FORM 497

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FILER

NUVEEN MULTISTATE TAX FREE TRUST

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JOHN NUVEEN & CO
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NUVEEN MULTISTATE TAX-FREE TRUST
Nuveen Arizona Tax-Free Value Fund
Nuveen Florida Tax-Free Value Fund
Nuveen Maryland Tax-Free Value Fund
Nuveen Michigan Tax-Free Value Fund
Nuveen New Jersey Tax-Free Value Fund
Nuveen Pennsylvania Tax-Free Value Fund
Nuveen Virginia Tax-Free Value Fund

SUPPLEMENT TO PROSPECTUS

As explained 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. In addition to the features described in the Prospectus, an investor purchasing Class C Shares on or after June 13, 1995 agrees to pay a contingent deferred sales charge ("CDSC") of 1% if Class C Shares are redeemed within 12 months of purchase. Each Fund will redeem Class C Shares at net asset value and deduct the 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 based on 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. 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. 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 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. Any CDSC charged on Class C Shares purchased on or after June 13, 1995 and redeemed within 12 months of purchase will be refunded if ownership of the shares is reinstated within 90 days by reinvestment in Class C Shares of a Fund or Class C Shares of any other Nuveen Mutual Fund. See "How to Buy Fund Shares--Other Shareholder Programs."

As explained in the Prospectus, certain investors may establish an Automatic Withdrawal Plan which permits the periodic withdrawal of Fund shares. 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.

In deciding which class of a Fund's shares you should purchase, you should consider, among other factors, the length of time you expect to hold the shares and whether a CDSC would apply.

Effective as of the date of this supplement, the Funds will neither impose any sales charge nor pay any reallowance to Authorized Dealers with respect to the purchase of Class A Shares in amounts of $7,500,000 and over.

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.

Supplement dated June 13, 1995 to
Prospectus dated March 31, 1995

NUVEEN MULTISTATE TAX-FREE TRUST

Prospectus

March 31, 1995

NUVEEN ARIZONA TAX-FREE VALUE FUND
NUVEEN FLORIDA TAX-FREE VALUE FUND
NUVEEN MARYLAND TAX-FREE VALUE FUND
NUVEEN MICHIGAN TAX-FREE VALUE FUND
NUVEEN NEW JERSEY TAX-FREE VALUE FUND
NUVEEN PENNSYLVANIA TAX-FREE VALUE FUND

NUVEEN VIRGINIA TAX-FREE VALUE FUND

Nuveen Multistate Tax-Free Trust (the "Trust") is a family of single-state tax-free mutual funds (the "Funds"), each 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 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 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. 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 March 31, 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 the 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

<TABLE>
<CAPTION>

<S> <C> <C> <C>

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
Redemption Fees	None	None	None
Exchange Fees	None	None	None

</TABLE>

<TABLE>
<CAPTION>

<S> <C> <C> <C> <C> <C>

ANNUAL OPERATING EXPENSES, AFTER FEE WAIVERS AND EXPENSE REIMBURSEMENTS (AS A PERCENT OF AVERAGE NET ASSETS)(1)	MANAGEMENT FEES	12B-1 FEES(2)	OTHER OPERATING EXPENSES	TOTAL EXPENSES	TOTAL EXPENSES, WITHOUT FEE WAIVERS AND EXPENSE REIMBURSEMENTS
ARIZONA FUND					
Class A	None	.25%	.75%	1.00%	1.60%
Class C	None	1.00%	.75%	1.75%	3.52%
Class R	.24%	None	.51%	.75%	1.06%
FLORIDA FUND					
Class A	None	.25%	.75%	1.00%	1.56%
Class C	None	1.00%	.75%	1.75%	2.85%
Class R	.46%	None	.29%	.75%	.84%
MARYLAND FUND					
Class A	None	.25%	.75%	1.00%	1.59%
Class C	.44%	1.00%	.31%	1.75%	1.86%
Class R	.41%	None	.34%	.75%	.89%

MICHIGAN FUND					
Class A	None	.25%	.75%	1.00%	2.61%
Class C	None	1.00%	.75%	1.75%	3.52%
Class R	.34%	None	.41%	.75%	.96%
NEW JERSEY FUND					
Class A	.24%	.25%	.51%	1.00%	1.31%
Class C	.30%	1.00%	.45%	1.75%	2.00%
Class R	.41%	None	.34%	.75%	.89%
PENNSYLVANIA FUND					
Class A	None	.25%	.75%	1.00%	1.87%
Class C	None	1.00%	.75%	1.75%	2.52%
Class R	.39%	None	.36%	.75%	.91%
VIRGINIA FUND					
Class A	None	.25%	.75%	1.00%	1.57%
Class C	.09%	1.00%	.66%	1.75%	2.21%
Class R	.48%	None	.27%	.75%	.82%

</TABLE>

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(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 the fiscal year ended January 31, 1995, Nuveen Advisory agreed to waive all or a portion of its management fees or reimburse certain expenses of each Fund. Nuveen Advisory has agreed to continue its fee waivers and expense reimbursements through July 31, 1995, and it is anticipated that Nuveen Advisory will continue its fee waivers and expense reimbursements for some length of time thereafter.

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(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 financial advice and other 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 January 31, 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:

<TABLE>
<CAPTION>

<S>	1 YEAR <C>	3 YEARS <C>	5 YEARS <C>	10 YEARS <C>
Class A	$55	$75	$98	$162
Class C	$18	$55	$95	$168
Class R	$ 8	$24	$42	$ 93

</TABLE>

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*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."

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. In Florida, which presently has no state personal income tax, Florida Fund shares are exempt from the Florida intangible personal property tax.

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, 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 financial advice and other 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 financial advice and other services

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 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 that day's net asset value for the class of shares you are redeeming. 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 charges imposed by the Funds or Nuveen 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 the Funds' 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 Trust.

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>

		Operating Performance		Distributions	
	Net asset value at beginning of period	Net investment income++	Net realized and unrealized gain (loss) from investments**	Net investment income	Capital gains
<S>	<C>	<C>	<C>	<C>	<C>
AZ					
Class A 9/7/94 to 1/31/95	$10.030	$.203	$ (.086)	$(.217)	$ --
Class C 9/12/94 to 1/31/95	9.940	.169	(.052)	(.217)	--
Class R Year Ended 1/31,					
1995	10.880	.536	(1.026)	(.540)	--
1994	10.050	.531	.853	(.522)	(.032)
1993	9.525	.438	.563	(.435)	(.041)
12/13/91 to 1/31/92	9.525	--	--	--	--

</TABLE>
See notes on page 16.

<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
<S>	<C>	<C>	<C>	<C>	<C>
$ 9.930	1.24%	$ 1,124	1.00%*	5.28%*	29%
9.840	1.25	43	1.75*	4.55*	29
9.850	(4.39)	16,554	.75	5.43	29
10.880	14.07	16,140	.75	4.98	11

10.050	10.71	8,026	.75*	4.94*	43
9.525	--	15	--	--	--

FINANCIAL HIGHLIGHTS (CONTINUED)

	Operating Performance			Distributions	
	Net asset value at beginning of period	Net investment income++	Net realized and unrealized gain (loss) from investments**	Net investment income	Capital gains
FL					
Class A					
9/7/94 to 1/31/95	$ 9.890	$.193	$ (.148)	$(.202)	$(.003)
Class C					
9/19/94 to 1/31/95	9.720	.152	.021	(.163)	--
Class R					
Year Ended 1/31,					
1995	10.740	.508	(.985)	(.510)	(.003)
1994	9.960	.511	.779	(.510)	--
1993	9.525	.440	.431	(.436)	--
12/13/91 to 1/31/92	9.525	--	--	--	--
MD					
Class A					
9/7/94 to 1/31/95	9.840	.198	(.229)	(.207)	(.002)
Class C					
9/16/94 to 1/31/95	9.750	.160	(.153)	(.167)	--
Class R					
Year Ended 1/31,					
1995	10.620	.513	(1.008)	(.513)	(.002)
1994	9.910	.509	.727	(.503)	(.023)
1993	9.525	.442	.395	(.442)	(.010)
12/13/91 to 1/31/92	9.525	--	--	--	--

See notes on page 16.

		Ratios/Supplemental data			
Net asset value at end of period	Total return on net asset value+	Net assets at end of period (in thousands)	Ratio of expenses to average net assets++	Ratio of net investment income to average net assets++	Portfolio turnover rate
$ 9.730	.52%	$ 1,392	1.00%*	5.08%*	4%
9.730	1.84	78	1.75*	4.35*	4

9.750	(4.33)	52,538	.75	5.21	4
10.740	13.22	48,254	.75	4.83	3
9.960	9.33	23,727	.75*	4.84*	1
9.525	--	15	--	--	--
9.600	(.26)	1,605	1.00*	5.26*	35
9.590	.12	860	1.75*	4.55*	35
9.610	(4.58)	42,741	.75	5.28	35
10.620	12.71	47,822	.75	4.85	4
9.910	8.96	28,283	.75*	4.96*	20
9.525	--	15	--	--	--

</TABLE>

FINANCIAL HIGHLIGHTS (CONTINUED)

<TABLE>
<CAPTION>

		Operating Performance		Distributions	
	Net asset value at beginning of period	Net investment income++	Net realized and unrealized gain (loss) from investments**	Net investment income	Capital gains
<S>	<C>	<C>	<C>	<C>	<C>
MI					
Class A					
9/7/94 to 1/31/95	$10.090	$.204	$(.209)	$(.212)	$(.003)
Class C					
9/19/94 to 1/31/95	9.910	.161	(.050)	(.171)	--
Class R					
Year ended 1/31,					
1995	10.860	.529	(.972)	(.534)	(.003)
1994	10.060	.531	.808	(.528)	(.011)
1993	9.525	.456	.554	(.449)	(.026)
12/13/91 to 1/31/92	9.525	--	--	--	--
NJ					
Class A					
9/7/94 to 1/31/95	10.030	.205	(.209)	(.210)	(.086)
Class C					
9/22/94 to 1/31/95	9.770	.159	(.050)	(.169)	--
Class R					
Year ended 1/31,					
1995	10.710	.524	(.886)	(.522)	(.086)
1994	9.960	.513	.810	(.513)	(.060)
1993	9.525	.445	.431	(.441)	--
12/13/91 to 1/31/92	9.525	--	--	--	--

</TABLE>
See notes on page 16.

