entered a recession. While by some measures the City's economy may have begun to recover, a number of factors, including poor performance by the City's financial services companies, may prevent a significant improvement in the City's economy and may in fact negatively impact upon the City's finances by reducing tax receipts. The City Comptroller has issued reports concluding that the recession of the

City's economy may be ending, but there is little prospect of any significant improvement in the near term.

Fiscal Year 1996 and the 1995-1998 Financial Plan. On February 14, 1995, the Mayor released his preliminary $30.5 billion budget for fiscal year 1996, which included $2.7 billion of deficit reduction measures. The Mayor is seeking a $1.2 billion reduction in mandated welfare and Medicaid expenditures from the State, a $569 million reduction in expenditures by City agencies and the Board of Education budget, $600 million in personnel related savings partly through the elimination of 15,000 jobs within 18 months, and other measures.

The 1995-1998 Financial Plan (the "Plan"), which was submitted to the Control Board on February 23, 1995, projected budget gaps of $3.2 billion and $3.8 billion for fiscal years 1997 and 1998, respectively. The City Comptroller warned on March 7, 1995 that the budget gap for fiscal year 1996 could increase by $500 million to as much as $3.2 billion. The Control Board reported on March 17, 1995 that the proposed budget for fiscal year 1996 relies heavily on risky assumptions such as $600 million in savings to be negotiated with City unions and $1.4 billion in savings dependent on State legislative approval.

The City successfully negotiated concessions with a number of unions in order to ensure that the fiscal year 1995 budget remained in balance. The Mayor has indicated that to avoid additional lay-offs, higher than the number referred to above, reductions will be necessary in the benefit plans of City employees to close the budget gaps for fiscal years 1996 and thereafter. Union leadership has publicly opposed such "givebacks". With respect to fiscal year 1995 the City was also successful in obtaining additional funds and relief from certain mandated expenditures from the State for various programs, including Medicaid. However, the amount of gap closing measures requiring State action set forth in the Plan is well in excess of proposed assistance to the City outlined in the Governor's Proposed Budget. The Mayor has directed City agencies to identify an additional $300 million in cuts for fiscal year 1996 because of anticipated shortfalls in State aid and budgetary actions. An extended delay by the State in adopting its 1995-96 fiscal year budget would negatively impact upon the City's financial condition and ability to close budget gaps for fiscal years 1996 and thereafter.

The Mayor is required to submit an executive budget for fiscal year 1996 to the City Council by April 26, 1995. Due to continuing uncertainties related to the amount of State aid, the Mayor has indicated that he may delay submission of such executive budget.

Given the foregoing, there can be no assurance that the City will continue to maintain a balanced budget during fiscal year 1996 or thereafter, or that it can maintain a balanced budget without additional tax or other revenue increases or reductions in City services, which could adversely affect the City's economic base.

Pursuant to State law, the City prepares a four-year annual financial plan, which is reviewed and revised on a quarterly basis and which includes the City's capital, revenue and expense projections. The City is required to submit its financial plans to review bodies, including the Control Board. If the City

were to experience certain adverse financial circumstances, including the occurrence or the substantial likelihood and the imminence of the occurrence of an annual operating deficit of more than $100 million or the loss of access to the public credit markets to satisfy the City's capital and seasonal financial requirements, the Control Board would be required by State law to exercise certain powers, including prior approval of City financial plans, proposed borrowings and certain contracts.

The City depends on the State for State aid both to enable the City to balance its budget and to meet its cash requirements. If the State experiences revenue shortfalls or spending increases beyond its projections during its 1995-96 fiscal year or subsequent years, such developments could result in reductions in projected State aid to the City. In addition, there can be no assurance that State budgets for the 1996-97 or future fiscal years will be adopted by the April 1 statutory deadline and that there will not be adverse effects on the City's cashflow and additional City expenditures as a result of such delays.

The City projections set forth in the Plan are based on various assumptions and contingencies which are uncertain and which may not materialize. Changes in major assumptions could significantly affect the City's ability to balance its budget as required by State law and to meet its annual cash flow and financing requirements. Such assumptions and contingencies include the timing of any regional and local economic recovery, the absence of wage increases in excess of the increases assumed in its financial plan, employment growth, provision of State and Federal aid and mandate relief, State legislative approval of future State budgets, levels of education expenditures as may be required by State law, adoption of future City budgets by the New York City Council, and approval by the Governor or the State Legislature and the cooperation of MAC with respect to various other actions proposed in the Plan.

The City's ability to maintain a balanced operating budget is dependent on whether it can implement necessary service and personnel reduction programs successfully. As discussed above, the City must identify additional expenditure reductions and revenue sources to achieve balanced operating budgets for fiscal year 1996 and thereafter. Any such proposed expenditure reductions will be difficult to implement because of their size and the substantial expenditure reductions already imposed on City operations in recent years.

Attaining a balanced budget is also dependent upon the City's ability to market its securities successfully in the public credit markets. The City's financing program for fiscal years 1995 through 1998 contemplates capital spending of $16.4 billion, which will be financed through issuance of $10.7 billion of general obligation bonds and the balance through Water Authority Revenue Bonds and Covered Organization obligations, and will be used primarily to reconstruct and rehabilitate the City's infrastructure and physical assets and to make capital investments. A significant portion of such bond financing is used to reimburse the City's general fund for capital expenditures already incurred. In addition, the City issues revenue and tax anticipation notes to finance its seasonal working capital requirements. The terms and success of projected public sales of City general obligation bonds and notes will be subject to prevailing market conditions at the time of the sale, and no assurance can be given that the credit markets will absorb the projected amounts of public bond and note sales. In addition, future developments concerning the City and public discussion of such developments, the City's future financial needs and other issues may affect the market for outstanding City general obliga-

tion bonds and notes. If the City were unable to sell its general obligation bonds and notes, it would be prevented from meeting its planned operating and capital expenditures.

The City is a defendant in a significant number of lawsuits and is subject to numerous claims and investigations, including, but not limited to, actions commenced and claims asserted against the City arising out of alleged constitutional violations, torts, breaches of contracts, and other violations of law and condemnation proceedings. While the ultimate outcome and fiscal impact, if any, on the proceedings and claims are not currently predictable, adverse determinations in certain of them might have a material adverse effect upon the City's ability to carry out its financial plan. As of June 30, 1994, the City estimated its potential future liability on outstanding claims to be $2.6 billion.

On January 30, 1995, Robert L. Schulz and other defendants commenced a federal district court action seeking among other matters to cancel the issuance on January 31, 1995 of $659 million of City bonds. While the federal courts have rejected requests for temporary restraining orders and expedited appeals, the case is still pending. The City has indicated that it believes the action to be without merit as it relates to the City, but there can be no assurance as to the outcome of the litigation and an adverse ruling or the granting of a permanent injunction would have a negative impact on the City's financial condition and its ability to fund its operations.

Fiscal Year 1995. New York City adopted its fiscal year 1995 budget on June 21, 1994, which provided for spending of $31.6 billion and closed a budget gap of $2.3 billion. However, following adoption of the fiscal year 1995 budget, additional unexpected budget gaps totaling approximately $2.0 billion were identified. The widening of the budget gap for fiscal year 1995 resulted from shortfalls in tax revenues and State and federal aid. The Mayor and the City Council were unable to reach agreement on additional cuts proposed by the Mayor in October 1994. The City Council passed its own budget cut proposal in November 1994. The Mayor vetoed the City Council version, the City Council overrode his veto and the Mayor implemented his original plan. A state court held in December 1994 that neither budget cut proposal could be implemented. The Mayor then elected not to spend certain funds in order to keep the budget in balance.

Fiscal Years 1990 through 1994. The City achieved balanced operating results in accordance with generally accepted accounting principles for its fiscal years 1990 through 1994. The City was required to close substantial budget gaps in these fiscal years in order to maintain balanced operating results.

Ratings. As of the date of this prospectus, Moody's rating of the City's general obligation bonds stood at Baa1 and S&P's rating stood at A-. On February 11, 1991, Moody's had lowered its rating from A.

On March 13, 1995, Moody's confirmed its Baa1 rating in connection with a scheduled March 1995 sale of $795 million of the City's general obligation bonds.

S&P's confirmed its rating of the City's general obligation bonds in connection with the City's $795 million general obligation bond issue in March 1995. In January 1995, in response to the City's plan to borrow $120 million to refund debt due in February without imposing additional cuts in the fiscal

1995 budget, S&P's placed the City on negative credit watch and indicated that in April 1995 it would consider a possible downgrade of the City's general obligation debt from A- to BBB. At the end of March 1995, concerned by published reports that the Mayor might not produce his executive budget for fiscal year 1996, S&P's suggested that the Mayor should prepare "a budget-balancing contingency plan" or face the possibility of downgrade of the City's general obligation bonds. As of April 17, 1995, S&P's had not announced any change in its ratings of the City's debt. Any such rating decrease would negatively affect the marketability of the City's bonds and significantly increase the City's financing costs.

On October 12, 1993, Moody's increased its rating of the City's issuance of $650 million of Tax Anticipation Notes ("TANs") to MIG-1 from MIG-2. Prior to that date, on May 9, 1990, Moody's revised downward its rating on outstanding City revenue anticipation notes from MIG-1 to MIG-2 and rated the $900 million notes then being sold MIG-2. S&P's rating of the October 1993 TANs issue increased to SP-1 from SP-2. Prior to that date, on April 29, 1991, S&P revised downward its rating on City revenue anticipation notes from SP-1 to SP-2.

As of December 31, 1994, the City and MAC had, respectively, $22.5 billion and $4.1 billion of outstanding net long-term indebtedness.

(3) The State Agencies: Certain Agencies of the State have faced substantial financial difficulties which could adversely affect the ability of such Agencies to make payments of interest on, and principal amounts of, their respective bonds. The difficulties have in certain instances caused the State (under so-called "moral obligation" provisions, which are non-binding statutory provisions for State appropriations to maintain various debt service reserve funds) to appropriate funds on behalf of the Agencies. Moreover, it is expected that the problems faced by these Agencies will continue and will require increasing amounts of State assistance in future years. Failure of the State to appropriate necessary amounts or to take other action to permit those Agencies having financial difficulties to meet their obligations could result in a default by one or more of the Agencies. Such default, if it were to occur, would be likely to have a significant adverse affect on investor confidence in, and therefore the market price of, obligations of the defaulting Agencies. In addition, any default in payment on any general obligation of any Agency whose bonds contain a moral obligation provision could constitute a failure of certain conditions that must be satisfied in connection with Fed-

eral guarantees of City and MAC obligations and could thus jeopardize the City's long-term financing plans.

As of September 30, 1993, the State reported that eighteen Agencies each had outstanding debt of $100 million or more and an aggregate of $63.5 billion of outstanding debt, some of which was state-supported, state-relatd debt.

(4) State Litigation: The State is a defendant in numerous legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contracts, condemnation proceedings and other alleged violations of State and Federal laws. Included in the State's outstanding litigation are a number of cases challenging the constitutionality or the adequacy and effectiveness of a variety of significant social welfare programs primarily involving the State's

mental hygiene programs. Adverse judgments in these matters generally could result in injunctive relief coupled with prospective changes in patient care which could require substantial increased financing of the litigated programs in the future.

The State is also engaged in a variety of claims wherein significant monetary damages are sought. Actions commenced by several Indian nations claim that significant amounts of land were unconstitutionally taken from the Indians in violation of various treaties and agreements during the eighteenth and nineteenth centuries. The claimants seek recovery of approximately six million acres of land, as well as compensatory and punitive damages.

The State has entered into a settlement agreement with Delaware, Massachusetts and all other parties with respect to State of Delaware v. State of New York, an action by Delaware and other states to recover unclaimed property from New York-based brokers, which had escheated to the State pursuant to its Abandoned Property Law. Annual payments under this settlement will be made through the State's 2002-03 fiscal year in amounts not exceeding $48.4 million in any fiscal year subsequent to the State's 1994-95 fiscal year.

In Schulz v. State of New York, commenced May 24, 1993 ("Schulz"), petitioners challenged the constitutionality of mass transportation bonding programs of the New York State Thruway Authority and the Metropolitan Transportation Authority. On May 24, 1993, the Supreme Court, Albany County, temporarily enjoined the State from implementing those bonding programs.

Petitioners in Schulz asserted that issuance of bonds by the two Authorities is subject to approval by statewide referendum. By decision dated October 21, 1993, the Appellate Division, Third Department, affirmed the order of the Supreme Court, Albany County, granting the State's motion for summary judgment, dismissing the complaint and vacating the temporary restraining order. On June 30, 1994, the Court of Appeals, the State's highest court, upheld the decisions of the Supreme Court and Appellate Division in Schulz. Plaintiffs' motion for reargument was denied by the Court of Appeals on September 1, 1994 and their writ of certiorari to the U.S. Supreme Court was denied on January 23, 1995.

Adverse developments in the foregoing proceedings or new proceedings could adversely affect the financial condition of the State in the future.

(5) Other Municipalities: Certain localities in addition to New York City could have financial problems leading to requests for additional State assistance. The potential impact on the State of such actions by localities is not included in projections of State receipts and expenditures in the State's 1994-95 fiscal year.

Fiscal difficulties experienced by the City of Yonkers ("Yonkers") resulted in the creation of the Financial Control Board for the City of Yonkers (the "Yonkers Board") by the State in 1984. The Yonkers Board is charged with oversight of the fiscal affairs of Yonkers. Future actions taken by the Governor or the State Legislature to assist Yonkers could result in allocation of State resources in amounts that cannot yet be determined.

Municipalities and school districts have engaged in substantial short-term and long-term borrowings. In 1992, the total indebtedness of all localities in the State was approximately $35.2 billion, of which $19.5 billion was debt of New York City (excluding $5.9 billion in MAC debt). State law requires the Comptroller to review and make recommendations concerning the budgets of those local government units other than New York City authorized by State law to issue debt to finance deficits during the period that such deficit financing is outstanding. Seventeen localities had outstanding indebtedness for State financing at the close of their fiscal year ending in 1992.