<TABLE>
<CAPTION>

		Ratios/Supplemental data			
Net asset value at end of period	Total return on net asset value+	Net assets at end of period (in thousands)	Ratio of expenses to average net assets++	Ratio of net investment income to average net assets++	Portfolio turnover rate
<S>	<C>	<C>	<C>	<C>	<C>
$ 9.870	.02%	$ 897	1.00%*	5.30%*	35%
9.850	1.18	75	1.75*	4.53*	35
9.880	(3.98)	26,644	.75	5.33	35
10.860	13.58	25,085	.75	4.99	3
10.060	10.80	14,684	.75*	5.06*	32
9.525	--	15	--	--	--
9.730	.02	2,741	1.00*	5.34*	32
9.710	1.16	464	1.75*	4.62*	32
9.740	(3.27)	39,582	.75	5.32	32
10.710	13.60	36,462	.75	4.84	52
9.960	9.36	16,208	.75*	4.96*	9
9.525	--	15	--	--	--

</TABLE>

FINANCIAL HIGHLIGHTS (CONTINUED)

<TABLE>
<CAPTION>

		Operating Performance		Distributions	
	Net asset value at beginning of period	Net investment income++	Net realized and unrealized gain (loss) from investments**	Net investment income	Capital gains
<S>	<C>	<C>	<C>	<C>	<C>
PA					
Class A					
9/7/94 to 1/31/95	$ 9.920	$.206	$ (.164)	$(.212)	$ --
Class C					
9/7/94 to 1/31/95	9.920	.176	(.235)	(.211)	--
Class R					
Year ended 1/31,					
1995	10.810	.531	(1.077)	(.534)	--
1994	10.010	.533	.807	(.534)	(.006)
1993	9.525	.451	.481	(.443)	(.004)
12/13/91 to 1/31/92	9.525	--	--	--	--
VA					
Class A					
9/7/94 to 1/31/95	9.980	.201	(.207)	(.214)	--

Class C					
9/9/94 to					
1/31/95	9.950	.171	(.167)	(.214)	--
Class R					
Year Ended 1/31,					
1995	10.740	.531	(.964)	(.537)	--
1994	10.030	.529	.726	(.527)	(.018)
1993	9.525	.439	.499	(.433)	--
12/13/91 to					
1/31/92	9.525	--	--	--	--

</TABLE>

* Annualized. For year ending 1/31/93, the information is based on the period beginning 2/28/92, commencement of operations.

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

+ Total Return on Net Asset Value is the combination of reinvested dividend income, reinvested capital gains distributions, if any, and changes in stock price per share.

++ Reflects the waiver of certain management fees and reimbursement of certain other expenses by Nuveen Advisory. See note 7 of Notes to Financial Statements in Annual Report to Shareholders.

<TABLE>
<CAPTION>

		Ratios/Supplemental data			
Net asset value at end of period	Total return on net asset value+	Net assets at end of period (in thousands)	Ratio of expenses to average net assets++	Ratio of net investment income to average net assets++	Portfolio turnover rate
<S>	<C>	<C>	<C>	<C>	<C>
$ 9.750	.49%	$ 1,483	1.00%*	5.43%*	74%
9.650	(.53)	494	1.75*	4.67*	74
9.730	(4.94)	51,499	.75	5.43	74
10.810	13.67	48,720	.75	5.01	5
10.010	9.97	23,680	.75*	5.03*	15
9.525	--	15	--	--	--
9.760	.01	2,215	1.00*	5.27*	40
9.740	.10	378	1.75*	4.57*	40
9.770	(3.92)	54,791	.75	5.40	40
10.740	12.78	55,773	.75	5.03	7
10.030	10.04	37,196	.75*	4.92*	12
9.525	--	15	--	--	--

</TABLE>

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 Fund share offerings; 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 provide income free from federal and state personal income taxes.

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. In Florida, which presently has no state personal income tax, Florida Fund shares are exempt from the Florida intangible personal property tax. The 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 devoted 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, limited to no more than 20% of the Fund's net assets; 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 Obligations, 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

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 securities.

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

Other Investment Policies and Restrictions. Each of the take steps to ensure that its assets are not concentrated in just a few holdings.

Funds 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 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;

- 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 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. 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 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. 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. 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 financial advice and other 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 sets 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, 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 Unit Investment Trusts ("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 financial advice and other 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 and over	0.50%	0.50%	0.50%

</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 "Flexible 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. There 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, trustees and retired trustees 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."

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 Trustees 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, trustees and retired trustees 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 financial advice and other 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 PROGRAMS

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

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

Mutual Funds.

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.

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 discon-

tinued 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. 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, the Nuveen Multistate Tax-Free Trust 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 Trustees.

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 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.

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 shares.

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 Fund. 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.

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 Trustees. The management of the Trust, 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 Trustees.

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 trustees or officers of the Nuveen Multistate Tax-Free Trust 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>
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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%
On assets of $2 billion and over	.4750 of 1%

</TABLE>

All fees and expenses are accrued daily and deducted before payment of dividends to investors. In addition to the fee of Nuveen Advisory, each Fund pays all its other costs and expenses and a portion of the Nuveen Multistate Tax-Free Trust's general administrative expenses allocated 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 the fiscal year ended January 31, 1995, Nuveen Advisory agreed to waive all or a portion of its management fees or reimburse certain expenses of each Fund. Nuveen Advisory has agreed to continue its fee waivers and expense reimbursements through July 31, 1995, and it is anticipated that Nuveen Advisory will continue its fee waivers and expense reimbursements for some length of time thereafter. For information regarding the management fees and total operating expenses of each class of shares of each of the Funds for the year ended January 31, 1995, see the tables 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 and direction of Thomas C. Spalding, Jr., a Vice President of the 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 Arizona Fund is the responsibility of Steven J. Krupa, a Vice President of Nuveen Advisory since October 1990 and portfolio manager of the Arizona Fund since its inception on December 13, 1991. Prior to joining Nuveen Advisory he worked in Nuveen's Municipal Trading Department as a Vice President. He currently manages 9 Nuveen-sponsored investment companies. See the Statement of Additional Information for further information about Mr. Krupa.

The day-to-day management of the Florida Fund is the responsibility of J. Thomas Futrell, a Vice President of Nuveen Advisory since February 1991 and portfolio manager of the Florida Fund since its inception on December 13, 1991. Prior thereto he served as Assistant Vice President of Nuveen Advisory. He currently manages 7 Nuveen-sponsored investment companies. See the Statement of Additional Information for further information about Mr. Futrell.

The day-to-day management of the Maryland and Michigan Funds is the responsibility of Edward F. Neild IV, an Assistant Vice President of Nuveen Advisory since 1993 and portfolio manager of the Maryland and Michigan Funds since their commencement of operations on February 28, 1992. Mr. Neild joined Nuveen Advisory in February 1992 and was an Assistant Portfolio Manager until December 1993. Prior to joining Nuveen Advisory he was an Associate with Nuveen Institutional Advisory Corp. from May 1991 to February 1992, and prior thereto he was an analyst in Nuveen's Municipal Securities Department. Mr. Neild currently manages 6 Nuveen-sponsored investment companies.

The day-to-day management of the New Jersey Fund is the responsibility of Stephen S. Peterson, an Assistant Portfolio Manager of Nuveen Advisory since October 1991 and portfolio manager of the New Jersey Fund since its inception on December 13, 1991. Prior to joining Nuveen

Advisory, he was an analyst in Nuveen's Research Department. Mr. Peterson currently manages 8 Nuveen-sponsored investment companies.

The day-to-day management of the Pennsylvania Fund is the responsibility of Thomas J. O'Shaughnessy, an Assistant Portfolio Manager of Nuveen Advisory since 1991 and portfolio manager of the Pennsylvania Fund since its inception on December 13, 1991. Prior to joining Nuveen Advisory in 1991, Mr. O'Shaughnessy was employed by Nuveen as an underwriter in the Municipal Underwriting Department, and prior thereto as a pricing analyst in the Unit Investment Trust Pricing Department. Mr. O'Shaughnessy currently manages 7 Nuveen-sponsored investment companies.

The day-to-day management of the Virginia Fund is the responsibility of William M. Fitzgerald, an Assistant Vice President of Nuveen Advisory since July 1993 and portfolio manager of the Virginia Fund since its inception on December 13, 1991. Prior thereto, he was employed by Nuveen Advisory as an Assistant Portfolio Manager. Mr. Fitzgerald currently manages 9 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 which 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 Trust's Board of Trustees.

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>
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TAXABLE EQUIVALENT	30 YEAR	6 MONTH	TAXABLE

DATE	BB 20	TREASURY	CD	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 pays monthly 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 the Trust 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.

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 exclusively 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 Trustees of the Trust 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 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. 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 will be 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, taxable 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 the 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 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, dividends you receive from income earned by the Fund on Municipal Obligations issued by the Fund's respective state or a political subdivision thereof 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. In Florida, which presently has no state personal income tax, Florida Fund shares are exempt from the Florida intangible personal property tax.

See Appendix A to this Prospectus and the Statement of Additional Information for further information concerning the effect of applicable state personal income taxes, state intangibles taxes and state corporate income 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 Trustees. 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 the Trust under the general supervision of its Board of Trustees.

GENERAL INFORMATION

If you have any questions about the Trust, 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. The Trust is an open-end diversified management series investment company under the Investment Company Act of 1940. Each Fund constitutes a separate series of the Trust and is itself an open-end diversified management mutual fund. The Trust was organized as a Massachusetts business trust on July 26, 1991, pursuant to a Declaration of Trust. The Board of Trustees of the Trust is authorized to issue an unlimited number of shares, $.01 par value, representing interests in separate series of the Trust. The Trust currently has seven authorized series: the

Nuveen Arizona Tax-Free Value Fund, the Nuveen Florida Tax-Free Value Fund, the Nuveen Maryland Tax-Free Value Fund, the Nuveen Michigan Tax-Free Value Fund, the Nuveen New Jersey Tax-Free Value Fund, the Nuveen Pennsylvania Tax-Free Value Fund and the Nuveen Virginia Tax-Free Value Fund. The shares of each series of the Trust 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. These are no conversion, preemptive or other subscription rights, except that Class C Shares of a Fund automatically convert to Class A Shares of the same Fund, as described above. The Board of Trustees 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 Trustees or for any other purpose.

The Trust is an entity of the type commonly known as a "Massachusetts business trust." Under Massachusetts law, shareholders of such a trust may, under certain circumstances, be held personally liable as partners for its obligations. However, the Declaration of Trust contains an express disclaimer of shareholder liability for acts or obligations of the Trust and requires that notice of this disclaimer be given in each agreement, obligation or instrument entered into or executed by the Trust or the Trustees. The Declaration of Trust further provides for indemnification out of the assets and property of the Trust for all loss and expense of any shareholder held personally liable for the obligations of the Trust. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which both inadequate insurance existed and the Trust itself was unable to meet its obligations. The Trust believes the likelihood of these circumstances is remote.

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 tolegal proceedings which may adversely affect a state's financialposition.

ARIZONA — Arizona is the nation's sixth largest state in terms of area. Arizona's main economic sectors are services, tourism and manufacturing. The unemployment rate in Arizona for 1994 was 6.3% and for 1993 was 6.2%. Slower construction and real estate activity is at the heart of the current weakness in the State's financial sector. In recent years, revenue and budgeted expenditures for the State and its political subdivisions have been limited due to reduced federal funds for states, by Constitutional restrictions on ad valorem taxes and by adverse economic conditions.

FLORIDA — Florida's economy continues to recover from the recent national recession. Tourism is currently in a slight decline, and is expected to increase by only 1.7% in 1995-96. Florida's unemployment rate is currently projected to be 6.1% in 1994-95 and in 1995-96. The State's Constitution mandates a balanced budget. Florida retains a bond rating of Aa and "AA" from Moody's and S&P, respectively, on the majority of its general obligation bonds.

MARYLAND — The State's total expenditures for the fiscal years ending June 30, 1992, June 30, 1993 and June 30, 1994 were approximately $11.6 billion, $11.8 billion and $12.9 billion, respectively. As of October 5, 1994, it was estimated that total expenditures for fiscal year 1995 would be approximately $13.4 billion. The original appropriation for expenditures in fiscal year 1995 is approximately $13.3 billion. The State's General Fund, representing approximately 55%-60% of each year's total budget, had a surplus on a budgetary basis of $55 thousand in fiscal year 1991, a deficit of $56 million in fiscal year 1992 and a surplus of $11 million in fiscal year 1993. As of October 5, 1994 it was estimated that the general fund surplus for fiscal year 1994 would be approximately $49.5 million. The Governor of Maryland reduced fiscal year 1993 appropriations by approximately $56 million to offset the fiscal year 1992 deficit. The State Constitution mandates a balanced budget. Maryland maintains a bond rating of Aaa and "AAA" from Moody's and S&P, respectively, on its general obligation bonds.

MICHIGAN — Michigan ended fiscal year 1993-94, which ended September 30, 1994, with a $464 million surplus which was transferred to the State's Budget and Economic Stabilization Fund giving that fund a $779.3 million year-end balance. Currently, Michigan's general obligation bonds are rated A1 by Moody's and "AA" by S&P and Fitch Investors Service, Inc.

NEW JERSEY — New Jersey is the ninth largest state in population and the fifth smallest in land area. In 1993 New Jersey ranked second among all states in per capita personal income. New Jersey's economic base is diversified, consisting of a variety of manufacturing, construction and service industries. The national recession adversely affected employment in New Jersey; the unemployment rate increased from 3.6% in early 1989 to 6.1% in February 1995. There was a surplus in the general fund of $1 million at the end of fiscal year 1990, $1.4 million at the end of fiscal year 1991, $760.8 million at the end of fiscal year 1992, and it is estimated that New Jersey closed its fiscal year 1993 with a surplus of approximately $937.4 million. In 1990 and 1991, increases in New Jersey sales and use tax and income tax took effect in order to increase revenue from those sources, although there have been recent reductions in both the sales and use tax and the income tax. Currently, Moody's rates New Jersey general obligation bonds Aa1, and S&P rates them "AA+." See the Statement of Additional Information for further information relating to fiscal and revenue matters affecting the State.

PENNSYLVANIA — The Commonwealth of Pennsylvania and certain of its municipal subdivisions, including the City of Philadelphia, have undergone the financial difficulties and pressures that accompany a decline in economic conditions. As the heavy industries historically associated with Pennsylvania have declined with increasing competition from foreign producers, the services sector, including trade, medical and health services, education and financial institutions, has provided major new sources of growth. Agriculture related industries continue to be an important part of Pennsylvania's economy. Both the Commonwealth and the City of Philadelphia have historically experienced significant revenue shortfalls. On the other hand, rising demands on state programs, particularly for medical assistance and cash assistance programs, and the increased cost of special education programs and correction facilities and programs, have contributed to increased expenditures. In response, the Commonwealth and the City of Philadelphia have, in recent years, sought to balance budgets with a combination of tax increases and expenditure restraints. Although there can be no assurance that such conditions will continue, all outstanding general obligation bonds of the Commonwealth are currently rated at "AA-" by S&P and "A1" by Moody's.

VIRGINIA

The Commonwealth's financial condition is supported by a broad-based economy, including manufacturing, tourism, agriculture, ports, mining and fisheries. Manufacturing continues to be a major source of employment, ranking behind only services, wholesale and retail trade, and government (federal, state and local). The federal government is a major employer in Virginia; however, civilian employment has been affected by the retrenchment of the military sector and is likely to decrease further. Virginia's economy has experienced a gradual recovery since the end of the recession in March 1991, and provided reason for restrained optimism in fiscal year 1994. State unemployment rates dropped to 4.9% for fiscal year 1994, compared to 6.4% nationally, and Virginia's personal income growth rate for the first quarter of fiscal year 1994 was 6.1%, compared to 3.9% nationally. Virginia appears to have fully participated in the national economic recovery, although the state has not yet returned to pre-recession growth rates for several measures and the uncertain duration of the economic recovery is a source of concern. Although there can be no assurance that such will continue, the Commonwealth of Virginia has consistently maintained ratings of "AAA" by S&P and Aaa by Moody's on its general obligation indebtedness, reflecting in part its sound fiscal management, diversified economic base and low debt ratios.

DESCRIPTION OF STATE TAX TREATMENT

The following state tax information applicable to each Fund and 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. 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 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.

ARIZONA

Exempt-interest dividends attributable to Arizona Municipal Obligations will be exempt from Arizona income tax when received by a shareholder of the Arizona Fund to the same extent as if interest on such Obligations were received directly by the shareholder. Other dividends by the Arizona Fund, including capital gain distributions, if any, or additional amounts includable in the gross income of the shareholders for federal income tax purposes (including gains realized upon the redemption or exchange of shares of the Arizona Fund) will be subject to Arizona income tax.

FLORIDA

Florida does not impose an income tax on individuals.

Neither the Florida Fund nor its shareholders will be subject to the Florida intangible personal property tax on the Florida Municipal Obligations or the shares of the Florida Fund, respectively, with respect to any calendar year so long as at the close of the preceding calendar year and on January 1 of the then current year, the Florida Fund's portfolio assets consist solely of Florida Municipal Obligations or other assets exempt from the Florida intangible personal property tax. Corporate shareholders may be subject to corporate income tax.

MARYLAND

Exempt-interest dividends that are derived from interest received by the Maryland Fund on obligations (a) of Maryland or its political subdivisions and authorities or (b) of the United States or an authority, commission, instrumentality, possession or territory of the United States will be exempt from Maryland state and local income taxes when allocated or distributed to a shareholder of the Maryland Fund. Likewise, gain realized from the sale or exchange of bonds issued by Maryland or its political subdivisions will be exempt from Maryland income taxes. Income from any other sources, such as interest received by the Maryland Fund on obligations issued by states other than Maryland, income earned on repurchase contracts and gain realized by a shareholder from a redemption or exchange of Maryland Fund shares will be subject to Maryland state and local income taxes.

MICHIGAN

Under the Michigan income tax act, the Michigan single business tax act, the Michigan intangibles tax act, the Michigan city income tax act (which authorizes the only income tax ordinance that may be adopted by cities in Michigan), and under the law which authorizes a "first class" school district to levy an excise tax upon income, the Michigan Fund is not subject to tax. Distributions received by shareholders with respect to Michigan Fund shares that are derived from interest on Michigan Municipal Obligations will be exempt from Michigan state and local income taxes and Michigan intangibles tax. For Michigan income and intangible tax purposes, the proportionate share of distributions from the Michigan Fund's net investment income derived from other than Michigan Municipal Obligations and from any short-term or long-term capital gains, together with any gain or loss realized when a shareholder redeems or exchanges shares of the Michigan Fund, will be included in Michigan taxable income and will be included in the taxable income base of the Michigan intangibles tax, except that distributions from net investment income or capital gains reinvested in Michigan Fund shares are exempt from such tax.

NEW JERSEY

Individual shareholders of the New Jersey Fund, including trusts and estates, who are subject to the New Jersey Gross Income Tax will not be required to include in their New Jersey gross income (1) distributions from the New Jersey Fund which the New Jersey Fund clearly identifies as directly attributable to interest or gains from New Jersey Municipal Obligations, obligations of the United States or any other obligations the interest and gain on which is exempt from New Jersey Gross Income Tax under New Jersey law or Federal law, and (2) net gains attributable to the redemption or exchange of New Jersey Fund shares, provided that the New Jersey Fund qualifies as a "qualified investment fund." Qualified investment funds include, among others, any registered investment company or series thereof (such as the New Jersey Fund), which invests at least 80% of its assets, excluding cash and certain hedging transactions, in the obligations described above, and which has no investments other than interest-bearing or discounted obligations, cash and certain hedging transactions. A corporate shareholder, including an S corporation, subject to the New Jersey Corporation Business Tax or the New Jersey Corporation Income Tax will be required to include in its entire net income distributions of interest or gain, or both, from the New Jersey Fund, less any interest expense incurred to carry such investment to the extent such interest expense has not been deducted in computing Federal taxable income, and net gain derived on the redemption or exchange of New Jersey Fund shares.

PENNSYLVANIA

Shares of the Pennsylvania Fund are not subject to any of the personal property taxes presently in effect in Pennsylvania to the extent of that portion of the Pennsylvania Fund represented by Pennsylvania Municipal Obligations. The portion of interest income representing interest income from Pennsylvania Municipal Obligations received by the Fund and distributed to shareholders of the Pennsylvania Fund is not taxable under the Pennsylvania Personal Income Tax or under the Corporate Net Income Tax, nor will such interest be taxable under the Philadelphia School District Investment Income Tax imposed on Philadelphia resident individuals. The disposition by the Pennsylvania Fund of a Pennsylvania Municipal Obligation (whether by sale, exchange, redemption or payment at maturity), as well as the distribution of the proceeds of such disposition, will not constitute a taxable event to a shareholder under the Pennsylvania Personal Income Tax if the Pennsylvania Municipal Obligation was issued prior to February 1, 1994. Further, although there is no published authority on the subject, special Pennsylvania counsel is of the opinion that an individual shareholder of the Pennsylvania Fund will not have a taxable event under the Pennsylvania state and local income taxes referred to above upon the redemption or exchange of his shares to the extent that

the Pennsylvania Fund is then composed of Pennsylvania Municipal Obligations issued prior to February 1, 1994.

VIRGINIA

Shareholders who are subject to income tax in Virginia will not be taxed on that portion of any distribution that is attributable to the interest earned by the Virginia Fund on Virginia Municipal Obligations; however, these shareholders will generally have taxable income for Virginia income tax purposes to the extent of any portion of a distribution that is taxable for federal income tax purposes, except as it relates to interest or dividends on obligations of the United States or instrumentalities thereof exempt from state income taxation under the laws of the United States. To the extent distributions to shareholders are attributable to interest on Municipal Obligations other than Virginia Municipal Obligations, such distributions will be included in the shareholder's Virginia taxable income. Virginia income tax exemption is also independently provided for interest on certain obligations. Where an independent exemption is provided, interest on those obligations is exempt from Virginia income taxation without regard to any exemption from federal income taxes. As a general rule, to the extent that any gain realized (whether as a result of the redemption or exchange of Virginia Municipal Obligations by the Virginia Fund or as a result of the sale of shares by the shareholder) is subject to federal income taxation, this gain will be included in the shareholder's Virginia taxable income. Under the language of certain enabling legislation, however, gain realized on the sale of obligations issued thereunder is expressly exempt from Virginia income taxation.

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.

ARIZONA

<TABLE>
<CAPTION>

COMBINED MARGINAL TAX RATES FOR JOINT TAXPAYERS WITH FOUR PERSONAL EXEMPTIONS

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	18.5%	4.29	4.91	5.52	6.13	6.75	7.36	7.98
39.0-94.3	0-114.7	31.5	5.11	5.84	6.57	7.30	8.03	8.76	9.49
	114.7-172.1	32.5	5.19	5.93	6.67	7.41	8.15	8.89	9.63
94.3-143.6	0-114.7	35.5	5.43	6.20	6.98	7.75	8.53	9.30	10.08
	114.7-172.1	36.5	5.51	6.30	7.09	7.87	8.66	9.45	10.24
	172.1-294.6	38.5	5.69	6.50	7.32	8.13	8.94	9.76	10.57
143.6-256.5	114.7-172.1	41.0	5.93	6.78	7.63	8.47	9.32	10.17	11.02
	172.1-294.6	44.0	6.25	7.14	8.04	8.93	9.82	10.71	11.61
	Over 294.6	41.0	5.93	6.78	7.63	8.47	9.32	10.17	11.02
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

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COMBINED MARGINAL TAX RATES FOR SINGLE TAXPAYERS WITH ONE PERSONAL EXEMPTION

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	18.5%	4.29	4.91	5.52	6.13	6.75	7.36	7.98
23.4-56.6	0-114.7	32.5	5.19	5.93	6.67	7.41	8.15	8.89	9.63

56.6-118.0	0-114.7	35.5	5.43	6.20	6.98	7.75	8.53	9.30	10.08
	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	42.0	6.03	6.90	7.76	8.62	9.48	10.34	11.21
	Over 237.2	41.5	5.98	6.84	7.69	8.55	9.40	10.26	11.11
Over 256.5	Over 237.2	45.0	6.36	7.27	8.18	9.09	10.00	10.91	11.82

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FOR AN EQUAL AFTER-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 $38,700 in a 5% tax-free Nuveen investment.