Certain proposed Federal expenditure reductions could reduce, or in some cases eliminate, Federal funding of some local programs and accordingly might impose substantial increased expenditure requirements on affected localities to increase local revenues to sustain those expenditures. If the State, New York City or any of the Agencies were to suffer serious financial difficulties jeopardizing their respective access to the public credit markets, the marketability of notes and bonds issued by localities within the State, including notes or bonds in the Fund, could be adversely affected. Localities also face anticipated and potential problems resulting from certain pending litigation, judicial decisions, and long-range economic trends. The longer-range potential problems of declining urban population, increasing expenditures, and other economic trends could adversely affect certain localities and require increasing State assistance in the future.

(6) Other Issuers of New York Municipal Obligations. There are a number of other state agencies, instrumentalities and political subdivisions of the State that issue Municipal Obligations, some of which may be conduit revenue obligations payable from payments from private borrowers. These entities are subject to various economic risks and uncertainties, and the credit quality of the securities issued by them may vary considerably from the credit quality of obligations backed by the full faith and credit of the State.

FACTORS PERTAINING TO OHIO

As described above, the Ohio Fund will invest most of its net assets in securities issued by or on behalf of (or in certificates of participation in lease-purchase obligations of) the State of Ohio, political subdivisions of the State, or agencies or instrumentalities of the State or its political subdivisions (Ohio Obligations). The Ohio Fund is therefore susceptible to general or particular political, economic or regulatory factors that may affect issuers of Ohio Obligations. The following information constitutes only a brief summary of some of the many complex factors that may have an effect. The information does not apply to "conduit" obligations on which the public issuer itself has no financial responsibility. This information is derived from official statements of certain Ohio issuers published in connection with their issuance of securities and from other publicly available information, and is believed to be accurate. No independent verification has been made of any of the following information.

Generally, the creditworthiness of Ohio Obligations of local issuers is unrelated to that of obligations of the State itself, and the State has no responsibility to make payments on those local obligations. There may be specific factors that at particular times apply in connection with investment in particular Ohio Obligations or in those obligations of particular Ohio issuers. It is possible that the investment may be in particular Ohio Obligations, or in those of particular issuers, as to which those factors apply.

However, the information below is intended only as a general summary, and is not intended as a discussion of any specific factor that may affect any particular obligation or issuer.

There can be no assurance that future national, regional or state-wide economic difficulties, and the resulting impact on State or local government finances generally, will not adversely affect the market value of Ohio Obligations held in the Ohio Fund or the ability of particular obligors to make timely payments of debt service on (or lease payments relating to) those Obligations.

General. Ohio is the seventh most populous state; the 1990 Census count of 10,847,000 indicated a 0.5% population increase from 1980. The Census estimate for 1993 is 11,091,000.

While diversifying more into the service and other non-manufacturing areas, the Ohio economy continues to rely in part on durable goods manufacturing largely concentrated in motor vehicles and equipment, steel, rubber products and household appliances. As a result, general economic activity, as in many other industrially-developed states, tends to be more cyclical than in some other states and in the nation as a whole. Agriculture is an important segment of the economy, with over half the State's area devoted to farming and approximately 15% of total employment in agribusiness.

In prior years, the State's overall unemployment rate was commonly somewhat higher than the national figure. For example, the reported 1990 average monthly State rate was 5.7%, compared to the 5.5% national figure. However, for the last four years the State rates were below the national rates (5.5% versus 6.1% in 1994, based on preliminary figures). The unemployment rate and its effects vary among geographic areas of the State.

State Finances. The State operates on the basis of a fiscal biennium for its appropriations and expenditures, and is precluded by law from ending its July 1 to June 30 fiscal year (FY) or fiscal biennium in a deficit position. Most State operations are financed through the General Revenue Fund (GRF), for which the personal income and sales-use taxes are the major sources. Growth and depletion of GRF ending fund balances show a consistent pattern related to national economic conditions, with the ending FY balance reduced during less favorable and increased during more favorable economic periods. The State has well-established procedures for, and has timely taken, necessary actions to ensure resource/expenditure balances during less favorable economic periods. Those procedures included general and selected reductions in appropriations spending.

Key biennium-ending fund balances at June 30, 1989 were $475.1 million in the GRF and $353 million in the Budget Stabilization Fund (BSF, a cash and budgetary management fund). In the next two fiscal years necessary corrective steps were taken to respond to lower receipts and higher expenditures in certain categories than earlier estimated. Those steps included selected reductions in appropriations spending and the transfer of $64 million from the BSF to the GRF. Reported June 30, 1991 ending fund balances were $135.3 million (GRF) and $300 million (BSF).

To allow time to resolve certain budget differences for the latest complete biennium, an interim appropriations act was enacted effective July 1, 1991; it included GRF debt service and lease rental appropriations for the entire 1992-93 biennium, while continuing most other appropriations for a month.

Pursuant to the general appropriations act for the entire biennium, passed on July 11, 1991, $200 million was transferred from the BSF to the GRF in FY 1992.

Based on updated results and forecasts in the course of FY 1992, both in light of a continuing uncertain nationwide economic situation, there was projected, and then timely addressed, an FY 1992 imbalance in GRF resources and expenditures. GRF receipts significantly below original forecasts resulted primarily from lower collections of certain taxes, particularly sales-use and personal income taxes. Higher expenditure levels came in certain areas, particularly human services including Medicaid. The Governor ordered most State agencies to reduce GRF spending in the last six months of FY 1992 by a total of approximately $184 million. As authorized by the General Assembly, the $100.4 million BSF balance and additional amounts from certain other funds were transferred late in the FY to the GRF, and adjustments made in the timing of certain tax payments. Other administrative revenue and spending actions resolved the remaining imbalance.

A significant GRF shortfall (approximately $520 million) was then projected for the next year, FY 1993. It was addressed by appropriate legislative and administrative actions. The Governor ordered, effective July 1, 1992, $300 million in selected GRF spending reductions. Subsequent executive and legislative action in December 1992--a combination of tax revisions and additional spending reductions--resulted in a balance of GRF resources and expenditures for the 1992-93 biennium. The June 30, 1993 ending GRF fund balance was approximately $111 million, of which, as a first step to BSF replenishment, $21 million was deposited in the BSF. (Based on June 30, 1994 balances, an additional $260 million has been deposited in the BSF, which has a current balance of $288 million.)

No spending reductions were applied to appropriations needed for debt service on or lease rentals relating to any State obligations.

The GRF appropriations act for the current 1994-95 biennium was passed and signed by the Governor on July 1, 1993. It included all necessary GRF appropriations for State debt service and lease rental payments then projected for the biennium.

Debt. The State's incurrence or assumption of debt without a vote of the people is, with limited exceptions, prohibited by current State constitutional provisions. The State may incur debt, limited in amount to $750,000, to cover casual deficits or failures in revenues or to meet expenses not otherwise provided for. The Constitution expressly precludes the State from assuming the debts of any local government or corporation. (An exception is made in both cases for any debt incurred to repel invasion, suppress insurrection or defend the State in war.)

By 13 constitutional amendments, the last adopted in 1993, Ohio voters have authorized the incurrence of State debt and the pledge of taxes or excises to its payment. At March 24, 1995, $790.1 million (excluding certain highway bonds payable primarily from highway use charges) of this debt was outstanding. The only such State debt then still authorized to be incurred are portions of the highway bonds, and the following: (a) up to $100 million of obligations for coal research and development may be outstanding at any one time ($34.7 million outstanding); (b) $360 million of obligations authorized for local infrastructure improvements, no more than $120 million of which may be issued

in any calendar year ($728.2 million outstanding); and (c) up to $200 million in general obligation bonds for parks, recreation and natural resources purposes which may be outstanding at any one time ($20 million outstanding, with no more than $50 million to be issued in any one year).

Resolutions have been introduced in both houses of the General Assembly that would submit at the November 1995 election a constitutional amendment relating to State debt. The amendment would authorize, among other things, the issuance of State general obligation debt for a variety of purposes and without additional vote of the people to the extent that debt service on all State general obligation debt and GRF-supported obligations would not exceed 5% of the preceding fiscal year's GRF expenditures. It cannot be predicted whether any such amendment will in fact be submitted, or, if submitted, whether it would be approved by the electors.

The Constitution also authorizes the issuance of State obligations for certain purposes, the owners of which do not have the right to have excises or taxes levied to pay debt service. Those special obligations include obligations issued by the Ohio Public Facilities Commission and the Ohio Building Authority, and certain obligations issued by the State Treasurer, over $4.5 billion of which were outstanding at March 24, 1995.

A 1990 constitutional amendment authorizes greater State and political subdivision participation (including financing) in the provision of housing. The General Assembly may for that purpose authorize the issuance of State obligations secured by a pledge of all or such portion as it authorizes of State revenues or receipts (but not by a pledge of the State's full faith and credit).

A 1994 constitutional amendment pledges the full faith and credit and taxing power of the State to meeting certain guarantees under the State's tuition credit program which provides for purchase of tuition credits, for the benefit of State residents, guaranteed to cover a specified amount when applied to the cost of higher education tuition. (A 1965 constitutional provision that authorized student loan guarantees payable from available State moneys has never been implemented, apart from a "guarantee fund" approach funded essentially from program revenues.)

State and local agencies issue obligations that are payable from revenues from or relating to certain facilities (but not from taxes). By judicial interpretation, these obligations are not "debt" within constitutional provisions. In general, payment obligations under lease-purchase agreements of Ohio public agencies (in which certificates of participation may be issued) are limited in duration to the agency's fiscal period, and are renewable only upon appropriations being made available for the subsequent fiscal period.

Debt Rating. The outstanding State tax supported bonds are currently rated "Aa" by Moody's and "AAA" (highway obligations) and "AA" by S&P, and the outstanding State bonds issued by the Ohio Public Facilities Commission and Ohio Building Authority are rated "A1" by Moody's and "A+" by S&P.

Schools and Municipalities. Local school districts in Ohio receive a major portion (state-wide aggregate in the range of 46% in recent years) of their operating moneys from State subsidies, but are dependent

on local property taxes, and in 109 districts from voter-authorized income taxes, for significant portions of their budgets. Litigation, similar to that in other states, is pending questioning the constitutionality of Ohio's system of school funding. The trial court recently concluded that aspects of the system (including basic operating assistance) are unconstitutional, and ordered the State to provide for and fund a system complying with the Ohio Constitution. The State has appealed. A small number of the State's 612 local school districts have in any year required special assistance to avoid year-end deficits. A current program provides for school district cash need borrowing directly from commercial lenders, with diversion of State subsidy distributions to repayment if needed. Borrowings under this program totalled $68.6 million for 44 districts (including $46.6 million for one district) in FY 1992, $94.5 million for 27 districts (including $75 million for one) in FY 1993, and $15.6 million for 28 districts in FY 1994.

Ohio's 943 incorporated cities and villages rely primarily on property and municipal income taxes for their operations. With other subdivisions, they also receive local government support and property tax relief moneys distributed by the State. For those few municipalities that on occasion have faced significant financial problems, there are statutory procedures for a joint State/local commission to monitor the municipality's fiscal affairs and for development of a financial plan to eliminate deficits and cure any defaults. Since inception in 1979, these procedures have been applied to 23 cities and villages; for 18 of them the fiscal situation was resolved and the procedures terminated.

Property Taxes. At present the State itself does not levy ad valorem taxes on real or tangible personal property. Those taxes are levied by political subdivisions and other local taxing districts. The Constitution has since 1934 limited to 1% of true value in money the amount of the aggregate levy (including a levy for unvoted general obligations) of property taxes by all overlapping subdivisions, without a vote of the electors or a municipal charter provision, and statutes limit the amount of that aggregate levy to 10 mills per $1 of assessed valuation (commonly referred to as the "ten-mill limitation"). Voted general obligations of subdivisions are payable from property taxes that are unlimited as to amount or rate.

Litigation. According to recent State official statements, the State is a party to various legal proceedings seeking damages or injunctive or other relief and generally incidental to its operations. The ultimate disposition of those proceedings is not determinable.

CONSIDERATIONS RELATING TO FINANCIAL FUTURES AND OPTION CONTRACTS

As described in the Prospectus, each of the Funds may purchase and sell financial futures contracts, options on financial futures or related options for the purpose of hedging its portfolio securities against declines in the value of such securities, and to hedge against increases in the cost of securities the Fund intends to purchase. To accomplish such hedging, a Fund may take an investment position in a futures contract or in an option which is expected to move in the opposite direction from the position being hedged. Futures or options utilized for hedging purposes would either be based on an index of long-term Municipal Obligations (i.e., those with remaining maturities averaging 20-30 years) or relate to debt securities whose prices are anticipated by Nuveen Advisory to correlate with the prices of the Municipal Obligations owned by a Fund. The sale of financial futures or the purchase of put options on financial futures or on debt securities or indexes is a means of hedging against the risk that the

value of securities owned by a Fund may decline on account of an increase in interest rates, and the purchase of financial futures or of call options on financial futures or on debt securities or indexes is a means of hedging against increases in the cost of the securities a Fund intends to purchase as a result of a decline in interest rates. Writing a call option on a futures contract or on debt securities or indexes may serve as a hedge against a modest decline in prices of Municipal Obligations held in a Fund's portfolio, and writing a put option on a futures contract or on debt securities or indexes may serve as a partial hedge against an increase in the value of Municipal Obligations a Fund intends to acquire. The writing of such options provides a hedge to the extent of the premium received in the writing transaction. Regulations of the Commodity Futures Trading Commission ("CFTC") applicable to the Funds require that transactions in futures and options on futures be engaged in only for bona-fide hedging purposes, and that no such transactions may be entered into by a Fund if the aggregate initial margin deposits and premiums paid by that Fund exceeds 5% of the market value of the Fund's assets. A Fund will not purchase futures unless it has segregated cash, government securities or high grade liquid debt equal to the contract price of the futures less any margin on deposit, or unless the long futures position is covered by the sale of a put option. A Fund will not sell futures unless the Fund owns the instruments underlying the futures or owns options on such instruments or owns a portfolio whose market price may be expected to move in tandem with the market price of the instruments or index underlying the futures. In addition, each Fund is subject to the tax requirement that less than 30% of its gross income may be derived from the sale or disposition of securities held for less than three months. With respect to its engaging in transactions involving the purchase or writing of put and call options on debt securities or indexes, a Fund will not purchase such options if more than 5% of its assets would be invested in the premiums for such options, and it will only write "covered" or "secured" options, wherein the securities or cash required to be delivered upon exercise are held by a Fund, with such cash being maintained in a segregated account. These requirements and limitations may limit a Fund's ability to engage in hedging transactions.