$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	$36,857	$32,250	$28,667	$25,800	$23,455	$21,500	$19,846
Compare 5% taxable	$46,071	$40,313	$35,833	$32,250	$29,318	$26,875	$24,808
Compare 6% taxable	$55,286	$48,375	$43,000	$38,700	$35,182	$32,250	$29,769
Compare 7% taxable	$64,500	$56,438	$50,167	$45,150	$41,045	$37,625	$34,731
Compare 8% taxable	$73,714	$64,500	$57,333	$51,600	$46,909	$43,000	$39,692

*The dollar amounts in the table reflect a 35.5% combined federal and state tax rate.

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FLORIDA

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MARGINAL TAX RATES FOR JOINT TAXPAYERS WITH FOUR PERSONAL EXEMPTIONS

Federal Taxable Income (1,000's)	Federal Adjusted Gross Income (1,000's)	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	15.0%	4.12	4.71	5.29	5.88	6.47	7.06	7.65
39.0-94.3	0-114.7	28.0	4.86	5.56	6.25	6.94	7.64	8.33	9.03
	114.7-172.1	29.0	4.93	5.63	6.34	7.04	7.75	8.45	9.15
94.3-143.6	0-114.7	31.0	5.07	5.80	6.52	7.25	7.97	8.70	9.42
	114.7-172.1	32.0	5.15	5.88	6.62	7.35	8.09	8.82	9.56
	172.1-294.6	34.5	5.34	6.11	6.87	7.63	8.40	9.16	9.92
143.6-256.5	114.7-172.1	37.0	5.56	6.35	7.14	7.94	8.73	9.52	10.32
	172.1-294.6	40.0	5.83	6.67	7.50	8.33	9.17	10.00	10.83
	Over 294.6	37.0	5.56	6.35	7.14	7.94	8.73	9.52	10.32
Over 256.5	172.1-294.6	44.0	6.25	7.14	8.04	8.93	9.82	10.71	11.61
	Over 294.6	41.0	5.93	6.78	7.63	8.47	9.32	10.17	11.02

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MARGINAL TAX RATES FOR SINGLE TAXPAYERS WITH ONE PERSONAL EXEMPTION

Federal Taxable Income (1,000's)	Federal Adjusted Gross Income (1,000's)	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	15.0%	4.12	4.71	5.29	5.88	6.47	7.06	7.65
23.4-56.6	0-114.7	28.0	4.86	5.56	6.25	6.94	7.64	8.33	9.03
56.6-118.0	0-114.7	31.0	5.07	5.80	6.52	7.25	7.97	8.70	9.42
	114.7-237.2	32.5	5.19	5.93	6.67	7.41	8.15	8.89	9.63
118.0-256.5	114.7-237.2	38.0	5.65	6.45	7.26	8.06	8.87	9.68	10.48
	Over 237.2	37.0	5.56	6.35	7.14	7.94	8.73	9.52	10.32
Over 256.5	Over 237.2	41.0	5.93	6.78	7.63	8.47	9.32	10.17	11.02

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FOR AN EQUAL AFTER-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 $41,400 in a 5% tax-free Nuveen investment.

$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	$39,429	$34,500	$30,667	$27,600	$25,091	$23,000	$21,231
Compare 5% taxable	$49,286	$43,125	$38,333	$34,500	$31,364	$28,750	$26,538
Compare 6% taxable	$59,143	$51,750	$46,000	$41,400	$37,636	$34,500	$31,846
Compare 7% taxable	$69,000	$60,375	$53,667	$48,300	$43,909	$40,250	$37,154
Compare 8% taxable	$78,857	$69,000	$61,333	$55,200	$50,182	$46,000	$42,462

*The dollar amounts in the table reflect a 31.0% federal tax rate.

</TABLE>

MARYLAND

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COMBINED MARGINAL TAX RATES FOR JOINT TAXPAYERS WITH FOUR PERSONAL EXEMPTIONS

Federal Taxable Income (1,000's)	Federal Adjusted Gross Income (1,000's)	Combined County, State and Federal Tax Rate	TAX-FREE YIELD 3.0%	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	21.5%	4.46	5.10	5.73	6.37	7.01	7.64	8.28
39.0-94.3	0-114.7	33.5	5.26	6.02	6.77	7.52	8.27	9.02	9.77
	114.7-172.1	34.0	5.30	6.06	6.82	7.58	8.33	9.09	9.85
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	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
143.6-150.0	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
150.0-256.5	114.7-172.1	42.5	6.09	6.96	7.83	8.70	9.57	10.43	11.30
	172.1-294.6	45.5	6.42	7.34	8.26	9.17	10.09	11.01	11.93
	Over 294.6	42.5	6.09	6.96	7.83	8.70	9.57	10.43	11.30
Over 256.5	172.1-294.6	49.0	6.86	7.84	8.82	9.80	10.78	11.76	12.75
	Over 294.6	46.0	6.48	7.41	8.33	9.26	10.19	11.11	12.04

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COMBINED MARGINAL TAX RATES FOR	Federal	Federal Adjusted	Combined County,

SINGLE TAXPAYERS WITH ONE PERSONAL EXEMPTION

Taxable Income (1,000's)	Gross Income (1,000's)	State and Federal Tax Rate	TAX-FREE YIELD 3.0%	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	21.5%	4.46	5.10	5.73	6.37	7.01	7.64	8.28
23.4-56.6	0-114.7	33.5	5.26	6.02	6.77	7.52	8.27	9.02	9.77
56.6-100.0	0-114.7	36.0	5.47	6.25	7.03	7.81	8.59	9.38	10.16
	114.7-237.2	37.5	5.60	6.40	7.20	8.00	8.80	9.60	10.40
100.0-118.0	114.7-237.2	38.5	5.69	6.50	7.32	8.13	8.94	9.76	10.57
118.0-256.5	114.7-237.2	43.5	6.19	7.08	7.96	8.85	9.73	10.62	11.50
	Over 237.2	42.5	6.09	6.96	7.83	8.70	9.57	10.43	11.30
Over 256.5	Over 237.2	46.0	6.48	7.41	8.33	9.26	10.19	11.11	12.04

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FOR AN EQUAL AFTER-TAX RETURN, YOUR TAX-FREE INVESTMENT MAY BE LESS*

$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

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, state and local tax rate.

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MICHIGAN

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COMBINED MARGINAL TAX RATES FOR JOINT TAXPAYERS WITH FOUR PERSONAL EXEMPTIONS

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	21.5%	4.46	5.10	5.73	6.37	7.01	7.64	8.28
39.0-94.3	0-114.7	33.5	5.26	6.02	6.77	7.52	8.27	9.02	9.77
	114.7-172.1	34.5	5.34	6.11	6.87	7.63	8.40	9.16	9.92
94.3-143.6	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
	172.1-294.6	39.5	5.79	6.61	7.44	8.26	9.09	9.92	10.74
143.6-256.5	114.7-172.1	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	48.5	6.80	7.77	8.74	9.71	10.68	11.65	12.62
	Over 294.6	45.5	6.42	7.34	8.26	9.17	10.09	11.01	11.93

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COMBINED MARGINAL TAX RATES FOR SINGLE TAXPAYERS WITH ONE PERSONAL EXEMPTION

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						
$ 0-23.4	$ 0-114.7	21.5%	4.46	5.10	5.73	6.37	7.01	7.64	8.28
23.4-56.6	0-114.7	33.5	5.26	6.02	6.77	7.52	8.27	9.02	9.77
56.6-118.0	0-114.7	36.5	5.51	6.30	7.09	7.87	8.66	9.45	10.24
	114.7-237.2	38.0	5.65	6.45	7.26	8.06	8.87	9.68	10.48
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	45.5	6.42	7.34	8.26	9.17	10.09	11.01	11.93

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FOR AN EQUAL AFTER-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 $38,100 in a 5% tax-free Nuveen investment.

$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	36,286	$31,750	$28,222	$25,400	$23,091	$21,167	$19,538
COMPARE 5% TAXABLE	45,357	$39,688	$35,278	$31,750	$28,864	$26,458	$24,423
COMPARE 6% TAXABLE	54,429	$47,625	$42,333	$38,100	$34,636	$31,750	$29,308
COMPARE 7% TAXABLE	63,500	$55,563	$49,389	$44,450	$40,409	$37,042	$34,192
COMPARE 8% TAXABLE	72,571	$63,500	$56,444	$50,800	$46,182	$42,333	$39,077

*The dollar amounts in the table reflect a 36.5% combined federal and state tax rate.

</TABLE>

NEW JERSEY

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COMBINED MARGINAL TAX RATES FOR JOINT TAXPAYERS WITH FOUR PERSONAL EXEMPTIONS

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						
$ 0-39.0	$ 0-114.7	17.0%	4.22	4.82	5.42	6.02	6.63	7.23	7.83
39.0-94.3	0-114.7	32.5	5.19	5.93	6.67	7.41	8.15	8.89	9.63
	114.7-172.1	33.0	5.22	5.97	6.72	7.46	8.21	8.96	9.70
94.3-143.6	0-114.7	35.0	5.38	6.15	6.92	7.69	8.46	9.23	10.00
	114.7-172.1	36.0	5.47	6.25	7.03	7.81	8.59	9.38	10.16
	172.1-294.6	38.5	5.69	6.50	7.32	8.13	8.94	9.76	10.57
143.6-256.5	114.7-172.1	41.0	5.93	6.78	7.63	8.47	9.32	10.17	11.02
	172.1-294.6	44.0	6.25	7.14	8.04	8.93	9.82	10.71	11.61
	Over 294.6	41.0	5.93	6.78	7.63	8.47	9.32	10.17	11.02
Over 256.5	172.1-294.6	47.5	6.67	7.62	8.57	9.52	10.48	11.43	12.38
	Over 294.6	44.5	6.31	7.21	8.11	9.01	9.91	10.81	11.71

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COMBINED MARGINAL TAX RATES FOR SINGLE TAXPAYERS WITH ONE PERSONAL EXEMPTION

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	17.0%	4.22	4.82	5.42	6.02	6.63	7.23	7.83
23.4-56.6	0-114.7	32.5	5.19	5.93	6.67	7.41	8.15	8.89	9.63
56.6-118.0	0-114.7	35.5	5.43	6.20	6.98	7.75	8.53	9.30	10.08
	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	42.0	6.03	6.90	7.76	8.62	9.48	10.34	11.21
	Over 237.2	41.0	5.93	6.78	7.63	8.47	9.32	10.17	11.02
Over 256.5	Over 237.2	44.5	6.31	7.21	8.11	9.01	9.91	10.81	11.71

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FOR AN EQUAL AFTER-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 $39,000 tax-free Nuveen investment.

$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	$37,143	$32,500	$28,889	$26,000	$23,636	$21,667	$20,000
COMPARE 5% TAXABLE	$46,429	$40,625	$36,111	$32,500	$29,545	$27,083	$25,000
COMPARE 6% TAXABLE	$55,714	$48,750	$43,333	$39,000	$35,455	$32,500	$30,000
COMPARE 7% TAXABLE	$65,000	$56,875	$50,556	$45,500	$41,364	$37,917	$35,000
COMPARE 8% TAXABLE	$74,286	$65,000	$57,778	$52,000	$47,273	$43,333	$40,000

*The dollar amounts in the table reflect a 35.0% combined federal and state tax rate.

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PENNSYLVANIA

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COMBINED MARGINAL TAX RATES FOR JOINT TAXPAYERS WITH FOUR PERSONAL EXEMPTIONS

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	17.5%	4.24	4.85	5.45	6.06	6.67	7.27	7.88
39.0-94.3	0-114.7	30.0	5.00	5.71	6.43	7.14	7.86	8.57	9.29
	114.7-172.1	31.0	5.07	5.80	6.52	7.25	7.97	8.70	9.42
94.3-143.6	0-114.7	33.0	5.22	5.97	6.72	7.46	8.21	8.96	9.70
	114.7-172.1	34.0	5.30	6.06	6.82	7.58	8.33	9.09	9.85
	172.1-294.6	36.5	5.51	6.30	7.09	7.87	8.66	9.45	10.24
143.6-256.5	114.7-172.1	39.0	5.74	6.56	7.38	8.20	9.02	9.84	10.66
	172.1-294.6	41.5	5.98	6.84	7.69	8.55	9.40	10.26	11.11
	Over 294.6	39.0	5.74	6.56	7.38	8.20	9.02	9.84	10.66
Over 256.5	172.1-294.6	45.5	6.42	7.34	8.26	9.17	10.09	11.01	11.93

	Over 294.6	42.5	6.09	6.96	7.83	8.70	9.57	10.43	11.30

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COMBINED MARGINAL TAX RATES FOR SINGLE TAXPAYERS WITH ONE PERSONAL EXEMPTION

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	17.5%	4.24	4.85	5.45	6.06	6.67	7.27	7.88
23.4-56.6	0-114.7	30.0	5.00	5.71	6.43	7.14	7.86	8.57	9.29
56.6-118.0	0-114.7	33.0	5.22	5.97	6.72	7.46	8.21	8.96	9.70
	114.7-237.2	34.5	5.34	6.11	6.87	7.63	8.40	9.16	9.92
118.0-256.5	114.7-237.2	39.5	5.79	6.61	7.44	8.26	9.09	9.92	10.74
	Over 237.2	39.0	5.74	6.56	7.38	8.20	9.02	9.84	10.66
Over 256.5	Over 237.2	42.5	6.09	6.96	7.83	8.70	9.57	10.43	11.30

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FOR AN EQUAL AFTER-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 $40,200 in a 5% tax-free Nuveen investment.

$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	$38,286	$33,500	$29,778	$26,800	$24,364	$22,333	$20,615
COMPARE 5% TAXABLE	$47,857	$41,875	$37,222	$33,500	$30,455	$27,917	$25,769
COMPARE 6% TAXABLE	$57,429	$50,250	$44,667	$40,200	$36,545	$33,500	$30,923
COMPARE 7% TAXABLE	$67,000	$58,625	$52,111	$46,900	$42,636	$39,083	$36,077
COMPARE 8% TAXABLE	$76,571	$67,000	$59,556	$53,600	$48,727	$44,667	$41,231

*The dollar amounts in the table assume a 33.0% combined federal and state tax rate.

</TABLE>

VIRGINIA

<TABLE>
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COMBINED MARGINAL TAX RATES FOR JOINT TAXPAYERS WITH FOUR PERSONAL EXEMPTIONS

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	20.0%	4.38	5.00	5.63	6.25	6.88	7.50	8.13
39.0-94.3	0-114.7	32.0	5.15	5.88	6.62	7.35	8.09	8.82	9.56
	114.7-172.1	33.0	5.22	5.97	6.72	7.46	8.21	8.96	9.70
94.3-143.6	0-114.7	35.0	5.38	6.15	6.92	7.69	8.46	9.23	10.00
	114.7-172.1	36.0	5.47	6.25	7.03	7.81	8.59	9.38	10.16
	172.1-294.6	38.0	5.65	6.45	7.26	8.06	8.87	9.68	10.48
143.6-256.5	114.7-172.1	40.5	5.88	6.72	7.56	8.40	9.24	10.08	10.92
	172.1-294.6	43.5	6.19	7.08	7.96	8.85	9.73	10.62	11.50

	Over 294.6	40.5	5.88	6.72	7.56	8.40	9.24	10.08	10.92
Over 256.5	172.1-294.6	47.0	6.60	7.55	8.49	9.43	10.38	11.32	12.26
	Over 294.6	44.0	6.25	7.14	8.04	8.93	9.82	10.71	11.61

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COMBINED MARGINAL TAX RATES FOR SINGLE TAXPAYERS WITH ONE PERSONAL EXEMPTION

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						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$ 0-23.4	$ 0-114.7	20.0%	4.38	5.00	5.63	6.25	6.88	7.50	8.13
23.4-56.6	0-114.7	32.0	5.15	5.88	6.62	7.35	8.09	8.82	9.56
56.6-118.0	0-114.7	35.0	5.38	6.15	6.92	7.69	8.46	9.23	10.00
	114.7-237.2	36.5	5.51	6.30	7.09	7.87	8.66	9.45	10.24
118.0-256.5	114.7-237.2	41.5	5.98	6.84	7.69	8.55	9.40	10.26	11.11
	Over 237.2	40.5	5.88	6.72	7.56	8.40	9.24	10.08	10.92
Over 256.5	Over 237.2	44.0	6.25	7.14	8.04	8.93	9.82	10.71	11.61

</TABLE>

<TABLE>
<CAPTION>

FOR AN EQUAL AFTER-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 $39,000 in a 5% tax-free Nuveen investment.

$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	$37,143	$32,500	$28,889	$26,000	$23,636	$21,667	$20,000
COMPARE 5% TAXABLE	$46,429	$40,625	$36,111	$32,500	$29,545	$27,083	$25,000
COMPARE 6% TAXABLE	$55,714	$48,750	$43,333	$39,000	$35,455	$32,500	$30,000
COMPARE 7% TAXABLE	$65,000	$56,875	$50,556	$45,500	$41,364	$37,917	$35,000
COMPARE 8% TAXABLE	$74,286	$65,000	$57,778	$52,000	$47,273	$43,333	$40,000

*The dollar amounts in the table reflect a 35.0% combined federal and state tax rate.

</TABLE>

PART B--STATEMENT OF ADDITIONAL INFORMATION

NUVEEN MULTISTATE TAX-FREE TRUST

333 West Wacker Drive

Chicago, Illinois 60606

Statement of Additional Information June 13, 1995
Nuveen Multistate Tax-Free Trust
333 West Wacker Drive
Chicago, Illinois 60606

NUVEEN ARIZONA TAX-FREE VALUE FUND
NUVEEN FLORIDA TAX-FREE VALUE FUND
NUVEEN MARYLAND TAX-FREE VALUE FUND
NUVEEN MICHIGAN TAX-FREE VALUE FUND
NUVEEN NEW JERSEY TAX-FREE VALUE FUND
NUVEEN PENNSYLVANIA TAX-FREE VALUE FUND
NUVEEN VIRGINIA 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 March 31, 1995, and Supplement to the Prospectus, dated June 13, 1995.

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The audited financial statements for the fiscal year ended January 31, 1995, appearing in the Annual Report of Nuveen Multistate Tax-Free Trust 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 trustees of the Trust, 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 Multistate Tax-Free Trust (the "Trust") is an open-end diversified management series company under SEC Rule 18f-2. Each Fund is a separate series issuing its own shares. 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. 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 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 Service, 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, except that a Fund may not invest more than 20% of its net assets in unrated bonds 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-appropriation" 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, but a Fund will not trade securities solely to realize a profit. 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 fiscal years

ended January 31, 1995 and 1994, respectively, were 29% and 11% for the Arizona Fund, 4% and 3% for the Florida Fund, 35% and 4% for the Maryland Fund, 35% and 3% for the Michigan Fund, 32% and 52% for the New Jersey Fund, 74% and 5% for the Pennsylvania Fund and 40% and 7% for the Virginia Fund. The portfolio turnover rate for the Pennsylvania Fund rose to 74% for the fiscal year ended January 31, 1995, because the portfolio manager, as interest rates rose throughout the year, took advantage of opportunities to replace lower yielding bonds with bonds that would generate higher income. Many of the other Funds also experienced somewhat higher than normal portfolio turnover during the year, for the same reason.

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 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 the states of currently offered Funds. 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 ARIZONA

As described above, except to the extent the Arizona Fund invests in temporary investments, the Arizona Fund will invest substantially all of its net assets in Arizona Municipal Obligations. The Arizona Fund is therefore susceptible to political, economic or regulatory factors affecting issuers of Arizona Municipal Obligations. The information set forth below is derived from official statements prepared in connection with the issuance of Arizona Municipal Obligations and other sources that are generally available to investors. The information is provided as general information intended to give a recent historical description and is not intended to indicate future or continuing trends in the financial or other positions of The State of Arizona (the "State"). This information has not been independently verified.

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

General Economic Conditions. Arizona is the nation's sixth largest state in terms of area. Arizona's main economic/employment sectors include services, tourism and manufacturing. Mining and agriculture are also significant, although they tend to be more capital than labor intensive. Services is the single largest economic sector. Many of these jobs are directly related to tourism.

The unemployment rate in Arizona for 1994 was 6.3% and for 1993 was 6.2% compared to a national rate of 6.1% in 1994 and 6.8% in 1993. Job growth may be adversely affected by the closing of a major air force base near Phoenix.

Budgetary Process. Arizona operates on a fiscal year beginning July 1 and ending June 30. Fiscal year 1995 refers to the year ending June 30, 1995.

Total General Fund revenues of $4.3 billion are expected during fiscal year 1995. Approximately 44.5% of this budgeted revenue comes from sales and use taxes, 44.4% from income taxes (both individual and corporate) and 4.4% from property taxes. All taxes total approximately $4.0 billion, or 93% of the General Fund revenues. Non-tax revenue includes items such as income from the state lottery, licenses, fees and permits, and interest.

For fiscal year 1994, the budget called for expenditures of approximately $4.1 billion. These expenditures fell into the following major categories: education (47.4%), health and welfare (26.3%), protection and safety (4.0%), general government (15.5%) and inspection and regulation, natural resources, transportation and other (6.8%). The State's general fund expenditures for fiscal year 1995 are budgeted at approximately $4.7 billion. Fiscal year 1995's proposed expenditures fall into the following major categories: education (51.5%), health and welfare (24.1%), protection and safety (3.6%), general government (14.5%) and inspection and regulation, natural resources, transportation and other (6.3%).

On Thursday, March 16, 1995, the Arizona Legislature approved and Governor Symington signed into law a fiscal year 1996 budget of $4.5 billion.