Description of Financial Futures and Options. A futures contract is a contract between a seller and a buyer for the sale and purchase of specified property at a specified future date for a specified price. An option is a contract that gives the holder of the option the right, but not the obligation, to buy (in the case of a call option) specified property from, or to sell (in the case of a put option) specified property to, the writer of the option for a specified price during a specified period prior to the option's expiration. Financial futures contracts and options cover specified debt securities (such as U.S. Treasury securities) or indexes designed to correlate with price movements in certain categories of debt securities. At least one exchange trades futures contracts on an index designed to correlate with the long-term municipal bond market. Financial futures contracts and options on financial futures contracts are traded on exchanges regulated by the CFTC. Options on certain financial instruments and financial indexes are traded in securities markets regulated by the Securities and Exchange Commission. Although futures contracts and options on specified financial instruments call for settlement by delivery of the financial instruments covered by the contracts, in most cases positions in these contracts are closed out in cash by entering into offsetting, liquidating or closing transactions. Index futures and options are designed for cash settlement only.

Risks of Futures and Options Transactions. There are risks associated with the use of futures contracts and options for hedging purposes. Investment in futures contracts and options involves the risk of imperfect correlation between movements in the price of the futures contract and options and the price of the security being hedged. The hedge will not be fully effective where there is imperfect correlation between the movements in the two financial instruments. For example, if the price of the futures contract moves more than the price of the hedged security, a Fund will experience either a loss or gain on the future which is not completely offset by movements in the price of the hedged securities. Further, even where perfect correlation between the price movements does occur, a Fund will sustain a loss at least equal to the commissions on the financial futures transaction. To compensate for imperfect corrections, the Funds may purchase or sell futures contracts in a greater dollar amount than the hedged securities if the volatility of the hedged securities is historically greater than the volatility of the futures contracts. Conversely, the Funds may purchase or sell fewer futures contracts if the volatility of the price of the hedged securities is historically less than that of the futures contracts.

Because of low initial margin deposits made upon the opening of a futures position, futures transactions involve substantial leverage. As a result, relatively small movements in the price of the futures contract can result in substantial unrealized gains or losses. Because the Funds will engage in the purchase and sale of financial futures contracts solely for hedging purposes, however, any losses incurred in connection therewith should, if the hedging strategy is successful, be offset in whole or in part by increases in the value of securities held by the Funds or decreases in the price of securities the Funds intend to acquire.

The Funds expect to liquidate a majority of the financial futures contracts they enter into through offsetting transactions on the applicable contract market. There can be no assurance, however, that a liquid secondary market will exist for any particular futures contract at any specific time. Thus, it may not be possible to close a futures position. In the event of adverse price movements, the Funds would continue to be required to make daily cash payments of variation margin. In such situations, if a Fund has sufficient cash, it may be required to sell portfolio securities to meet daily variation margin requirements at a time when it may be disadvantageous to do so. The inability to close out futures positions also could have an adverse impact on a Fund's ability to hedge its portfolio effectively and may expose the Fund to risk of loss. The Funds will enter into a futures position only if, in the judgment of Nuveen Advisory, there appears to be an actively traded secondary market for such futures contracts.

The liquidity of a secondary market in a futures contract may be adversely affected by "daily price fluctuation limits" established by commodity exchanges which limit the amount of fluctuation in a futures contract price during a single trading day. Once the daily limit has been reached in the contract, no trades may be entered into at a price beyond the limit, thus preventing the liquidation of open futures positions. Prices have in the past moved the daily limit on a number of consecutive trading days.

The successful use of transactions in futures also depends on the ability of Nuveen Advisory to forecast the direction and extent of interest rate movements within a given time frame. To the extent these prices remain stable during the period in which a futures contract is held by a Fund or moves in a direction opposite to that anticipated, the Fund may realize a loss on the hedging transaction which is not fully or partially offset by an increase in the value of portfolio securities. As a result, the Fund's total return for such period may be less than if it had not engaged in the hedging transaction.

The ability of each of the Funds to engage in transactions in futures contracts may be limited by the tax requirement that it have less than 30% of its gross income derived from the sale or other disposition of stock or securities held for less than three months. Gain from transactions in futures contracts will be taxable to a Fund's shareholders partially as short-term and partially as long-term capital gain.

TEMPORARY INVESTMENTS

The Prospectus discusses briefly the ability of each Fund to invest a portion of its assets in federally tax-exempt or taxable "temporary investments." Temporary investments will not exceed 20% of any Fund's assets except when made for defensive purposes. The Funds will invest only in taxable temporary investments that are either U.S. Government securities or are rated within the highest grade by Moody's or S&P, and mature within one year from the date of purchase or carry a variable or floating rate of interest.

The Funds may invest in the following federally tax-exempt temporary investments:

Bond Anticipation Notes (BANs) are usually general obligations of state and local governmental issuers which are sold to obtain interim financing for projects that will eventually be funded through the sale of long-term debt obligations or bonds. The ability of an issuer to meet its obligations on its BANs is primarily dependent on the issuer's access to the long-term municipal bond market and the likelihood that the proceeds of such bond sales will be used to pay the principal and interest on the BANs.

Tax Anticipation Notes (TANs) are issued by state and local governments to finance the current operations of such governments. Repayment is generally to be derived from specific future tax revenues. Tax anticipation notes are usually general obligations of the issuer. A weakness in an issuer's capacity to raise taxes due to, among other things, a decline in its tax base or a rise in delinquencies, could adversely affect the issuer's ability to meet its obligations on outstanding TANs.

Revenue Anticipation Notes (RANs) are issued by governments or governmental bodies with the expectation that future revenues from a designated source will be used to repay the notes. In general, they also constitute general obligations of the issuer. A decline in the receipt of projected revenues, such as anticipated revenues from another level of government, could adversely affect an issuer's ability to meet its obligations on outstanding RANs. In addition, the possibility that the revenues would, when received, be used to meet other obligations could affect the ability of the issuer to pay the principal and interest on RANs.

Construction Loan Notes are issued to provide construction financing for specific projects. Frequently, these notes are redeemed with funds obtained from the Federal Housing Administration.

Bank Notes are notes issued by local government bodies and agencies as those described above to commercial banks as evidence of borrowings. The purposes for which the notes are issued are varied but they are frequently issued to meet short-term working capital or capital-project needs. These notes may have risks similar to the risks associated with TANs and RANs.

Tax-Exempt Commercial Paper (Municipal Paper) represents very short-term unsecured, negotiable promissory notes, issued by states, municipalities and their agencies. Payment of principal and interest on issues of municipal paper may be made from various sources, to the extent the funds are available therefrom. Maturities of municipal paper generally will be shorter than the maturities of TANs, BANs or RANs. There is a limited secondary market for issues of municipal paper.

While these various types of notes as a group represent the major portion of the tax-exempt note market, other types of notes are occasionally available in the marketplace and each Fund may invest in such other types of notes to the extent permitted under its investment objective, policies and limitations. Such notes may be issued for different purposes and may be secured differently from those mentioned above.

The Funds may also invest in the following taxable temporary investments:

U.S. Government Direct Obligations are issued by the United States Treasury and include bills, notes and bonds.

- -- Treasury bills are issued with maturities of up to one year. They are issued in bearer form, are sold on a discount basis and are payable at par value at maturity.

- -- Treasury notes are longer-term interest bearing obligations with original maturities of one to seven years.

- -- Treasury bonds are longer-term interest-bearing obligations with original maturities from five to thirty years.

U.S. Government Agencies Securities--Certain federal agencies have been established as instrumentalities of the United States Government to supervise and finance certain types of activities. These agencies include, but are not limited to, the Bank for Cooperatives, Federal Land Banks, Federal Intermediate Credit Banks, Federal Home Loan Banks, Federal National Mortgage Association, Government National Mortgage Association, Export-Import Bank of the United States, and Tennessee Valley Authority. Issues of these agencies, while not direct obligations of the United States Government, are either backed by the full faith and credit of the United States or are guaranteed by the Treasury or supported by the issuing agencies' right to borrow from the Treasury. There can be no assurance that the United States Government itself will pay interest and principal on securities as to which it is not legally so obligated.

Certificates of Deposit (CDs)--A certificate of deposit is a negotiable interest bearing instrument with a specific maturity. CDs are issued by banks in exchange for the deposit of funds and normally can be traded in the secondary market, prior to maturity. The Funds will only invest in U.S. dollar denominated CDs issued by U.S. banks with assets of $1 billion or more.

Commercial Paper--Commercial paper is the term used to designate unsecured short-term promissory notes issued by corporations. Maturities on these issues vary from a few days to nine months. Commercial paper may be purchased from U.S. corporations.

Other Corporate Obligations--The Funds may purchase notes, bonds and debentures issued by corporations if at the time of purchase there is less than one year remaining until maturity or if they carry a variable or floating rate of interest.

Repurchase Agreements--A repurchase agreement is a contractual agreement whereby the seller of securities (U.S. Government or Municipal Obligations) agrees to repurchase the same security at a specified price on a future date agreed upon by the parties. The agreed upon repurchase price determines the yield during a Fund's holding period. Repurchase agreements are considered to be loans collateralized by the underlying security that is the subject of the repurchase contract. The Funds will only enter into repurchase agreements with dealers, domestic banks or recognized financial institutions that in the opinion of Nuveen Advisory present minimal credit risk. The risk to the Funds is limited to the ability of the issuer to pay the agreed-upon repurchase price on the delivery date; however, although the value of the underlying collateral at the time the transaction is entered into always equals or exceeds the agreed-upon repurchase price, if the value of the collateral declines there is a risk of loss of both principal and interest. In the event of default, the collateral may be sold but the Funds might incur a loss if the value of the collateral declines, and might incur disposition costs or experience delays in connection with liquidating the collateral. In addition, if bankruptcy proceedings are commenced with respect to the seller of the security, realization upon the collateral by the Funds may be delayed or limited. Nuveen Advisory will monitor the value of collateral at the time the transaction is entered into and at all times subsequent during the term of the repurchase agreement in an effort to determine that the value always equals or exceeds the agreed upon price. In the event the value of the collateral declined below the repurchase price, Nuveen Advisory will demand additional collateral from the issuer to increase the value of the collateral to at least that of the repurchase price. A Fund will not invest more than 10% of its assets in repurchase agreements maturing in more than seven days.

RATINGS OF INVESTMENTS

The four highest ratings of Moody's for Municipal Obligations are Aaa, Aa, A and Baa. Municipal Obligations rated Aaa are judged to be of the "best quality." The rating of Aa is assigned to Municipal Obligations which are of "high quality by all standards," but as to which margins of protection or other elements make long-term risks appear somewhat larger than in Aaa rated Municipal Obligations. The Aaa and Aa rated Municipal Obligations comprise what are generally known as "high grade bonds." Municipal Obligations that are rated A by Moody's possess many favorable investment attributes and are considered upper medium grade obligations. Factors giving security of principal and interest of A rated Municipal Obligations are considered adequate, but elements may be present, which suggest a susceptibility to impairment sometime in the future. Municipal Obligations rated Baa by Moody's are considered medium grade obligations (i.e., they are neither highly protected nor poorly secured). Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well. Moody's bond rating symbols may contain numerical modifiers of a generic rating classification. The modifier 1 indicates that the bond ranks at the high end of its category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the issue ranks in the lower end of its general rating category.

The four highest ratings of S&P for Municipal Obligations are AAA, AA, A and BBB. Municipal Obligations rated AAA have a strong capacity to pay principal and interest. The rating of AA indicates that capacity to pay principal and interest is very strong and such bonds differ from AAA issues only in small degree. The category of "A" describes bonds which have a strong capacity to pay principal and interest, although such bonds are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions. The BBB rating is the lowest "investment grade" security rating by S&P. Municipal Obligations rated BBB are regarded as having an adequate capacity to pay principal and interest. Whereas such bonds normally exhibit adequate protection parameters, adverse economic conditions are more likely to lead to a weakened capacity to pay principal and interest for bonds in this category than for bonds in the A category.

The "Other Corporate Obligations" category of temporary investments are corporate (as opposed to municipal) debt obligations rated AAA by S&P or Aaa by Moody's. Corporate debt obligations rated AAA by S&P have an extremely strong capacity to pay principal and interest. The Moody's corporate debt rating of Aaa is comparable to that set forth above for Municipal Obligations.

Subsequent to its purchase by a Fund, an issue may cease to be rated or its rating may be reduced below the minimum required for purchase by such Fund. Neither event requires the elimination of such obligation from the Fund's portfolio, but Nuveen Advisory will consider such an event in its determination of whether the Fund should continue to hold such obligation.

MANAGEMENT

The management of Nuveen Tax-Free Bond Fund, Inc., including general supervision of the duties performed for the Funds under the Investment Management Agreement, is the responsibility of its Board of Directors. The number of directors of Nuveen Tax-Free Bond Fund, Inc. is fixed at seven. Due to the recent death of one of the directors, John E. O'Toole, there is a vacancy on the board, so that currently there are six directors, two of whom are "interested persons" (as the term "interested persons" is defined in the Investment Company Act of 1940) and four of whom are "disinterested persons." The names and business addresses of the directors and officers of Nuveen Tax-Free Bond Fund, Inc. and their principal occupations and other affiliations during the past five years are set forth below, with those directors who are "interested persons" indicated by an asterisk.

<TABLE>
<CAPTION>

NAME AND ADDRESS	AGE	POSITIONS AND OFFICES WITH FUNDS	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS
<S>	<C>	<C>	<C>
Richard J. Franke* 333 West Wacker Drive Chicago, IL 60606	63	Chairman of the Board and Director	Chairman of the Board, Director and formerly President of John Nuveen & Co. Incorporated; Chairman of the Board and Director, formerly President, of Nuveen Advisory Corp.; Chairman of the Board and Director of Nuveen Institutional Advisory Corp. (since April 1990); Certified Financial Planner.

</TABLE>

<TABLE>
<CAPTION>

NAME AND ADDRESS	AGE	POSITIONS AND OFFICES WITH FUNDS	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS
<S>	<C>	<C>	<C>
Timothy R. Schwertfeger* 333 West Wacker Drive Chicago, IL 60606	46	President and Director	Executive Vice President and Director of The John Nuveen Company (since March 1992) and John Nuveen & Co. Incorporated; Director of Nuveen Advisory Corp. (since 1992) and Nuveen Institutional Advisory Corp. (since 1992).
Lawrence H. Brown 201 Michigan Avenue Highwood, IL 60040	60	Director	Retired (August 1989) as Senior Vice President of The Northern Trust Company.
Anne E. Impellizzeri 3 West 29th Street New York, NY 10001	62	Director	President and Chief Executive Officer of Blanton-Peale, Institutes of Religion and Health (since December 1990); prior thereto, Vice President of New York City Partnership (from 1987 to 1990).
Margaret K. Rosenheim 969 East 60th Street Chicago, IL 60637	68	Director	Helen Ross Professor of Social Welfare Policy, School of Social Service Administration, University of Chicago.
Peter R. Sawers 22 The Landmark Northfield, IL 60093	62	Director	Adjunct Professor of Business and Economics, University of Dubuque, Iowa (since January 1991); Adjunct Professor, Lake Forest Graduate School of Management, Lake Forest, Illinois (since January 1992); prior thereto, Executive Director, Towers Perrin Australia (management consultant); Chartered Financial Analyst; Certified Management Consultant.
Kathleen M. Flanagan 333 West Wacker	48	Vice President	Vice President of John Nuveen & Co. Incorporated.

Drive Chicago, IL 60606			
J. Thomas Futrell 333 West Wacker Drive Chicago, IL 60606	39	Vice President	Vice President of Nuveen Advisory Corp. (since February 1991); prior thereto, Assistant Vice President of Nuveen Advisory Corp. (from August 1988 to February 1991); Chartered Financial Analyst.
Steven J. Krupa 333 West Wacker Drive Chicago, IL 60606	37	Vice President	Vice President of Nuveen Advisory Corp. (since October 1990); prior thereto, Vice President of John Nuveen & Co. Incorporated (from January 1989 to October 1990).
Anna R. Kucinskis 333 West Wacker Drive Chicago, IL 60606	49	Vice President	Vice President of John Nuveen & Co. Incorporated.

</TABLE>

- ---

<TABLE>

<CAPTION>

NAME AND ADDRESS	AGE	POSITIONS AND OFFICES WITH FUNDS	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS
<S>	<C>	<C>	<C>
Larry W. Martin 333 West Wacker Drive Chicago, IL 60606	43	Vice President and Assistant Secretary	Vice President (since September 1992), Assistant Secretary and Assistant General Counsel of John Nuveen & Co. Incorporated; Vice President (since May 1993) and Assistant Secretary of Nuveen Advisory Corp; Vice President (since May 1993) and Assistant Secretary (since January 1992) of Nuveen Institutional Advisory Corp.; Assistant Secretary of The John Nuveen Company (since February 1993).
O. Walter Renfftlen 333 West Wacker Drive Chicago, IL 60606	55	Vice President and Controller	Vice President and Controller of The John Nuveen Company (since March 1992), John Nuveen & Co. Incorporated, Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. (since April 1990).
Thomas C. Spalding, Jr. 333 West Wacker Drive Chicago, IL 60606	43	Vice President	Vice President of Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. (since April 1990); Chartered Financial Analyst.
H. William Stabenow 333 West Wacker Drive Chicago, IL 60606	60	Vice President and Treasurer	Vice President and Treasurer of The John Nuveen Company (since March 1992), John Nuveen & Co. Incorporated, Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. (since January 1992).
George P. Thermos 333 West Wacker Drive Chicago, IL 60606	63	Vice President	Vice President of John Nuveen & Co. Incorporated.
James J. Wesolowski 333 West Wacker Drive Chicago, IL 60606	44	Vice President and Secretary	Vice President, General Counsel and Secretary of The John Nuveen Company (since March 1992), John Nuveen & Co. Incorporated, Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. (since April 1990).
Gifford R. Zimmerman 333 West Wacker Drive Chicago, IL 60606	38	Vice President and Assistant Secretary	Vice President (since September 1992), Assistant Secretary and Assistant General Counsel of John Nuveen & Co. Incorporated; Vice President (since May 1993) and Assistant Secretary of Nuveen Advisory Corp.; Vice President (since May 1993) and Assistant Secretary (since January 1992) of Nuveen Institutional Advisory Corp.

</TABLE>

- --

Richard J. Franke, Timothy R. Schwertfeger and Margaret K. Rosenheim serve as members of the Executive Committee of the Board of Directors. The Executive Committee, which meets between regular meetings of the Board of Directors, is authorized to exercise all of the powers of the Board of Directors.

The directors of Nuveen Tax-Free Bond Fund, Inc. are also directors or trustees, as the case may be, of 18 other Nuveen open-end fund portfolios and 55 Nuveen closed-end funds.

The following table sets forth compensation paid by Nuveen Tax-Free Bond Fund, Inc. during the fiscal year ended February 28, 1995 to each of the directors. The Nuveen Tax-Free Bond Fund, Inc. has no retirement or pension plans. The officers and directors affiliated with Nuveen serve without any compensation from the Nuveen Tax-Free Bond Fund, Inc.

<TABLE>
<CAPTION>

NAME OF DIRECTOR	AGGREGATE COMPENSATION FROM THE FUND	TOTAL COMPENSATION FROM THE FUND AND FUND COMPLEX PAID TO DIRECTORS(1)
<S>	<C>	<C>
Richard J. Franke.............................	$ --	$ --
Timothy R. Schwertfeger.......................	--	--
Lawrence H. Brown.............................	1,149	56,500
Anne E. Impellizzeri..........................	884	48,750
Margaret K. Rosenheim.........................	1,619(2)	64,404(3)
Peter R. Sawers...............................	1,149	56,000

</TABLE>

- --------
(1) The directors of the Nuveen Tax-Free Bond Fund, Inc. are directors or trustees, as the case may be, of 21 Nuveen open-end funds and 55 Nuveen closed-end funds.
(2) Includes $270 in interest earned on deferred compensation from prior years.
(3) Includes $1,404 in interest earned on deferred compensation from prior years.

Each director who is not affiliated with Nuveen or Nuveen Advisory receives a $45,000 annual retainer for serving as a director or trustee of all funds for which Nuveen Advisory serves as investment adviser and a $1,000 fee per day plus expenses for attendance at all meetings held on a day on which a regularly scheduled Board meeting is held, a $1,000 fee per day plus expenses for attendance in person or a $500 fee per day plus expenses for attendance by telephone at a meeting held on a day on which no regular Board meeting is held, and a $250 fee per day plus expenses for attendance in person or by telephone at a meeting of the Executive Committee held solely to declare dividends. The annual retainer, fees and expenses are allocated among the funds for which Nuveen Advisory serves as investment adviser on the basis of relative net asset sizes. The Funds require no employees other than its officers, all of whom are compensated by Nuveen.

On May 25, 1995, the officers and directors of Nuveen Tax-Free Bond Fund, Inc. as a group owned less than 1% of the outstanding shares of each Fund. The following table sets forth the percentage ownership of each person who, as of May 25, 1995, owned of record or was known by Nuveen Tax-Free Bond Fund, Inc. to own of record or beneficially 5% or more of any class of shares of a Fund.

<TABLE>
<CAPTION>

NAME OF FUND AND CLASS	NAME AND ADDRESS OF OWNER	PERCENTAGE OF OWNERSHIP
<S>	<C>	<C>
Massachusetts Fund		
Class A Shares.........................	Prudential Securities FBO Edith Ferrera 138 Harbor View Rd. Milton, MA 02186-5256	5.77%
	Alfred Campanelli P.O. Box 850985 Braintree, MA 02185-0985	5.65%
Massachusetts Fund		
Class C Shares.........................	Richard Doucette 363 Farrwood Dr.	24.76%

	Bradford, MA 01835-8400	
	Emily Pelczarski Cust. FBO Brian Pelczarski UNIF TRANS MIN ACT MA 8 Coram St. Tauton, MA 02780-2512	20.06%
	Emily Pelczarski Cust. FBO Laurie Pelczarski UNIF TRANS MIN ACT MA 8 Coram St. Taunton, MA 02780-2512	19.87%
	Pauline H. Bates 68 Brattle St. Worcester, MA 01606-2548	8.29%
	Swastika Sengupta 23 Loumar Dr., #2 Pittsfield, MA 01201-5932	5.83%

</TABLE>

38

<TABLE>
<CAPTION>

NAME OF FUND AND CLASS	NAME AND ADDRESS OF OWNER	PERCENTAGE OF OWNERSHIP
<S>	<C>	<C>
	Charles G. Allen, Jr. TR. UA MAR 05 54 UW Flora A. Generess FBO Charles G. Allen, Jr. et al. 221 James St., #65 Barre, MA 01005-8805	5.56%
New York Fund Class A Shares..................	BHC Securities, Inc. ATTN: Mutual Funds One Commerce Square 2005 Market St., Ste. 1200 Philadelphia, PA 19103-7042	8.85%
New York Fund Class C Shares..................	NFSC FEBO #OMY-319236 Karen Takoushian Special M & D Account 245 North Cottage Street Valley Stream, NY 11580	35.70%
	Katherine C. Hinton & Lorin W. Lyle JT TEN WROS NOT TC 100 LaSalle St., Apt. 11F New York, NY 10027-4738	18.17%
	Anne M. Cherico 8 Sharon Dr. New City, NY 10956-3620	12.10%
	Mary J. Pelosi 1708 Hone Ave. Bronx, NY 10461-1403	8.69%
	Apolonia Rehill & Donald Rehill JT TEN WROS NOT TC 4360 Douglaston Pky., Apt. 511 Douglaston, NY 11363-1877	7.60%
New York Fund Class R Shares..................	BHC Securities, Inc. ATTN: Mutual Funds One Commerce Square 2005 Market St., Ste. 1200 Philadelphia, PA 19103-7042	10.01%
Ohio Fund Class A Shares..................	Ann Zlatoper 100 Windrush Dr. Chagrin Falls, OH 44022-6843	11.30%
Ohio Fund Class C Shares..................	Timothy L. Horn 2109 Fishinger Rd. Columbus, OH 43221-1246	20.02%

</TABLE>

39

<TABLE>
<CAPTION>
NAME
OF
FUND

AND CLASS	NAME AND ADDRESS OF OWNER	PERCENTAGE OF OWNERSHIP
	Jack C. Amato 16687 Saint Clair Ave. East Liverpool, OH 43920-9401	10.44%
	John T. Given & Deborah Given JT TEN WROS NOT TC 5130 Parkhaven Ave., N.E. Canton, OH 44705-3142	8.05%
	NFSC FEBO # A7D-559865 ADCO Distributors, Inc. ATTN: Barry Adelman 221 Cherry, N.E. Canton, OH 44702	6.03%
	Amedeo Chiovitti & Pierina Chiovitti JT TEN WROS NOT TC 1470 Tamarisk Trl. Youngstown, OH 44514-3630	5.17%
	ADCO Distributors, Inc. ATTN: Barry Adelman 221 Cherry Ave., N.E. Canton, OH 44702-1138	5.10%

INVESTMENT ADVISER AND INVESTMENT MANAGEMENT AGREEMENT

Nuveen Advisory Corp. acts as investment adviser for and manages the investment and reinvestment of the assets of each of the Funds. Nuveen Advisory also administers Nuveen Tax-Free Bond Fund Inc.'s business affairs, provides office facilities and equipment and certain clerical, bookkeeping and administrative services, and permits any of its officers or employees to serve without compensation as directors or officers if elected to such positions. See "Management of the Funds" in the Prospectus.

Pursuant to an investment management agreement between Nuveen Advisory and Nuveen Tax-Free Bond Fund, Inc., each Fund has agreed to pay an annual management fee at the rates set forth below:

AVERAGE DAILY NET ASSET VALUE	MANAGEMENT FEE
For the first $125 million	.5500 of 1%
For the next $125 million	.5375 of 1%
For the next $250 million	.5250 of 1%
For the next $500 million	.5125 of 1%
For the next $1 billion	.5000 of 1%
For assets over $2 billion	.4750 of 1%

In order to prevent total operating expenses (including Nuveen Advisory's fee, but excluding interest, taxes, fees incurred in acquiring and disposing of portfolio securities, any asset-based distribution or service fees and, to the extent permitted, extraordinary expenses) from exceeding .75 of 1% of the average daily net asset value of any class of shares of each Fund for any fiscal year, Nuveen Advisory has agreed to waive all or a portion of its management fees or reimburse certain expenses of each Fund. Nuveen Advisory may also voluntarily agree to reimburse additional expenses from time to time, which voluntary reimbursements may be terminated at any time in its discretion. For the last three fiscal years, the Funds paid net management fees to Nuveen Advisory as follows:

	NET MANAGEMENT FEES PAID TO NUVEEN ADVISORY FOR THE YEAR ENDED FEBRUARY 28			FEE WAIVERS AND EXPENSE REIMBURSEMENTS FOR THE YEAR ENDED FEBRUARY 28,		
	1993	1994	1995	1993	1994	1995
Massachusetts Fund......	$ 181,971	$ 320,135	$ 370,394	$ 55,314	$ 37,413	$ 17,319
New York Fund...........	383,947	688,156	786,847	75,609	34,007	4,556
Ohio Fund...............	493,664	831,787	873,409	94,194	6,228	3,524
Total For All Funds.....	1,059,582	1,840,078	2,030,650	225,117	77,648	25,399

As discussed in the Prospectus, in addition to the management fees of Nuveen Advisory, each Fund pays all other costs and expenses of its operations and a portion of Nuveen Tax-Free Bond Fund Inc.'s general administrative expenses allocated in proportion to the net assets of each Fund.

Nuveen Advisory is a wholly owned subsidiary of John Nuveen & Co. Incorporated ("Nuveen"), the Funds' principal underwriter. Founded in 1898, Nuveen is the oldest and largest investment banking firm specializing in the underwriting and distribution of tax-exempt securities and maintains the largest research department in the investment banking community devoted exclusively to the analysis of municipal securities. In 1961, Nuveen began sponsoring the Nuveen Tax-Exempt Unit Trust and since that time has issued more than $34 billion in tax-exempt unit trusts, including over $12 billion in tax-exempt insured unit trusts. In addition, Nuveen open-end and closed-end funds held approximately $30 billion in tax-exempt securities under management as of the date of this Statement. Over 1,000,000 individuals have invested to date in Nuveen's tax-exempt funds and trusts. Nuveen is a subsidiary of The John Nuveen Company which, in turn, is approximately 75% owned by The St. Paul Companies, Inc. ("St. Paul"). St. Paul is located in St. Paul, Minnesota, and is principally engaged in providing property-liability insurance through subsidiaries.