Most or all of the Arizona Municipal Obligations are not obligations of the State of Arizona and are not supported by the State's taxing powers. The particular source of payment and security for each of the Arizona Municipal Obligations is detailed in the instruments themselves and in related offering materials. There can be no assurances with respect to whether the market value or marketability of any of the Arizona Municipal Obligations issued by an entity other than the State of Arizona will be affected by financial or other conditions of the State or of any entity located within the State. In addition, it should be noted that the State of Arizona, as well as counties, municipalities, political subdivisions and other public authorities of the State, are subject to limitations imposed by Arizona's Constitution with respect to ad valorem taxation, bonded indebtedness and other matters. For example, the State legislature cannot appropriate revenues in excess of 7% of the total personal income of the State in any fiscal year. These limitations may affect the ability of the issuers to generate revenues to satisfy their debt obligations.

Local governments have experienced many of the same fiscal difficulties for many of the same reasons and, in several cases, have been prevented by Constitutional limitations on bonded indebtedness and declining assessed property values from securing necessary funds to undertake street, utility and other infrastructure expansions, improvements and renovations in order to meet the need of rapidly increasing populations. Maricopa County, Arizona has encountered financial difficulties related to declines in assessed property values and budgetary deficits and its general obligation bonds have received rating downgrades. Maricopa County, Arizona is analyzing various budget options to deal with its existing deficit.

Although most of the Arizona Municipal Obligations are revenue obligations of local governments or authorities in the State, there can be no assurance that the fiscal and economic conditions referred to above will not affect the market value or marketability of the Arizona Municipal Obligations or the ability of the respective obligors to pay principal of and interest on the Arizona Municipal Obligations when due.

On July 21, 1994, the Arizona Supreme Court rendered its opinion in Roosevelt Elementary School District Number 66, et al v.c. Dianne Bishop, et al (the "Roosevelt Opinion"). In this opinion, the Arizona Supreme Court held that the present statutory financing scheme for public education in the State of Arizona does not comply with the Arizona constitution. Subsequently, the Arizona School Boards Association, with the approval of the appellants and the appellees to the Roosevelt Opinion, and certain Arizona school districts, filed with the Arizona Supreme Court motions for clarification of the Roosevelt Opinion, specifically with respect to seeking prospective application of the Roosevelt Opinion. On July 29, 1994, the Arizona Supreme Court clarified the Roosevelt Opinion to hold that such opinion will have prospective effect only. The impact of the Roosevelt Opinion on Arizona school finances or budgets cannot be determined at this time.

Certain other circumstances are relevant to the market value, marketability and payment of any hospital and health care revenue bonds in the Fund. The Arizona Legislature has in the past sought to enact health care cost control legislation. Certain other health care regulatory laws have expired. It is expected that the Arizona Legislature will at future sessions continue to attempt to adopt legislation concerning health care cost control and related regulatory matters. The effect of any such legislation or

of the continued absence of any legislation restricting hospital bed increases and limiting new hospital construction on the ability of Arizona hospitals and other health care providers to pay debt service on their revenue bonds cannot be determined at this time.

Arizona does not participate in the federally administered Medicaid program. Instead, the State administers an alternative program, AHCCCS, which provides health care to indigent persons meeting certain financial eligibility requirements through managed care programs. In fiscal year 1994, AHCCCS was financed approximately 60% by Federal funds, 29% by State funds and 11% by county funds.

Under State law, hospitals retain the authority to raise rates with notification and review by, but not approval from, the Department of Health Services. Hospitals in Arizona have experienced profitability problems along with those in other states. At least two Phoenix based hospitals have defaulted on or reported difficulties in meeting their bond obligations during the past five years.

Insofar as tax-exempt Arizona investor-owned public utility pollution control revenue bonds are concerned, the issuance of such bonds and the periodic rate increases needed to cover operating costs and debt service are generally subject to regulation by the Arizona Corporation Commission. On July 15, 1991, several creditors of Tucson Electric Power Company ("Tucson Electric") filed involuntary petitions under Chapter 11 of the U.S. Bankruptcy Code to force Tucson Electric to reorganize under the supervision of the bankruptcy court. On December 31, 1991, the Bankruptcy Court approved the utility's motion to dismiss the July petition after five months of negotiations between Tucson Electric and its creditors to restructure the utility's debt and other obligations. In December 1992, Tucson Electric announced that it had completed financial restructuring. In January 1993 Tucson Electric asked the Arizona Corporation Commission for a 9.3% average rate increase. The Arizona Corporation Commission approved a rate increase of 4.2%. Tucson Electric serves approximately 270,000 customers, primarily in the Tucson area. Inability of any regulated public utility to secure necessary rate increases could adversely affect, to an indeterminable extent, its ability to pay debt service on its pollution control revenue bonds.

FACTORS PERTAINING TO FLORIDA

As described above, except to the extent the Florida Fund invests in temporary investments, the Florida Fund will invest substantially all of its net assets in Florida Municipal Obligations. The Florida Fund is therefore susceptible to political, economic or regulatory factors affecting issuers of Florida Municipal Obligations. The following information provides only a brief summary of some of the complex factors affecting the financial situation in Florida (the "State"). This information is derived from sources that are generally available to investors and is believed to be accurate. It is based in part on information obtained from various State and local agencies in Florida, some of which information is related to periods prior to the onset of the recent national recession, the effects of which are not necessarily reflected in the information. 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 State or local governmental finances generally, will not adversely affect the market value of Florida Municipal Obligations held in the portfolio of the Florida Fund or the ability of particular obligors to make timely payments of debt service on (or relating to) those obligations.

State Economy. Florida's economy has tracked the national economy through the recent national recession and subsequent recovery. Continued modest growth is forecast for 1995, driven by the service and trade sectors.

Since 1980, the State's job creation rate was well over twice the rate for the nation as a whole. While the State's historically strong job growth rate weakened somewhat earlier in the decade, the non-farm growth rate is projected at 3.6% in 1994-95, and 3.3% in 1995-96. Trade and services account for more than half of total non-farm employment. The State's unemployment rate is currently projected to be 6.1% in 1994-95, and in 1995-96.

The State's economy has in the past been highly dependent on the construction industry and construction-related manufacturing. While this dependence has declined, construction remains an important sector. In 1994-95, single and multi-family housing starts are projected to reach a combined level of 118,700 units, increasing to 121,500 in 1995-96. However, recent interest rate hikes are expected to restrict growth in the near future.

The important tourism sector experienced a decline of 4.0% in 1993-94 with zero growth projected for 1994-95. In addition to lingering crime concerns, analysts point to "product maturity" of a Florida vacation package, higher prices, and increasing competition from other resort areas.

For 1993, the State's per capita personal income of $20,857 was slightly above the national average of $20,817, but significantly ahead of that for the southeastern United States, which was $18,753. Real personal income growth is expected to increase 4.5% in 1994-1995 and 4.2% in 1995-96. By the end of 1995-96, real personal income per capita is projected to average 4.5% higher than the 1993-94 level.

State Budget. In fiscal year 1993-94, approximately 66% of the State's total direct revenue to its operating funds was derived from State taxes, with Federal grants and other special revenue accounting for the balance. State sales and use tax, corporate income tax, intangible personal property tax and beverage tax amounted to 66%, 8%, 4% and 4%, respectively, of total receipts by the General Revenue Fund during fiscal 1993-94. In that same year, expenditures for education, health and welfare and public safety amounted to 49%, 32% and 12%, respectively, of total expenditures from the General Revenue Fund. At the end of fiscal 1993, $5.6 billion in principal amount of debt secured by the full faith and credit of the State was outstanding. As of February 10, 1995, Florida's outstanding full faith and credit obligations totalled approximately $7.2 billion.

1994-95 Fiscal Year. Currently estimated available revenues (estimated revenues, plus the balance forwarded from 1993-94, transfers from other accounts and other miscellaneous amounts) are approximately $14.6 billion, an increase of 5.7% over comparable 1993-94 figures. This amount reflects a transfer of $159 million to the Hurricane Andrew relief trust fund. Estimated revenues of approximately $13.9 billion (excluding Hurricane Andrew impacts) represent an increase of 7.9% over comparable 1993-94 figures. Total effective appropriations for 1994-95 are $14.3 billion, an increase of 7.5% over comparable 1993-94 figures.

1995-96 Fiscal Year. Preliminary estimated available revenues are now set at $15.1 billion, an increase of 3.6% over comparable 1994-95 figures. Governor Chiles has proposed his fiscal 1995-96 budget at $39.9 billion, without new tax revenue. This represents a 2.8% increase over 1994-95.

Revenue Generating Measures. Florida's Constitution allows the issuance of full faith and credit bonds generally only upon approval of the electorate and in an aggregate amount not exceeding 50% of the State's total tax revenues for the preceding two years. A number of exceptions to the election requirement have been enacted, allowing the issuance of full faith and credit bonds in addition to a primary pledge of a separately identifiable revenue source for certain uses such as road and bridge projects, education and environmental facilities and projects.

In 1987, the State Legislature passed a major revenue enhancement bill resulting in the largest tax increase in State history. In order to balance the budget, as required by the State's Constitution, a 5% sales tax was imposed on nearly all services sold or used in the State. However, the tax was challenged by numerous national groups and repealed, effective January 1, 1988. At the same time the tax was replaced by a one cent ($.01) increase, from 5% to 6%, in the general sales tax on goods and rentals. The one cent ($.01) increase became effective February 1, 1988. The sales and use tax currently accounts for the State's single largest source of tax receipts. For the fiscal year ended June 30, 1994, sales and use tax receipts (exclusive of the tax on gasoline and special fuels) totalled approximately $10 billion, an increase of approximately 6.9% from fiscal year 1992-93.

In 1992, Florida voters approved a new constitutional amendment that limits homestead (residential) property tax increases to the lower of 3% per year or the increase in the consumer price index, until the next transfer of ownership of the property. The cap took effect January 1, 1994, and could have an adverse effect on local revenues, which are largely dependent on the property tax for operating funds. Whether this measure will have any adverse effect on municipal obligations is not known at this time.

In 1994, Florida voters approved another amendment to the Florida Constitution which will limit the rate of growth of general state revenues beginning in 1995 to the growth rate of personal income in Florida. If more revenue is collected than permitted by the limit, the excess will be placed in the "Budget Stabilization Fund" unless, the Legislature decides otherwise by a two-thirds vote of both houses. The revenue limit is determined by multiplying the average annual growth rate in Florida personal income over the previous five years by the maximum amount permitted under the cap of the previous year. The amendment does not limit the imposition of any tax nor does it repeal any existing tax levy. It also has no direct impact on local taxation, but it may affect the sharing of state revenues with local governments.

Another 1994 Florida constitutional amendment limits the application of the "single subject" requirement used by the courts to test citizen initiative constitutional proposals. Under the amendment, citizens' initiatives seeking to limit the ability of government to increase taxes or otherwise raise revenue are exempt from the single-subject restriction of the Florida Constitution. This amendment will probably encourage further efforts to limit and cap the government's revenue generating power.

In 1988, the State began its own lottery. State law requires that lottery revenues be distributed 50% to the public in prizes, 38% for use in enhancing education, and the balance, 12%, to retailers as commission for their services and for administration of the lottery. Lottery ticket sales rose slightly in 1993-94 to approximately $2.15 billion. Education has been receiving in excess of $800 million per year from lottery sales.