Nuveen Advisory's portfolio managers call upon the resources of Nuveen's Research Department, the largest in the investment banking industry devoted exclusively to tax-exempt securities. Nuveen's Research Department was selected in 1994 by Research & Ratings Review, a municipal industry publication, as one of the top four research teams in the municipal industry, based on an extensive industry-wide poll of more than 1,000 portfolio managers, department heads and bond buyers. The Nuveen Research Department reviews more than $100 billion in tax-exempt bonds every year.

The Funds, the other Nuveen funds, Nuveen Advisory, and other related entities have adopted a code of ethics which essentially prohibits all Nuveen fund management personnel, including Nuveen fund portfolio managers, from engaging in personal investments which compete or interfere with, or at-

tempt to take advantage of, a Fund's anticipated or actual portfolio transactions, and is designed to assure that the interest of Fund shareholders are placed before the interest of Nuveen personnel in connection with personal investment transactions.

PORTFOLIO TRANSACTIONS

Nuveen Advisory, in effecting purchases and sales of portfolio securities for the account of each Fund, will place orders in such manner as, in the opinion of management, will offer the best price and market for the execution of each transaction. Portfolio securities will normally be purchased directly from an underwriter or in the over-the-counter market from the principal dealers in such securities, unless it appears that a better price or execution may be obtained elsewhere. Portfolio securities will not be purchased from Nuveen or its affiliates except in compliance with the Investment Company Act of 1940.

The Funds expect that all portfolio transactions will be effected on a principal (as opposed to an agency) basis and, accordingly, do not expect to pay any brokerage commissions. Purchases from underwriters will include a commission or concession paid by the issuer to the underwriter, and purchases from dealers will include the spread between the bid and asked price. Given the best price and execution obtainable, it will be the practice of the Funds to select dealers which, in addition, furnish research information (primarily credit analyses of issuers and general economic reports) and statistical and other services to Nuveen Advisory. It is not possible to place a dollar value on information and statistical and other services received from dealers. Since it is only supplementary to Nuveen Advisory's own research efforts, the receipt of research information is not expected to reduce significantly Nuveen Advisory's expenses. While Nuveen Advisory will be primarily responsible for the placement of the business of the Funds, the policies and practices of Nuveen Advisory in this regard must be consistent with the foregoing and will, at all times, be subject to review by the Board of Directors.

Nuveen Advisory reserves the right to, and does, manage other investment accounts and investment companies for other clients, which may have investment objectives similar to the Funds. Subject to applicable laws and regulations, Nuveen Advisory will attempt to allocate equitably portfolio transactions among the Funds and the portfolios of its other clients purchasing or selling securities whenever decisions are made to purchase or sell securities by a Fund and one or more of such other clients simultaneously. In making such allocations the main factors to be considered will be the respective investment objectives of the Fund and such other clients, the relative size of portfolio holdings of the same or comparable securities, the availability of cash for investment by the Fund and such other clients, the size of investment commitments generally held by the Fund and such other clients and opinions of the persons responsible for recommending investments to the Fund and such other clients. While this procedure could have a detrimental effect on the price or amount of the securities available to a Fund from time to time, it is the opinion of the Board of Directors that the benefits available from Nuveen Advisory's organization will outweigh any disadvantage that may arise from exposure to simultaneous transactions.

Under the Investment Company Act of 1940, the Funds may not purchase portfolio securities from any underwriting syndicate of which Nuveen is a member except under certain limited conditions set forth in Rule 10f-3. The Rule sets forth requirements relating to, among other things, the terms of an issue of Municipal Obligations purchased by a Fund, the amount of Municipal Obligations which may be purchased in any one issue and the assets of a Fund which may be invested in a particular issue. In addition, purchases of securities made pursuant to the terms of the Rule must be approved at least quarterly by the Board of Directors, including a majority of the directors who are not interested persons of the Funds.

NET ASSET VALUE

As stated in the Prospectus, the net asset value of the shares of each Fund will be determined separately for each class of a Fund's shares by United States Trust Company of New York, the Funds' custodian, as of 4:00 p.m. eastern time on each day on which the New York Stock Exchange (the "Exchange") is normally open for trading. The Exchange is not open for trading on New Year's Day, Washington's Birthday, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. The net asset value per share of a class of shares of a Fund will be computed by dividing the value of the Fund's assets attributable to the class, less the liabilities attributable to the class, by the number of shares of the class outstanding. The annual distribution fee to which Class C shares are subject is accrued each day as a liability of the Fund with respect to the Class C shares, and accordingly reduces the net asset value of those shares.

In determining net asset value for each of the Funds, the Funds' custodian utilizes the valuations of portfolio securities furnished by a pricing service approved by the directors. The pricing service values portfolio securities at the mean between the quoted bid and asked price or the yield equivalent when quotations are readily available. Securities for which quotations are not readily available (which constitute a majority of the securities held by these Funds) are valued at fair value as determined by the pricing service using methods which include consideration of the following: yields or prices of municipal bonds of comparable quality, type of issue, coupon, maturity and rating; indications as to value from dealers; and general market conditions. The pricing service may employ electronic data processing techniques and/or a matrix system to determine valuations. The procedures of the pricing service and its valuations are reviewed by the officers of the Funds under the general supervision of the Board of Directors.

TAX MATTERS

FEDERAL INCOME TAX MATTERS

The following discussion of federal income tax matters is based upon the advice of Fried, Frank, Harris, Shriver and Jacobson, Washington, D.C., counsel to the Funds.

As described in the Prospectus, each Fund intends to qualify, as it has in prior years, under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code") for tax treatment as a regulated investment company. In order to qualify as a regulated investment company, a Fund must satisfy certain requirements relating to the source of its income, diversification of its assets, and distributions of its income to shareholders. First, a Fund must derive at least 90% of its annual gross income (including tax-exempt interest) from dividends, interest, payments with respect to securities loans, gains from the sale or other disposition of stock or securities, foreign currencies or other income (including but not limited to gains from options and futures) derived with respect to its business of investing in such stock or securities (the "90% gross income test"). Second, a Fund must derive less than 30% of its annual gross income from the sale or other disposition of any of the following which was held for less than three months: (i) stock or securities and (ii) certain options, futures, or forward contracts (the "short-short test"). Third, a Fund must diversify its holdings so that, at the close of each quarter of its taxable year, (i) at least 50% of the value of its total assets is comprised of cash, cash items, United States Government securities, securities of other regulated investment companies and other securities limited in respect of any one issuer to an amount not greater in value than 5% of the value of a Fund's total assets and to not more than 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of the total assets is invested in the securities of any one issuer (other than United States Government securities and securities of other regulated investment companies) or two or more issuers controlled by a Fund and engaged in the same, similar or related trades or businesses.

As a regulated investment company, a fund will not be subject to U.S. federal income tax in any taxable year for which it distributes at least 90% of its "investment company taxable income" (which includes dividends, taxable interest, taxable original issue discount and market discount income, income from securities lending, net short-term capital gain in excess of long-term capital loss, and any other taxable income other than "net capital gain" (as defined below) and is reduced by deductible expenses) and at least 90% of the excess of its gross tax-exempt interest income over certain disallowed deductions ("net tax-exempt interest"). A Fund may retain for investment its net capital gain (which consists of the excess of its net long-term capital gain over its short-term capital loss). However, if a Fund retains any net capital gain or any investment company taxable income, it will be subject to tax at regular corporate rates on the amount retained. If a Fund retains any capital gain, such Fund may designate the retained amount as undistributed capital gains in a notice to its shareholders who, if subject to U.S. federal income tax purposes on long-term capital gains, (i) will be required to include in income for federal income tax purposes, as long-term capital gain, their shares of such undistributed amount, and (ii) will be entitled to credit their proportionate shares of the tax paid by such Fund against their U.S. federal income tax liabilities if any, and to claim refunds to the extent the credit exceeds such liabilities. For U.S. federal income tax purposes, the tax basis of shares owned by a shareholder of the fund will be increased by an amount equal under current law to 65% of the amount

of undistributed capital gains included in the shareholder's gross income. Each Fund intends to distribute at least annually to its shareholders all or substantially all of its net tax-exempt interest and any investment company taxable income and net capital gain.

Treasury regulations permit a regulated investment company, in determining its investment company taxable income and net capital gain, i.e., the excess of net long-term capital gain over net short-term capital loss for any taxable year, to elect (unless it has made a taxable year election for excise tax purposes as discussed below) to treat all or part of any net capital loss, any net long-term capital loss or any net foreign currency loss incurred after October 31 as if they had been incurred in the succeeding year.

Each Fund also intends to satisfy conditions (including requirements as to the proportion of its assets invested in Municipal Obligations) that will enable it to designate distributions from the interest income generated by investment in Municipal Obligations, which is exempt from federal income tax when received by such Fund, as exempt-interest dividends. Shareholders receiving exempt-interest dividends will not be subject to federal income tax on the amount of such dividends. Insurance proceeds received by a Fund under any insurance policies in respect of scheduled interest payments on defaulted Municipal Obligations will be excludable from federal gross income under Section 103(a) of the Code. In the case of non-appropriation by a political subdivision, however, there can be no assurance that payments made by the insurer representing interest on "non-appropriation" lease obligations will be excludable from gross income for federal income tax purposes. See "Fundamental Policies and Investment Portfolio--Portfolio Securities."

Distributions by each Fund of net interest received from certain taxable temporary investments (such as certificates of deposit, commercial paper and obligations of the United States Government, its agencies and instrumentalities) and net short-term capital gains realized by a Fund, if any, will be taxable to shareholders as ordinary income whether received in cash or additional shares.[1] If a Fund purchases a Municipal Obligation at a market discount, any gain realized by the Fund upon sale or redemption of the Municipal Obligation will be treated as taxable interest income to the extent such gain does not exceed the market discount, and any gain realized in excess of the market discount will be treated as capital gains. Any net long-term capital gains realized by a Fund and distributed to shareholders, in cash or in additional shares will be taxable to shareholders as long-term capital gains regardless of the length of time investors have owned shares of a Fund. Distributions by a Fund that do not constitute ordinary income dividends, exempt-interest dividends, or capital gain dividends will be treated as a return of capital to the extent of (and in reduction of) the shareholder's tax basis in his or her shares. Any excess will be treated as gain from the sale of his or her shares, as discussed below.

- --------

/1/If a Fund has both tax-exempt and taxable income, it will use the "average annual" method for determining the designated percentage that is taxable income and designate the use of such method within 60 days after the end of the Fund's taxable year. Under this method, one designated percentage is applied uniformly to all distributions made during the Fund's taxable year. The percentage of income designated as tax-exempt for any particular distribution may be substantially different from the percentage of the Fund's income that was tax-exempt during the period covered by the distribution.

If any of the Funds engages in hedging transactions involving financial futures and options, these transactions will be subject to special tax rules, the effect of which may be to accelerate income to a Fund, defer a Fund's losses, cause adjustments in the holding periods of a Fund's securities, convert long-term capital gains into short-term capital gains and convert short-term capital losses into long-term capital losses. These rules could therefore affect the amount, timing and character of distributions to shareholders. This may increase the amount of short-term capital gains realized by that Fund.

Because the taxable portion of each Fund's investment income consists primarily of interest, none of its dividends, whether or not treated as exempt-interest dividends, is expected to qualify under the Internal Revenue Code for the dividends received deduction for corporations. Prior to purchasing shares in one of the Funds, the impact of dividends or distributions which are expected to be or have been declared, but not paid, should be carefully considered. Any dividend or distribution declared shortly after a purchase of such shares prior to the record date will have the effect of reducing the per share net asset value by the per share amount of the dividend or distribution.

Although dividends generally will be treated as distributed when paid, dividends declared in October, November or December, payable to shareholders of record on a specified date in one of those months and paid during the following January, will be treated as having been distributed by each Fund (and received by the shareholders) on December 31.

The redemption or exchange of the shares of a Fund normally will result in capital gain or loss to the shareholders. Generally, a shareholder's gain or loss will be long-term gain or loss if the shares have been held for more than one year. Present law taxes both long- and short-term capital gains of corporations at the rates applicable to ordinary income. For non-corporate taxpayers, however, net capital gains (i.e., the excess of net long-term capital gain over net short-term capital loss) will be taxed at a maximum marginal rate of 28%, while short-term capital gains and other ordinary income will be taxed at a maximum marginal rate of 39.6%. Because of the limitations on itemized deductions and the deduction for personal exemptions applicable to higher income taxpayers, the effective rate of tax may be higher in certain circumstances. All or a portion of a sales load paid in purchasing shares of a Fund cannot be taken into account for purposes of determining gain or loss on the redemption or exchange of such shares within 90 days after their purchase to the extent shares of a Fund or another fund are subsequently acquired without payment of a sales load pursuant to the reinvestment or exchange privilege. Any disregarded portion of such load will result in an increase in the shareholder's tax basis in the shares subsequently acquired. Moreover, losses recognized by a shareholder on the redemption or exchange of shares of a Fund held for six months or less are disallowed to the extent of any distribution of exempt-interest dividends received with respect to such shares and, if not disallowed, such losses are treated as long-term capital losses to the extent of any distributions of long-term capital gain made with respect to such shares. In addition, no loss will be allowed on the redemption or exchange of shares of a Fund if the shareholder purchases other shares of such Fund (whether through reinvestment of distributions or otherwise) or the shareholder acquires or enters into a contract or option to acquire securities that are substantially identical to shares of a Fund within a period of 61 days beginning 30 days before and ending 30 days after such redemption or exchange. If disallowed, the loss will be reflected in an adjustment to the basis of the shares acquired.

It may not be advantageous from a tax perspective for shareholders to redeem or exchange shares after tax-exempt income has accrued but before the record date for the exempt-interest dividend representing the distribution of such income. Because such accrued tax-exempt income is included in the net asset value per share (which equals the redemption or exchange value), such a redemption could result in treatment of the portion of the sales or redemption proceeds equal to the accrued tax-exempt interest as taxable gain (to the extent the redemption or exchange price exceeds the shareholder's tax basis in the shares disposed of) rather than tax-exempt interest.