Litigation. Currently under litigation are several issues relating to State actions or State taxes that put at risk substantial amounts of General Revenue Fund monies. Accordingly, there is no assurance that the resolution of any of such matters, individually or in the aggregate, will not have a material adverse effect on the State's financial position.

The Florida Supreme Court recently declared unconstitutional the $295 "impact fee" on cars purchased out of state and registered in Florida. Void from its inception in 1990, the total cost to the state is estimated to be in excess of $180 million in real dollars being refunded plus losses of estimated revenue collections through the next fiscal year.

The State recently settled virtually all pending lawsuits challenging certain premium taxes imposed on certain motor vehicle service agreement companies. The one remaining case is estimated to have a potential refund exposure of approximately $150 million.

A challenge to the Florida intangible tax law, which currently raises over $783 million per year, was recently resolved by a per curiam affirmance by the United States Supreme Court of a Florida court decision upholding the tax. Other challenges to that tax, involving refund claims in excess of $25 million for later years, are now proceeding.

The State is a defendant in an inverse condemnation action alleging that compensation is due for taking of certain oil leases. The trial court granted summary judgment to the State, and the plaintiff has appealed. In the meantime, the plaintiff's application for a drilling permit was denied. The State previously estimated that the potential liability could be as much as several million dollars, but that the likelihood of the plaintiff recovering is very small, in that the State estimates that the plaintiff cannot prove damages.

State Bond Rating. The State maintains a bond rating of Aa and "AA" from Moody's and S&P, respectively, on the majority of its general obligation bonds, although the rating of a particular series of revenue bonds relates primarily to the project, facility or other revenue source from which such series derives funds for repayment. See "Investment Objectives and Policies--Municipal Obligations." It should also be noted that the creditworthiness of obligations issued by local Florida issuers may be unrelated to the creditworthiness of obligations issued by the State of Florida, and that there is no obligation on the part of the State to make payment on such local obligations in the event of default.

Other Issuers of Florida Municipal Obligations. There are a number of 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 vari-

ous 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 MARYLAND

As described above, except to the extent the Maryland Fund invests in temporary investments, the Maryland Fund will invest substantially all of its net assets in Maryland Municipal Obligations. The Maryland Fund is therefore susceptible to political, economic or regulatory factors affecting issuers of Maryland Municipal Obligations. The following information provides only a brief summary of some of the complex factors affecting the financial situation in Maryland (the "State") and is derived principally from official statements released on or before October 5, 1994, relating to issues of State obligations and does not purport to be a complete description generally available to investors. No independent verification has been made of the accuracy or completeness of any of the following information.

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

The State and Its Economy. Maryland encompasses a geographic land area of 9,837 square miles and ranks 42nd among the 50 states in size. According to 1990 Census reports, Maryland's population in that year was 4,781,468, reflecting an increase of 13.4% from the 1980 Census. Maryland's population is concentrated in urban areas; the eight counties and Baltimore City located in the Baltimore and Washington Corridor contain 37.4% of the State's land area and 82.3% of its population.

After enjoying rapid economic growth in the 1980's, Maryland has experienced declining rates of growth in the 1990's. Total personal income in Maryland grew at annual rates between 6.2% and 9.3% in each of the years 1985 through 1990, but grew at a rate of 3.2% in 1991, 4.6% in 1992 and 4.3% in 1993. Similarly, per capita income, which had grown at rates no lower than 4.7% for the period from 1972 to 1990, grew at a rate of 1.8% in 1991, 3.2% in 1992 and 3.1% in 1993. Unemployment in Maryland peaked in 1982 at 8.5%, then decreased steadily to a low of 3.7% in 1989. In 1990, unemployment increased to 4.7%, and increased further to 5.9%, 6.6% and 6.2% in 1991, 1992 and 1993, respectively.

Retail sales in Maryland grew by 5.6% in 1990, decreased by 1.7% in 1991, rebounded mildly by 0.5% in 1992 and further increased by 4.9% in 1993, versus nationwide growth of 5.0%, 0.8%, 4.8% and 6.5% in such years, respectively.

Services (including mining), wholesale and retail trade, government, and manufacturing (primarily printing and publishing, food and kindred products, instruments and related products, industrial machinery, electronic equipment, and chemical and allied products) are the leading areas of employment in the State of Maryland. In contrast to the nation as a whole, more people in Maryland are employed in government than in manufacturing (19.9% versus 8.5% in 1993). Between 1973 and 1993, total manufacturing wages and salary employment decreased 30.2%, while total non-manufacturing wages and salary employment increased 58.1%.

The State's total expenditures for the fiscal years ending June 30, 1992, June

30, 1993 and June 30, 1994 were approximately $11.6 billion, $11.8 billion and $12.4 billion, respectively. As of October 5, 1994, it was estimated that total expenditures for fiscal year 1995 would be approximately $13.4 billion. The original appropriation for expenditures in fiscal year 1995 is approximately $13.3 billion. The State's General Fund, representing approximately 55%-60% of each year's total budget, had a surplus on a budgetary basis of $55 thousand in fiscal year 1991, a deficit of $56 million in fiscal year 1992 and a surplus of $11 million in fiscal year 1993. The Governor of Maryland reduced fiscal year 1993 appropriations by approximately $56 million to offset the fiscal year 1992 deficit. The State Constitution mandates a balanced budget.

In April 1994, the General Assembly approved the $13.3 billion 1995 fiscal year budget. The Budget includes $2.6 billion in aid to local governments (reflecting a $102.4 million increase in funding over 1994 that provides for substantial increases in education, health, and police aid), and $104.8 million in general fund deficiency appropriations for fiscal year 1994, of which $60.5 million is a legislatively mandated appropriation to the Revenue Stabilization Account of the State Reserve Fund. When the 1995 Budget was enacted, it was estimated that the general fund surplus on a budgetary basis at June 30, 1995 would be approximately $9.7 million; as of October 5, 1994 that estimate had risen to $49.5 million. In addition, it was estimated that the balance in the Revenue Stabilization Account of the State Reserve Fund at June 30, 1995 would be $219 million; as of October 5, 1994 that estimate had risen to $223.6 million.

State-level Municipal Obligations. The State of Maryland and its various political subdivisions issue a number of different kinds of Municipal Obligations, including general obligation bonds supported by tax collections, revenue bonds payable from certain identified tax levies or revenue streams, conduit revenue bonds payable from the repayment of certain loans to authorized entities such as hospitals and universities, and certificates of participation in tax-exempt municipal leases.

The State of Maryland issues general obligation bonds, which are payable from ad valorem property taxes. The State Constitution prohibits the contracting of State debt unless the debt is authorized by a law levying an annual tax or taxes sufficient to pay the debt service within 15 years and prohibiting the repeal of the tax or taxes or their use for another purpose until the debt has been paid. The State also enters into lease-purchase agreements, participation interests in which are often sold publicly as individual securities. These obligations are subject to annual appropriation by the General Assembly.

As of July, 1994, the State's general obligation bonds were rated "Aaa" by Moody's, "AAA" by S&P, and "AAA" by Fitch Investors Service, Inc. ("Fitch"). There can be no assurance that these ratings will continue.

The Maryland Department of Transportation issues Consolidated Transportation Bonds, which are payable out of specific excise taxes, motor vehicle taxes and corporate income taxes, and from the general revenues of the Department. Issued to finance highway, port, transit, rail or aviation facilities, as of July, 1994, these bonds were rated "Aa" by Moody's, "AA" by S&P and "AA" by Fitch. The Maryland Transportation Authority, a unit of the Department, issues its own revenue bonds for transportation facilities, which are payable from certain highway, bridge and tunnel tolls. These bonds were rated

"A1" by Moody's and "A+" by S&P as of October, 1994. There can be no assurance that these ratings will continue.

Other State agencies which issue Municipal Obligations include the Maryland Stadium Authority, which has issued bonds payable from sports facility lease revenues and certain lottery revenues, the Maryland Water Quality Financing Administration, which issues bonds to provide loans to local governments for wastewater control projects, the Community Development Administration of the Department of Housing and Community Development, which issues mortgage revenue bonds for housing, the Maryland Environmental Service, which issues bonds secured by the revenues from its various water supply, wastewater treatment and waste management projects, and the various public institutions of higher education in Maryland (which include the University of Maryland System, Morgan State University, Baltimore City Community College and St. Mary's College of Maryland) which issue their own revenue bonds. None of these bonds constitute debts or pledges of the full faith and credit of the State of Maryland. The issuers of these obligations 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.

In addition, the Maryland Health and Higher Educational Facilities Authority and the Maryland Industrial Development Financing Authority issue conduit revenue bonds, the proceeds of which are lent to borrowers eligible under relevant state and federal law. These bonds are payable solely from the loan payments made by borrowers, and their credit quality varies with the financial strengths of the respective borrowers.

Municipal Obligations of Maryland Local Governments. Maryland has 24 geographical subdivisions, comprised of 23 counties plus the independent City of Baltimore, which functions much like a county. Some of the counties and the City of Baltimore operate pursuant to the provisions of codes of their own adoption, while others operate pursuant to State-approved charters and State statutes. Maryland counties and the City of Baltimore receive most of their revenues from ad valorem taxes on real and personal property, individual income taxes, transfer taxes, miscellaneous taxes and aid from the State. Their expenditures include public safety, public works, health, public welfare, court and correctional services, education and general governmental costs.

The economic factors affecting the State, as discussed above, also have affected the counties and the City of Baltimore. In addition, reductions in State aid caused by State budget deficits have caused the local governments to trim expenditures and, in some cases, raise taxes.

According to recent available ratings, general obligation bonds of Montgomery County (abutting Washington, D.C.) are rated "Aaa" by Moody's and "AAA" by S&P. Prince George's County, also in the Washington, D.C. suburbs, issues general obligation bonds rated "Aa" by Moody's and "AA-" by S&P, while Baltimore County, a separate political subdivision surrounding the City of Baltimore, issues general obligation bonds rated "Aaa" by Moody's and "AA+" by S&P. The City of Baltimore's general obligation bonds are rated "A1" by Moody's and "A" by S&P. The other counties in Maryland which are rated by Moody's all have general obligation bond ratings of "A" or better from Moody's, except for Allegany County, the bonds of which are rated "Baa" by Moody's. The Washington Suburban Sanitary District, a bi-county agency providing water and sewerage services in Montgomery and Prince George's Counties, issues general obligation bonds rated "Aa1" by Moody's and "AA" by S&P as of October, 1994. Additionally, some of the large municipal corporations in Maryland (such as the cities of Rockville and Annapolis) have issued general obligation bonds. There can be no assurance that these ratings will continue.

Other Issuers of Maryland Municipal Obligations. Many of Maryland's counties have established subsidiary agencies with bond issuing powers, such as housing authorities, parking revenue authorities and industrial development authorities. In addition, all Maryland municipalities have the authority under State law to issue conduit revenue bonds 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 MICHIGAN

As described above, except to the extent the Michigan Fund invests in temporary investments, the Michigan Fund will invest substantially all of its net assets in Michigan Municipal Obligations. The Michigan Fund is therefore susceptible to political, economic or regulatory factors affecting issuers of Michigan Municipal Obligations. The information set forth below is derived from official statements prepared in connection with the issuance of Michigan Municipal Obligations and other sources that are generally available to investors. The information is provided as general information intended to give a recent historical description and is not intended to indicate future or continuing trends in the financial or other positions of The State of Michigan (the "State"). This information has not been independently verified.