In order to avoid a 4% federal excise tax, each Fund must distribute or be deemed to have distributed by December 31 of each calendar year at least 98% of its taxable ordinary income for such year, at least 98% of the excess of its realized capital gains over its realized capital losses (generally computed on the basis of the one-year period ending on October 31 of such year) and 100% of any taxable ordinary income and the excess of realized capital gains over realized capital losses for the prior year that was not distributed during such year and on which such Fund paid no federal income tax. For purposes of the excise tax, a regulated investment company may (i) reduce its capital gain net income (but not below its net capital gain) by the amount of any net ordinary loss for the calendar year in determining the amount of ordinary taxable income for the current calendar year (and, instead, include such gains and losses in determining ordinary taxable income for the succeeding calendar year). The Funds intend to make timely distributions in compliance with these requirements and consequently it is anticipated that they generally will not be required to pay the excise tax.

If in any year a Fund should fail to qualify under Subchapter M for tax treatment as a regulated investment company, the Fund would incur a regular corporate federal income tax upon its income for that year (other than interest income from Municipal Obligations), and distributions to its shareholders would be taxable to shareholders as ordinary dividend income for federal income tax purposes to the extent of the Fund's available earnings and profits.

Among the requirements that a Fund must meet in order to qualify under Subchapter M in any year is that less than 30% of its gross income must be derived from the sale or other disposition of securities and certain other assets held for less than three months.

Because the Funds may invest in private activity bonds, the interest on which is not federally tax-exempt to persons who are "substantial users" of the facilities financed by such bonds or "related persons" of such "substantial users," the Funds may not be an appropriate investment for shareholders who are considered either a "substantial user" or a "related person" within the meaning of the Code. For additional information, investors should consult their tax advisers before investing in one of the Funds.

Federal tax law imposes an alternative minimum tax with respect to both corporations and individuals. Interest on certain Municipal Obligations, such as bonds issued to make loans for housing purposes or to private entities (but not for certain tax-exempt organizations such as universities and non-profit hospitals), is included as an item of tax preference in determining the amount of a taxpayer's alternative minimum taxable income. To the extent that a Fund receives income from Municipal Obligations subject to the alternative minimum tax, a portion of the dividends paid by it, although otherwise exempt from federal income tax, will be taxable to shareholders to the extent that their tax liability is

determined under the alternative minimum tax regime. The Funds will annually supply shareholders with a report indicating the percentage of Fund income attributable to Municipal Obligations subject to the federal alternative minimum tax.

In addition, the alternative minimum taxable income for corporations is increased by 75% of the difference between an alternative measure of income ("adjusted current earnings") and the amount otherwise determined to be the alternative minimum taxable income. Interest on all Municipal Obligations, and therefore all distributions by the Funds that would otherwise be tax exempt, is included in calculating a corporation's adjusted current earnings.

Tax-exempt income, including exempt-interest dividends paid by the Fund, will be added to the taxable income of individuals receiving social security or railroad retirement benefits in determining whether a portion of that benefit will be subject to federal income tax.

The Code provides that interest on indebtedness incurred or continued to purchase or carry shares of any Fund is not deductible. Under rules used by the IRS for determining when borrowed funds are considered used for the purpose of purchasing or carrying particular assets, the purchase of shares of a Fund may be considered to have been made with borrowed funds even though such funds are not directly traceable to the purchase of shares.

The Funds are required in certain circumstances to withhold 31% of taxable dividends and certain other payments paid to non-corporate holders of shares who have not furnished to the Funds their correct taxpayer identification number (in the case of individuals, their social security number) and certain certifications, or who are otherwise subject to back-up withholding.

The foregoing is a general and abbreviated summary of the provisions of the Code and Treasury Regulations presently in effect as they directly govern the taxation of the Funds and their shareholders. For complete provisions, reference should be made to the pertinent Code sections and Treasury Regulations. The Code and Treasury Regulations are subject to change by legislative or administrative action, and any such change may be retroactive with respect to Fund transactions. Shareholders are advised to consult their own tax advisers for more detailed information concerning the federal taxation of the Funds and the income tax consequences to their shareholders.

STATE TAX MATTERS

The following state tax information applicable to each Fund or its shareholders is based upon the advice of each Fund's special state tax counsel, and represents a summary of certain provisions of each state's tax laws presently in effect. The state tax information below assumes that each Fund qualifies as a regulated investment company for federal income tax purposes under Subchapter M of the Code, and that the amounts so designated by each Fund to its shareholders qualify as "exempt-interest dividends" under Section 852(b)(5) of the Code. These provisions are subject to change by legislative or administrative action, which may be applied retroactively to Fund transactions. You should consult your own tax adviser for more detailed information concerning state taxes to which you may be subject.

NUVEEN MASSACHUSETTS TAX-FREE VALUE FUND

Individual shareholders of the Massachusetts Fund who are subject to Massachusetts income taxation will not be required to include that portion of their federally tax-exempt dividends in Massachusetts gross income which the Massachusetts Fund clearly identifies as directly attributable to interest earned on Municipal Obligations issued by governmental authorities in Massachusetts and which are specifically exempted from income taxation in Massachusetts; provided that such portion is identified in a written notice mailed to the shareholders of the Massachusetts Fund not later than sixty days after the close of the Massachusetts Fund's tax year. Also, the individual shareholders of the Massachusetts Fund will not be required to include in gross income interest earned on obligations of United States possessions and territories to the extent interest earned on such obligations is exempt from taxation by the states pursuant to federal law.

Similarly, such shareholders will not be required to include in Massachusetts gross income capital gain dividends designated by the Massachusetts Fund to the extent such dividends are attributable to gains derived from Municipal Obligations issued by Massachusetts governmental authorities and are specifically exempted from income taxation in Massachusetts, provided that such dividends are identified in a written notice mailed to the shareholders of the Massachusetts Fund not later than sixty days after the close of the Massachusetts Fund's tax year. Lastly, any dividends of the Massachusetts Fund attributable to interest on U.S. obligations exempt from state taxation and included in Federal gross income will not be included in Massachusetts gross income if identified by the Massachusetts Fund in a written notice mailed to shareholders within sixty days after the close of the Massachusetts Fund's tax year. Massachusetts shareholders will be required to include all remaining dividends in their Massachusetts income.

To the extent not otherwise exempted from Massachusetts income taxation as provided above, the Massachusetts Fund's long-term capital gains for federal income tax purposes will be taxed as long-term capital gains to the individual shareholders of the Massachusetts Fund for purposes of Massachusetts income taxation. Massachusetts shareholders will be required to recognize any taxable gain or loss that is recognized for federal income tax purposes upon an exchange or redemption of their shares.

If a shareholder of the Massachusetts Fund is a Massachusetts business corporation or any foreign business corporation which exercises its charter, qualifies to do business, actually does business or owns or uses any part of its capital, plant or other property in Massachusetts, then it will be subject to Massachusetts excise taxation either as a tangible property corporation or as an intangible property corporation. If the corporate shareholder is a tangible property corporation, it will be taxed upon its net income allocated to Massachusetts and the value of certain tangible property. If it is an intangible property corporation, it will be taxed upon its net income and net worth allocated to Massachusetts. Net income is gross income less allowable deductions for federal income tax purposes, subject to specified modifications. Dividends received from the Massachusetts Fund are includable in gross income and generally may not be deducted by a corporate shareholder in computing its net income. The corporation's shares in the Massachusetts Fund are not includable in the computation of the tangible property base of a tangible property corporation, but are includable in the computation of the net worth base of an intangible property corporation.

Shares of the Massachusetts Fund will be includable in the Massachusetts gross estate of a deceased individual shareholder who is a resident of Massachusetts for purposes of the Massachusetts Estate Tax.

Shares of the Massachusetts Fund will be exempt from local property taxes in Massachusetts.

NUVEEN NEW YORK TAX-FREE VALUE FUND

Individual shareholders of the New York Fund who are subject to New York State (or New York City) personal income taxation will not be required to include in their New York adjusted gross income that portion of their exempt-interest dividends (as determined for federal income tax purposes) which the New York Fund clearly identifies as directly attributable to interest earned on Municipal Obligations issued by governmental authorities in New York ("New York Municipal Obligations") and which are specifically exempted from personal income taxation in New York State (or New York City), or interest earned on obligations of United States possessions or territories to the extent interest earned on such obligations is exempt from taxation by the states pursuant to federal law. Distributions to individual shareholders of dividends derived from interest that does not qualify as an exempt-interest dividend (as determined for federal income tax purposes), distributions of exempt-interest dividends (as determined for federal income tax purposes) which are derived from interest earned on Municipal Obligations issued by governmental authorities in states other than New

York State, and distributions derived from interest earned on federal obligations will be included in their New York adjusted gross income as ordinary income.

Distributions to individual shareholders of the New York Fund of capital gain dividends (as determined for federal income tax purposes) will be included in their New York adjusted gross income as long-term capital gains. Distributions to individual shareholders of the New York Fund of dividends derived from any net income received from taxable temporary investments and any net short-term capital gains realized by the New York Fund will be included in their New York adjusted gross income as ordinary income. Present New York law taxes long-term capital gains at the rates applicable to ordinary income.

Gain or loss, if any, resulting from an exchange or redemption of shares of the New York Fund that is recognized by individual shareholders of the New York Fund for federal income tax purposes will be recognized for purposes of New York State (or New York City) personal income taxation.

Generally, corporate shareholders of the New York Fund which are subject to New York State franchise taxation (or New York City general corporation taxation) will be taxed upon their entire net income, business and investment capital, or at a flat rate minimum tax. Entire income will include dividends received from the New York Fund (as determined for federal income tax purposes), as well as any gain or loss recognized from an exchange or redemption of shares of the New York Fund that is recognized for federal income tax purposes. Investment capital will include the corporate shareholder's shares of the New York Fund. Corporate shareholders of the New York Fund, which are subject to the temporary metropolitan transportation surcharge, will be required to pay a tax surcharge on the franchise taxes imposed by New York State.

Shareholders of the New York Fund will not be subject to New York City unincorporated business taxation solely by reason of their ownership of shares of the New York Fund. If a shareholder of the New York Fund is subject to the New York City unincorporated business tax, income and gains derived from the New York Fund will be subject to such tax, except for exempt-interest dividends (as determined for federal income tax purposes) which the New York Fund clearly identifies as directly attributable to interest earned on New York Municipal Obligations.

Shares of the New York Fund will be exempt from local property taxes in New York State and New York City, but will be includible in the New York gross estate of a deceased individual shareholder who is a resident of New York for purposes of the New York Estate Tax.

NUVEEN OHIO TAX-FREE VALUE FUND

The Ohio Fund is not subject to the Ohio personal income tax, municipal or school district income taxes in Ohio, the Ohio corporation franchise tax, or the Ohio dealers in intangibles tax, provided that, with respect to the Ohio corporation franchise tax and the Ohio dealers in intangibles tax, the Ohio Fund timely files the annual report required by Section 5733.09 of the Ohio Revised Code.

Shareholders of the Ohio Fund ("Shareholders") who are otherwise subject to the Ohio personal income tax, or municipal or school district income taxes in Ohio will not be subject to such taxes on distributions with respect to shares of the Ohio Fund to the extent that such distributions are properly attributable to interest on or gain from the sale of interest-bearing obligations issued by or on behalf of the State of Ohio, political subdivisions thereof and agencies or instrumentalities of the State or its political subdivisions ("Ohio Obligations") provided that the Ohio Fund continues to qualify as a regulated investment company for federal income tax purposes and that at all times at least 50% of the value of the total assets of the Ohio Fund consists of Ohio Obligations or similar obligations of other states or their subdivisions. It is assumed for purposes of this discussion of Ohio taxation that these requirements are satisfied. Gain recognized by such individual shareholders on the exchange or redemption of shares of the Fund will be subject to the Ohio personal income tax and school district income taxes in Ohio; such gain may be subjected to municipal income tax only by those Ohio municipalities that are authorized by State law to tax intangible income.

Shareholders that are otherwise subject to the Ohio corporation franchise tax computed on the net income basis will not be subject to such tax on distributions with respect to shares of the Ohio Fund to the extent that such distributions either (a) are properly attributable to interest on or gain from the sale of Ohio Obligations, or (b) represent "exempt-interest dividends" for federal income tax purposes. Shares of the Ohio Fund will be included in a Shareholder's tax base for purposes of computing the Ohio corporation franchise tax on the net worth basis. Corporate Shareholders that are subject to Ohio municipal income taxes will not be subject to such taxes on distributions received from the Ohio Fund to the extent such distributions consist of interest on or gain from the sale of Ohio Obligations.

Distributions by the Ohio Fund that consist of interest on obligations of the

United States or the governments of Puerto Rico, the Virgin Islands or Guam or their authorities or municipalities are exempt from Ohio personal income tax, and municipal and school district income taxes in Ohio, and

are excluded from the net income base of the Ohio corporation franchise tax to the same extent that such interest would be so exempt or excluded if the obligations were held directly by the Shareholders.

The value of shares of the Fund is included in the value of the gross estate of decedents domiciled in Ohio for purposes of the Ohio estate tax. The value of shares of the Fund may be included in the value of the gross estate of decedents not domiciled in Ohio for such purposes only if the shares were employed in carrying on business in Ohio.

PERFORMANCE INFORMATION

As explained in the Prospectus, the historical investment performance of the Funds may be shown in the form of "yield," "taxable equivalent yield," "average annual total return," "cumulative total return" and "taxable equivalent total return" figures, each of which will be calculated separately for each class of shares.

In accordance with a standardized method prescribed by rules of the Securities and Exchange Commission ("SEC"), yield is computed by dividing the net investment income per share earned during the specified one month or 30-day period by the maximum offering price per share on the last day of the period, according to the following formula:

$$\text{Yield} = 2\left[\left(\frac{a - b}{cd} + 1\right)^6 - 1\right]$$

In the above formula, a = dividends and interest earned during the period; b = expenses accrued for the period (net of reimbursements); c = the average daily number of shares outstanding during the period that were entitled to receive dividends; and d = the maximum offering price per share on the last day of the period. In the case of Class A shares, the maximum offering price includes the current maximum sales charge of 4.50%.

In computing yield, the Funds follow certain standardized accounting practices specified by SEC rules. These practices are not necessarily consistent with those that the Funds use to prepare their annual and interim financial statements in conformity with generally accepted accounting principles. Thus, yield may not equal the income paid to shareholders or the income reported in the Fund's financial statements. Yields for each class of shares of each Fund as of February 28, 1995 are set forth below.

Taxable equivalent yield is computed by dividing that portion of the yield which is tax-exempt by remainder of (1 minus the stated combined federal and state income tax rate, taking into account the deductibility of state income taxes for federal income tax purposes) and adding the result to that portion, if any, of the yield of that is not tax exempt. The taxable equivalent yields quoted below are

based upon (1) the stated combined federal and state income tax rates and (2) the yields for the 30-day period ended February 28, 1995 quoted in the left-hand column.

<TABLE>
<CAPTION>

AS OF FEBRUARY 28, 1995	YIELD	COMBINED FEDERAL AND STATE TAX RATE*	TAXABLE EQUIVALENT YIELD
<S>	<C>	<C>	<C>
Massachusetts Fund			
Class A Shares....................................	5.12%	42.5%	8.90%
Class C Shares....................................	4.62%	42.5%	8.03%
Class R Shares....................................	5.62%	42.5%	9.77%
New York Fund**			
Class A Shares....................................	5.24%	42.5%	9.11%
Class C Shares....................................	4.74%	42.5%	8.24%
Class R Shares....................................	5.75%	42.5%	10.00%
Ohio Fund			
Class A Shares....................................	5.13%	44.0%	9.16%
Class C Shares....................................	4.63%	44.0%	8.27%
Class R Shares....................................	5.63%	44.0%	10.05%

</TABLE>

- --------

*The combined tax rates used in the table represent the highest or one of the highest combined tax rates applicable to state taxpayers, rounded to the near-

est .5%; these rates do not reflect the current federal tax limitations on itemized deductions and personal exemptions, which may raise the effective tax rate and taxable equivalent yield for taxpayers above certain income levels.
**Reflects a combined federal, state and New York City tax rate.

For additional information concerning taxable equivalent yields, see the Taxable Equivalent Yield Tables in the Prospectus.

Each Fund may from time to time in its sales materials report a quotation of the current distribution rate. The distribution rate represents a measure of dividends distributed for a specified period. Distribution rate is computed by dividing the most recent monthly tax-free income dividend per share, multiplying it by 12 to annualize it, and dividing by the appropriate price per share (e.g., net asset value for purchases to be made without a load such as reinvestments from Nuveen UITs, or the maximum public offering price). The distribution rate differs from yield and total return and therefore is not intended to be a complete measure of performance. Distribution rate may sometimes be higher than yield because it may not include the effect of amortization of bond premiums to the extent such premiums arise after the bonds were purchased. The distribution rates as of February 28, 1995, based on maximum public offering price then in effect for the Funds were as follows:

<TABLE>
<CAPTION>

	DISTRIBUTION RATES		
	CLASS A*	CLASS C	CLASS R
<S>	<C>	<C>	<C>
Massachusetts Fund....................................	5.21%	4.73%	5.72%
New York Fund...	5.21%	4.75%	5.73%
Ohio Fund...	5.11%	4.61%	5.60%

</TABLE>
- --------
*Assumes imposition of the maximum sales charge for Class A shares of 4.50%.

Average annual total return quotation is computed in accordance with a standardized method prescribed by SEC rules. The average annual total return for a specific period is found by taking a hypothetical, $1,000 investment ("initial investment") in Fund shares on the first day of the period, reducing the amount to reflect the maximum sales charge, and computing the "redeemable value" of that investment at the end of the period. The redeemable value is then divided by the initial investment, and this quotient is taken to the Nth root (N representing the number of years in the period) and 1 is subtracted from the result, which is then expressed as a percentage. The calculation assumes that all income and capital gains distributions have been reinvested in Fund shares at net asset value on the reinvestment dates during the period. The average annual total return figures, including the effect of the current maximum sales charge for Class A Shares, for the one-year and five-year periods ended February 28, 1995, and for the period from inception (on December 10, 1986, with respect to the Class R Shares and on September 6, 1994 with respect to the Class A Shares and Class C Shares) through February 28, 1995, respectively, were as follows:

<TABLE>
<CAPTION>

	ANNUAL TOTAL RETURN		
	ONE YEAR ENDED FEBRUARY 28, 1995	FIVE YEARS ENDED FEBRUARY 28, 1995	FROM INCEPTION THROUGH FEBRUARY 28, 1995
<S>	<C>	<C>	<C>
Massachusetts Fund			
Class A Shares........	N/A	N/A	-1.59%*
Class C Shares........	N/A	N/A	4.86%*
Class R Shares........	1.64%	7.98%	6.44%
New York Fund			
Class A Shares........	N/A	N/A	-2.39%*
Class C Shares........	N/A	N/A	2.80%*
Class R Shares........	0.75%	8.19%	7.48%
Ohio Fund			
Class A Shares........	N/A	N/A	-1.03%*
Class C Shares........	N/A	N/A	3.63%*
Class R Shares........	1.99%	8.18%	7.54%

</TABLE>
- --------
*Not annualized because it relates to period of less than one year.

Calculation of cumulative total return is not subject to a prescribed formula. Cumulative total return for a specific period is calculated by first taking a hypothetical initial investment in Fund shares on the first day of the period, deducting (in some cases) the maximum sales charge, and computing the "redeemable value" of that investment at the end of the period. The cumulative total return percentage is then determined by subtracting the initial investment from the redeemable value and dividing the remainder by the initial investment and expressing the result as a percentage. The calculation assumes that all income and capital gains distributions by the Fund have been reinvested at net asset value on the reinvestment dates during the period. Cumulative total return may also be shown as the increased dollar value of the hypothetical investment over the period. Cumulative total return calculations that do not include the effect of the sales charge would be reduced if such charge were included.

The cumulative total return figures, including the effect of the current maximum sales charge for the Class A Shares, for the one-year and five-years periods ended February 28, 1995, and for the period from inception (on December 10, 1986 with respect to the Class R Shares and on September 6, 1994

with respect to the Class A Shares and Class C Shares) through February 28, 1995, respectively, were as follows:

<TABLE>
<CAPTION>

	CUMULATIVE TOTAL RETURN		
	ONE YEAR ENDED FEBRUARY 28, 1995	FIVE YEARS ENDED FEBRUARY 28, 1995	FROM INCEPTION THROUGH FEBRUARY 28, 1995
<S>	<C>	<C>	<C>
Massachusetts Fund			
Class A Shares........	N/A	N/A	-1.59%
Class C Shares........	N/A	N/A	4.86%
Class R Shares........	1.64%	46.79%	67.03%
New York Fund			
Class A Shares........	N/A	N/A	-2.39%
Class C Shares........	N/A	N/A	2.80%
Class R Shares........	0.75%	48.20%	80.96%
Ohio Fund			
Class A Shares........	N/A	N/A	-1.03%
Class C Shares........	N/A	N/A	3.63%
Class R Shares........	1.99%	48.16%	81.78%

</TABLE>

Calculation of taxable equivalent total return is also not subject to a prescribed formula. Taxable equivalent total return for a specific period is calculated by first taking a hypothetical initial investment in Fund shares on the first day of the period, computing the total return for each calendar year in the period in the manner described above, and increasing the total return for each such calendar year by the amount of additional income that a taxable fund would need to have generated to equal the income on an after-tax basis, at a specified income tax rate (usually the highest marginal federal tax rate), calculated as described above under the discussion of "taxable equivalent yield." The resulting amount for the calendar year is then divided by the initial investment amount to arrive at a "taxable equivalent total return factor" for the calendar year. The taxable equivalent total return factors for all the calendar years are then multiplied together and the result is then annualized by taking its Nth root (N representing the number of years in the period) and subtracting 1, which provides a taxable equivalent total return expressed as a percentage. Using the 39.6% maximum marginal federal tax rate for 1995, and assuming that no front-end sales charge is imposed, the annualized taxable equivalent total returns for each Fund's Class R Shares for the one-year and five-year periods ended February 28, 1994, and for all classes for the period from inception (on December 10, 1986 with respect to the Class R Shares and on September 6, 1994 with respect to the Class A Shares and Class C Shares), through February 28, 1995, respectively, were as follows:

<TABLE>
<CAPTION>

	ONE YEAR ENDED FEBRUARY 28, 1995		FIVE YEARS ENDED FEBRUARY 28, 1995		FROM INCEPTION THROUGH FEBRUARY 28, 1995		
	WITH MAXIMUM 4.50% SALES CHARGE	AT NET ASSET VALUE	WITH MAXIMUM 4.50% SALES CHARGE	AT NET ASSET VALUE	WITH MAXIMUM 4.50% SALES CHARGE	AT NET ASSET VALUE	COMBINED FEDERAL AND STATE TAX RATE*
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Massachusetts Fund							
Class A Shares.........	N/A	N/A	N/A	N/A	0.35%+	5.08%+	42.5%
Class C Shares.........	N/A	N/A	N/A	N/A	N/A	6.56%+	42.5%
Class R Shares.........	N/A	5.75%	N/A	12.55%	N/A	11.18%	42.5%
New York Fund**							
Class A Shares.........	N/A	N/A	N/A	N/A	-0.48%+	4.21%+	42.5%
Class C Shares.........	N/A	N/A	N/A	N/A	N/A	4.44%+	42.5%

Class R Shares.........	N/A	4.81%	N/A	12.78%	N/A	12.28%	42.5%
Ohio Fund							
Class A Shares.........	N/A	N/A	N/A	N/A	1.00%+	5.76%+	44.0%
Class C Shares.........	N/A	N/A	N/A	N/A	N/A	5.37%+	44.0%
Class R Shares.........	N/A	6.33%	N/A	12.99%	N/A	12.60%	44.0%

</TABLE>

- --------

*The combined tax rates used in the table do not reflect the current federal tax limitations on itemized deductions and personal exemptions, which may raise the effective tax rate and taxable equivalent yield for taxpayers above certain income levels.

**Reflects a combined federal, state and New York City tax rate.

+Not annualized because it relates to period of less than one year.

From time to time, a Fund may compare its risk-adjusted performance with other investments that may provide different levels of risk and return. For example, a Fund may compare its risk level, as measured by the variability of its periodic returns, or its RISK-ADJUSTED TOTAL RETURN, with those of other funds or groups of funds. Risk-adjusted total return would be calculated by adjusting each investment's total return to account for the risk level of the investment.

A Fund may also compare its TAX-ADJUSTED TOTAL RETURN with that of other funds or groups of funds. This measure would take into account the tax-exempt nature of exempt-interest dividends and the payment of income taxes on a fund's distributions of net realized capital gains and ordinary income.

The risk level for a class of shares of a Fund, and any of the other investments used for comparison, would be evaluated by measuring the variability of the investment's return, as indicated by the standard deviation of the investment's monthly returns over a specified measurement period (e.g., two years). An investment with a higher standard deviation of monthly returns would indicate that a fund had greater price variability, and therefore greater risk, than an investment with a lower standard deviation. The standard deviation of monthly returns for the three years ended February 28, 1995, for the Class R Shares of the Funds, were as follows:

<TABLE>
<CAPTION>

<S>	STANDARD DEVIATION OF RETURN <C>
Massachusetts Fund	1.75%
New York Fund	1.80%
Ohio Fund	1.82%

</TABLE>

THE RISK-ADJUSTED TOTAL RETURN for a class of shares of a Fund and for other investments over a specified period would be evaluated by dividing (a) the remainder of the investment's annualized two-year total return minus the annualized total return of an investment in short-term tax-exempt securities (essentially a risk-free return) over that period, by (b) the standard deviation of the investment's monthly returns for the period. This ratio is sometimes referred to as the "Sharpe measure" of return. An investment with a higher Sharpe measure would be regarded as producing a higher return for the amount of risk assumed during the measurement period than an investment with a lower Sharpe measure. The Sharpe measure, for the three year period ended February 28, 1995, for the Class R Shares of each of the Funds, was as follows:

<TABLE>
<CAPTION>

<S>	SHARPE MEASURE <C>
Massachusetts Fund	1.777
New York Value Fund	1.888
Ohio Fund	1.791

</TABLE>

Class A Shares of the Funds are sold at net asset value plus a current maximum sales charge of 4.50% of the offering price. This current maximum sales charge will be typically used for purposes of calculating performance figures. Yield, returns and net asset value of each class of shares of the Funds will fluctuate. Factors affecting the performance of the Funds include general market conditions, operating expenses and investment management fees. Any additional fees charged by a securities representative or other financial services firm would reduce returns described in this section. Shares of the Funds are redeemable at net asset value, which may be more or less than original cost.

In reports or other communications to shareholders or in advertising and sales literature, the Funds may also compare their performance with that of: (1) the Consumer Price Index or various unmanaged bond indexes such as the Lehman

Brothers Municipal Bond Index and the Salomon Brothers High Grade Corporate Bond Index and (2) other fixed income or municipal bond mutual funds or mutual fund indexes as reported by Lipper Analytical Services, Inc. ("Lipper"), Morningstar, Inc. ("Morningstar"), Wiesenberger Investment Companies Service ("Wiesenberger") and CDA Investment Technologies, Inc. ("CDA") or similar independent services which monitor the performance of mutual funds, or other industry or financial publications such as Barron's, Changing Times, Forbes and Money Magazine. Performance comparisons by these indexes, services or publications may rank mutual funds over different periods of time by means of aggregate, average, year-by-year, or other types of total return and performance figures. Any given performance quotation or performance comparison should not be considered as representative of the performance of the Funds for any future period.

There are differences and similarities between the investments which the Funds may purchase and the investments measured by the indexes and reporting services which are described herein. The Consumer Price Index is generally considered to be a measure of inflation. The CDA Mutual Fund-Municipal Bond Index is a weighted performance average of other mutual funds with a federally tax-exempt income objective. The Salomon Brothers High Grade Corporate Bond Index is an unmanaged index that generally represents the performance of high grade long-term taxable bonds during various market conditions. The Lehman Brothers Municipal Bond Index is an unmanaged index that generally repre-

sents the performance of high grade intermediate and long-term municipal bonds during various market conditions. Lipper, Morningstar, Wiesenberger and CDA are widely recognized mutual fund reporting services whose performance calculations are based upon changes in net asset value with all dividends reinvested and which do not include the effect of any sales charges. The market prices and yields of taxable and tax-exempt bonds will fluctuate. The Funds primarily invest in investment grade Municipal Obligations in pursuing their objective of as high a level of current interest income which is exempt from federal and state income tax as is consistent, in the view of the Funds' management, with preservation of capital.

The Funds may also compare their taxable equivalent total return performance to the total return performance of taxable income funds such as treasury securities funds, corporate bond funds (either investment grade or high yield), or Ginnie Mae funds. These types of funds, because of the character of their underlying securities, differ from municipal bond funds in several respects. The susceptibility of the price of treasury bonds to credit risk is far less than that of municipal bonds, but the price of treasury bonds tends to be slightly more susceptible to change resulting from changes in market interest rates. The susceptibility of the price of investment grade corporate bonds and municipal bonds to market interest rate changes and general credit changes is similar. High yield bonds are subject to a greater degree of price volatility than municipal bonds resulting from changes in market interest rates and are particularly susceptible to volatility from credit changes. Ginnie Mae bonds are generally subject to less price volatility than municipal bonds from credit concerns, due primarily to the fact that the timely payment of monthly installments of principal and interest are backed by the full faith and credit of the U.S. Government, but Ginnie Mae bonds of equivalent coupon and maturity are generally more susceptible to price volatility resulting from market interest rate changes. In addition, the volatility of Ginnie Mae bonds due to changes in market interest rates may differ from municipal bonds of comparable coupon and maturity because of the sensitivity of Ginnie Mae prepayment experience to change in interest rates.

ADDITIONAL INFORMATION ON THE PURCHASE AND REDEMPTION OF FUND SHARES

As described in the Prospectus, each Fund has adopted a Flexible Sales Charge Program which provides you with alternative ways of purchasing Fund shares based upon your individual investment needs and preferences. You may purchase Class A Shares at a price equal to their net asset value plus an up-front sales charge.

For information regarding the up-front sales charge on Class A shares, see the table under "How to Buy Fund Shares" of the Prospectus. Set forth is an example of the method of computing the offering price of the Class A shares of each of the Funds. The example assumes a purchase on February 28, 1995 of Class A shares from the Massachusetts Fund aggregating less than $50,000 subject to the schedule of sales charges set forth in the Prospectus at a price based upon the net asset value of the Class A shares.

Net Asset Value per share	$ 9.560
Per Share Sales Charge--4.50% of public offering price (4.71% of net asset value per share)	$ 0.450
Per Share Offering Price to the Public	$10.010

You may purchase Class C Shares without any up-front sales charge at a price equal to their net asset value, but subject to an annual distribution fee designed to compensate Authorized Dealers over time for the sale of Fund shares. Class C Shares are subject to a contingent deferred sales charge for redemption within 12 months of purchase. Class C Shares automatically convert to Class A Shares six years after purchase. Both Class A Shares and Class C Shares are subject to annual service fees, which are used to compensate Authorized Dealers for providing you with ongoing financial advice and other services.

Under the Flexible Sales Charge Program, all Fund shares outstanding as of September 6, 1994, have been designated as Class R Shares. Class R Shares are available for purchase at a price equal to their net asset value only under certain limited circumstances, or by specified investors, as described herein.

Each class of shares of a Fund represents an interest in the same portfolio of investments. Each class of shares is identical in all respects except that each class bears its own class expenses, including administration and distribution expenses, and each class has exclusive voting rights with respect to any distribution or service plan applicable to its shares. In addition, the Class C Shares are subject to a conversion feature, as described below. As a result of the differences in the expenses borne by each class of shares, net income per share, dividends per share and net asset value per share will vary among a Fund's classes of shares.

The expenses to be borne by specific classes of shares may include (i) transfer agency fees attributable to a specific class of shares, (ii) printing and postage expenses related to preparing and distributing materials such as shareholder reports, prospectuses and proxy statements to current shareholders of a specific class of shares, (iii) Securities and Exchange Commission ("SEC") and state securities registration fees incurred by a specific class of shares, (iv) the expense of administrative personnel and services required to support the shareholders of a specific class of shares, (vi) litigation or other legal expenses relating to a specific class of shares, (vi) directors' fees or expenses incurred as a result of issues relating to a specific class of shares, (vii) accounting expenses relating to a specific class of shares and (viii) any additional incremental expenses subsequently identified and determined to be properly allocated to one or more classes of shares that shall be approved by the SEC pursuant to an amended exemptive order.

Each Fund has special purchase programs under which certain persons may purchase Class A Shares at reduced sales charges. One such program is available to members of a "qualified group." An individual who is a member of a "qualified group" may purchase Class A Shares of a Fund (or any other Nuveen Fund with respect to which a sales charge is imposed), at the reduced sales charge applicable to the group taken as a whole. A "qualified group" is one which (i) has been in existence for more than six months; (ii) has a purpose other than investment; (iii) has five or more participating members; (iv) has agreed to include sales literature and other materials related to the Fund in publications and mailings to members; (v) has agreed to have its group administrator submit a single bulk order and make

payment with a single remittance for all investments in the Fund during each investment period by all participants who choose to invest in the Fund; and (vi) has agreed to provide the Fund's transfer agent with appropriate backup data for each participant of the group in a format fully compatible with the transfer agent's processing system.

The "amount" of a share purchase by a participant in a group purchase program for purposes of determining the applicable sales charge is (i) the aggregate value of all shares of the Fund (and all other Nuveen Funds with respect to which a sales charge is imposed) currently held by participants of the group, plus (ii) the amount of shares currently being purchased.

The Funds may encourage registered representatives and their firms to help apportion their assets among bonds, stocks and cash, and may seek to participate in programs that recommend a portion of their assets be invested in tax-free, fixed income securities.

To help advisers and investors better understand and most efficiently use the Funds to reach their investment goals, the Funds may advertise and create specific investment programs and systems. For example, this may include information on how to use the Funds to accumulate assets for future education needs or periodic payments such as insurance premiums. The Funds may produce software or additional sales literature to promote the advantages of using the Funds to meet these and other specific investor needs.

Exchange of shares of a Fund for shares of a Nuveen money market fund may be made on days when both funds calculate a net asset value and make shares available for public purchase. Shares of the Nuveen money market funds may be purchased on days on which the Federal Reserve Bank of Boston is normally open for business. In addition to the holidays observed by the Fund, the Nuveen money market funds observe and will not make fund shares available for purchase on the following holidays: Martin Luther King's Birthday, Columbus Day and Veterans Day.

For more information on the procedure for purchasing shares of the Funds and on the special purchase programs available thereunder, see "How to Buy Fund Shares" in the Prospectus.

Nuveen serves as the principal underwriter of the shares of each of the Funds pursuant to a "best efforts" arrangement as provided by a distribution agreement with Nuveen Tax-Free Bond Fund, Inc., dated January 2, 1990, and last renewed on July 29, 1994 ("Distribution Agreement"). Pursuant to the Distribution Agreement, Nuveen Tax-Free Bond Fund, Inc. appointed Nuveen to be its agent for the distribution of the Funds' shares on a continuous offering basis. Nuveen sells shares to or through brokers, dealers, banks or other qualified financial intermediaries (collectively referred to as "Dealers"), or others, in a manner consistent with the then effective registration statement of Nuveen Tax-Free Bond Fund, Inc. Pursuant to the Distribution Agreement, Nuveen, at its own expense, finances certain activities incident to the sale and distribution of the Funds' shares, including printing and distributing of prospectuses and statements of additional information to other than existing shareholders, the printing and distributing of sales literature, advertising and payment of compensation and giving of concessions to dealers. Nuveen receives for its services the excess, if any, of the sales price of the Funds' shares less the net asset value of those shares, and reallows a majority or all of such amounts to the Dealers

who sold the shares; Nuveen may act as such a Dealer. Nuveen also receives compensation pursuant to a distribution plan adopted by Nuveen Tax-Free Bond Fund, Inc. pursuant to Rule 12b-1 and described herein under "Distribution and Service Plans." Nuveen receives any CDSCs imposed on redemptions of Class C Shares redeemed within 12 months of purchase, but any such amounts as to which a reinstatement privilege is not exercised are set off against and reduce amounts otherwise payable to Nuveen pursuant to the distribution plan.

The following table sets forth the aggregate amount of underwriting commissions with respect to the sale of Fund shares and the amount thereof retained by Nuveen for each of the Funds for the last three fiscal years. All figures are to the nearest thousand.

FUND	YEAR ENDED FEBRUARY 28, 1995 AMOUNT OF UNDERWRITING COMMISSIONS	YEAR ENDED FEBRUARY 28, 1995 AMOUNT RETAINED BY NUVEEN	YEAR ENDED FEBRUARY 28, 1994 AMOUNT OF UNDERWRITING COMMISSIONS	YEAR ENDED FEBRUARY 28, 1994 AMOUNT RETAINED BY NUVEEN
Massachusetts Fund......	$170	$20	$430	$ 52
New York Fund..........	$428	$64	$989	$146
Ohio Fund..............	$471	$55	$980	$144

FUND	YEAR ENDED FEBRUARY 28, 1993 AMOUNT OF UNDERWRITING COMMISSIONS	YEAR ENDED FEBRUARY 28, 1993 AMOUNT RETAINED BY NUVEEN
Massachusetts Fund......	$624	$ 76
New York Fund..........	$860	$102
Ohio Fund..............	$982	$125

DISTRIBUTION AND SERVICE PLANS

Each Fund has adopted a plan (the "Plan") pursuant to Rule 12b-1 under the Investment Company Act of 1940, which provides that Class C Shares will be subject to an annual distribution fee, and that both Class A Shares and Class C Shares will be subject to an annual service fee. Class R Shares will not be subject to either distribution or service fees.

The distribution fee applicable to Class C Shares under each Fund's Plan will be payable to reimburse Nuveen for services and expenses incurred in connection with the distribution of Class C Shares. These expenses include payments to Authorized Dealers, including Nuveen, who are brokers of record with respect to the Class C Shares, as well as, without limitation, expenses of printing and distributing prospectuses to persons other than shareholders of the Fund, expenses of preparing, printing and distributing advertising and sales literature and reports to shareholders used in connection with the sale of Class C Shares, certain other expenses associated with the distribution of Class C Shares, and any distribution-related expenses that may be authorized from time to time by the Board of Directors.

The service fee applicable to Class A Shares and Class C Shares under each Fund's Plan will be payable to Authorized Dealers in connection with the provision of ongoing account services to shareholders. These services may include establishing and maintaining shareholder accounts, answering shareholder inquiries and providing other personal services to shareholders.

Each Fund may spend up to .25 of 1% per year of the average daily net assets of Class A Shares as a service fee under the Plan applicable to Class A Shares. Each Fund may spend up to .75 of 1% per year of the average daily net assets of Class C Shares as a distribution fee and up to .25 of 1% per year of

the average daily net assets of Class C Shares as a service fee under the Plan applicable to Class C Shares. The .75 of 1% distribution fee will be reduced by the amount of any CDSC imposed on the redemption of Class C Shares within 12 months of purchase as to which a reinstatement privilege has not been exercised. For the fiscal year ended February 28, 1995, 100% of service fees and distribution fees were paid out as compensation to Authorized Dealers. The amount of compensation paid to Authorized Dealers for the fiscal year ended February 28, 1995 for each Fund per class of shares were as follows:

	COMPENSATION PAID TO AUTHORIZED DEALERS FOR YEAR ENDED FEBRUARY 28, 1995
MASSACHUSETTS FUND	
Class A	$ 752
Class C	$ 215
Class R	$ N/A
NEW YORK FUND	
Class A	$1,620
Class C	$ 152
Class R	$ N/A
OHIO FUND	
Class A	$2,727
Class C	$1,868
Class R	$ N/A

Under each Fund's Plan, the Fund will report quarterly to the Board of Directors for its review of all amounts expended per class of shares under the Plan. The Plan may be terminated at any time with respect to any class of shares, without the payment of any penalty, by a vote of a majority of the directors who are not "interested persons" and who have no direct or indirect financial interest in the Plan or by vote of a majority of the outstanding voting securities of such class. The Plan may be renewed from year to year if approved by a vote of the Board of Directors and a vote of the non-interested directors who have no direct or indirect financial interest in the Plan cast in person at a meeting called for the purpose of voting on the Plan. The Plan may be continued only if the directors who vote to approve such continuance conclude, in the exercise of reasonable business judgment and in light of their fiduciary duties under applicable law, that there is a reasonable likelihood that the Plan will benefit the Fund and its shareholders. The Plan may not be amended to increase materially the cost which a class of shares may bear under the Plan without the approval of the shareholders of the affected class, and any other material amendments of the Plan must be approved by the non-interested directors by a vote cast in person at a meeting called for the purpose of considering such amendments. During the continuance of the Plan, the selection and nomination of the non-interested directors of the Fund will be committed to the discretion of the non-interested directors then in office.

INDEPENDENT PUBLIC ACCOUNTANTS AND CUSTODIAN

Arthur Andersen LLP, independent public accountants, 33 W. Monroe Street, Chicago, Illinois 60603 have been selected as auditors for Nuveen Tax-Free Bond Fund, Inc. In addition to audit services, Arthur Andersen LLP will provide consultation and assistance on accounting, internal control, tax and related matters. The financial statements incorporated by reference elsewhere in this Statement of Additional Information and the information set forth under "Financial Highlights" in the Prospectus have been audited by Arthur Andersen LLP as indicated in their report with respect thereto, and are included in reliance upon the authority of said firm as experts in giving said report.

The custodian of the assets of the Funds is United States Trust Company of New York, 114 West 47th Street, New York, NY 10036. The custodian performs custodial, fund accounting and portfolio accounting services. The Chase Manhattan Bank, N.A., 1 Chase Manhattan Plaza, New York, NY 10081 has agreed to become successor to U.S. Trust, as custodian and fund accountant. The succession is presently scheduled for July 1, 1995. No changes in the Funds' administration or in the amount of fees and expenses paid by the Funds for those services will result, and no action by shareholders will be required.