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 Michigan Municipal Obligations held in the portfolio of the Michigan Fund or the ability of particular obligors to make timely payments of debt service on (or relating to) those obligations.

Economy. The principal sectors of the State's economy are manufacturing of durable goods (including automobile and office equipment manufacturing), tourism and agriculture. As reflected in historical employment figures, the State's economy has lessened its dependence upon durable goods manufacturing. In 1960, employment in such industry accounted for 33% of the State's workforce. This figure fell to 17% by 1994. However, manufacturing (including auto-related manufacturing) continues to be an important part of the State's economy. These industries are highly cyclical. This factor could adversely affect the revenue streams of the State and its political subdivisions because of its impact on tax sources, particularly sales taxes, income taxes and single business taxes.

Recently, as well as historically, the average monthly unemployment rate in the State has been higher than the average figures for the United States. For example, for 1993 the average monthly unemployment rate in the State was 7% as compared to a national average of 6.8%. For 1994, however, the average annual unemployment rate in the State was 5.9% as compared to a national average of 6.1%.

Budget. The budget of the State is a complete financial plan and encompasses the revenues and expenditures, both operating and capital outlay, of the State's General Fund and special revenue funds. The budget is prepared on a basis consistent with generally accepted accounting principles (GAAP). The State's Fiscal Year begins on October 1 and ends September 30 of the following year. Under State law, the executive budget recommendations for any fund may not exceed the estimated revenue thereof, and an itemized statement of estimated revenues in each operating fund must be contained in an appropriation bill as passed by the State Legislature, the total of which may not be less than the total of all appropriations made from the fund for that fiscal year. The State Constitution provides that proposed expenditures from and revenues of any fund must be in balance and that any prior year's surplus or deficit in any fund must be included in the succeeding year's budget for that fund.

The State Constitution limits the amount of total State revenues that may be raised from taxes and other sources. State revenues (excluding federal aid and revenues used for payment of principal and interest on general obligation bonds) in any fiscal year are limited to a specified percentage of State personal income in the prior calendar year or average of the prior three calendar years, whichever is greater. The State may raise taxes in excess of the limit in emergency situations.

The State finances its operations through the State's General Fund and special revenue funds. The General Fund receives revenues of the State that are not specifically required to be included in the special revenue funds. General Fund revenues are obtained approximately 59 percent from the payment of State taxes and 41 percent from federal and non-tax revenue sources. Tax revenues credited to the General Fund includes the State's personal income tax, single business tax, use tax, and approximately 15% of sales tax collections. In addition the State levies various other taxes. Approximately one-half of total General Fund expenditures are made by the State's Department of Education and Department of Social Services. Other significant expenditures from the General Fund provide funds for law enforcement, general State government, debt service and capital outlays.

Despite modest surplus in the three preceding fiscal years, the State ended fiscal years 1989-90 and 1990-91 with negative balances of $310.3 million and $169.4 million, respectively. This negative balance had been eliminated as of the end of fiscal year 1991-92 which ended September 30, 1992. The State ended fiscal year 1992-93 with a balance of $26 million after transfer of $282.6 million to the Counter-Cyclical Budget and Economic Stabilization Fund described below. The State ended fiscal year 1993- 94 with a preliminary $464 million surplus which was transferred to the Counter-Cyclical Budget and Economic Stabilization Fund described below.

The State budget for the 1994-95 fiscal year, which began on October 1, 1994, was passed by the State Legislature in July 1994. This budget passed by the State Legislature totaled $8,030.8 million from General Fund/general purpose revenues. The Governor vetoed $6.5 million of these appropriations.

The State also maintains the Counter-Cyclical Budget and Economic Stabilization Fund ("BSF") which accumulates balances during years of significant economic growth and which may be utilized during periods of budgetary shortfalls. The unreserved balance for the BSF for the 1990-91 fiscal year end was $182.2 million, for the 1991-92 fiscal year end was $20.1 million, and for the 1992-93 fiscal year end

was $303.4 million. The accrued balance of the BSF as of September 30, 1994 is estimated to be $779.3 million.

Debt. The State Constitution limits State general obligation debt to (i) short-term debt for State operating purposes which must be repaid in the same fiscal year in which it is issued and which cannot exceed 15% of the undedicated revenues received by the State during the preceding fiscal year, (ii) short and long term debt unlimited in amount for the purpose of making loans to school districts and (iii) long term debt for voter-approved purposes.

The State has issued and has outstanding general obligation full faith and credit bonds for water resources, environmental protection program and recreation program purposes totalling, as of September 30, 1994, approximately $382 million. In November 1988 the State's voters approved the issuance of $800 million of general obligation bonds for environmental protection and recreational purposes; of this amount approximately $423 million remains to be issued. The State issued $500 million in general obligation notes on March 6, 1995 which will mature on September 29, 1995. The State issued $65 million in general obligation school loan notes on October 11, 1994 which will mature on April 11, 1995.

Other Issuers of Michigan Municipal Obligations. There are a number of 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 obligations backed by the full faith and credit of the State.

Ratings. Currently the State's general obligation bonds are rated "A1" by Moody's, "AA" by S&P and "AA" by Fitch Investors Service, Inc.

Litigation. The State is a party to various legal proceedings seeking damages or injunctive or other relief. In addition to routine litigation, certain of these proceedings could, if unfavorably resolved from the point of view of the State, substantially affect State programs or finances. These lawsuits involve programs generally in the areas of corrections, highway maintenance, social services, tax collection, commerce and budgetary reductions to school districts and governmental units and court funding. The ultimate disposition of these proceedings is not determinable.

Property Tax and School Finance Reform. The State Constitution limits the extent to which municipalities or political subdivisions may levy taxes upon real and personal property through a process that regulates assessments.

On August 19, 1993, the Governor signed into law Act 145, Public Acts of Michigan, 1993 ("Act 145"), a measure which would have significantly impacted financing of primary and secondary school operations and which has resulted in additional property tax and school finance reform legislation. Act 145 would have exempted all property in the State of Michigan from millage levied for local and intermediate school districts operating purposes, other than millage levied for community colleges, effective July 1, 1994. In order to replace local property tax revenues lost as a result of Act 145, the

State Legislature, in December 1993, enacted several statutes which address property tax and school finance reform.

The property tax and school finance reform measures included a ballot proposal which was approved by the voters on March 15, 1994. Effective May 1, 1994, the State sales and use tax was increased from 4% to 6%, the State income tax was decreased from 4.6% to 4.4%, the cigarette tax was increased from $.25 to $.75 per pack and an additional tax of 16% of the wholesale price was imposed on certain other tobacco products. A 0.75% real estate transfer tax became effective January 1, 1995. Beginning in 1994, a state property tax of 6 mills began to be imposed on all real and personal property currently subject to the general property tax. The ability of school districts to levy property taxes for school operating purposes has been partially restored. A school board will, with voter approval, be able to levy up to the lesser of 18 mills or the number of mills levied in 1993 for school operating purposes, on non-homestead property. The adopted ballot proposal contained additional provisions regarding the ability of local school districts to levy taxes as well as a limit on assessment increases for each parcel of property, beginning in 1995 to the lesser of 5% or the rate of inflation. When property is subsequently sold, its assessed value will revert to the current assessment level of 50% of true cash value. Under the adopted ballot proposal, much of the additional revenue generated by the new taxes will be dedicated to the State School Aid Fund.

The adopted ballot proposal contained a system of financing local school operating costs relying upon a foundation allowance amount which may vary by district based upon historical spending levels. State funding will provide each school district an amount equal to the difference between its foundation allowance and the revenues generated by its local property tax levy. Local school districts will also be entitled to levy supplemental property taxes to generate additional revenues if their foundation allowance is less than their historical per pupil expenditures. The adopted ballot proposal also contained provisions which allow for the levy of a limited number of enhancement mills on regional and local school district bases.

The adopted ballot proposal shifts significant portions of the cost of local school operations from local school districts to the State and raises additional State revenues to fund these additional State expenses. These additional revenues will be included within the State's constitutional revenue limitations and may impact the State's ability to raise additional revenues in the future.

FACTORS PERTAINING TO NEW JERSEY

As described above, except to the extent the New Jersey Fund invests in temporary investments, the New Jersey Fund will invest substantially all of its net assets in New Jersey Municipal Obligations. The New Jersey Fund is therefore susceptible to political, economic or regulatory factors affecting issuers of New Jersey Municipal Obligations. The following information provides only a brief summary of some of the complex factors affecting the financial situation in New Jersey (the "State") and is derived from sources that are generally available to investors and is believed to be accurate. It is based in part on information obtained from various State and local agencies in New Jersey. No independent verification has been made of the accuracy or completeness of any of the following information.

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

The State and Its Economy. The State is the ninth largest state in population and the fifth smallest in land area. With an average of 1,062 people per square mile, it is the most densely populated of all the states. The State's economic base is diversified, consisting of a variety of manufacturing, construction and service industries, supplemented by rural areas with selective commercial agriculture. Historically, New Jersey's average per capita income has been well above the national average, and in 1993 the State ranked second among the states in per capita personal income ($26,967).

The New Jersey Economic Policy Council, a statutory arm of the New Jersey Department of Commerce and Economic Development, has reported in New Jersey Economic Indicators, a monthly publication of the New Jersey Department of Labor, Division of Labor Market and Demographic Research, that in 1988 and 1989 employment in New Jersey's manufacturing sector failed to benefit from the export boom experienced by many Midwest states and the State's service sectors, which had fueled the State's prosperity since 1982, lost momentum. In the meantime, the prolonged fast growth in the State in the mid 1980s resulted in a tight labor market situation, which has led to relatively high wages and housing prices. This means that, while the incomes of New Jersey residents are relatively high, the State's business sector has become more vulnerable to competitive pressures.

The onset of the national recession (which officially began in July 1990 according to the National Bureau of Economic Research) caused an acceleration of New Jersey's job losses in construction and manufacturing. In addition, the national recession caused an employment downturn in such previously growing sectors as wholesale trade, retail trade, finance, utilities and trucking and warehousing. Reflecting the downturn, the rate of unemployment in the State rose from a low of 3.6% during the first quarter of 1989 to an estimated 6.1% in February 1995, which is greater than the national average of 5.4% in February 1995.

Because some sectors will lag due to continued excess capacity, employers even in rebounding sectors can be expected to remain cautious about hiring until they become convinced that improved business will be sustained, and certain firms will continue to merge or downsize to increase profitability. Economic recovery is likely to be slow and uneven in New Jersey, with unemployment receding at a correspondingly slow pace.

Debt Service. The primary method for State financing of capital projects is through the sale of the general obligation bonds of the State. These bonds are backed by the full faith and credit of the State tax revenues and certain other fees are pledged to meet the principal and interest payments and if provided, redemption premium payments, if any, required to repay the bonds. As of June 30, 1993, there was a total authorized bond indebtedness of approximately $9.0 billion, of which $3.6 billion was issued and outstanding, $4.0 billion was retired (including bonds for which provision for payment has been made through the sale and issuance of refunding bonds) and $1.4 billion was unissued. The debt service obligation for such outstanding indebtedness is $103.5 million for Fiscal Year 1995.

New Jersey's Budget and Appropriation System. The State operates on a fiscal year beginning July 1 and ending June 30. At the end of Fiscal Year 1989, there was a surplus in the State's general fund (the fund into which all State revenues not otherwise restricted by statute are deposited and from which appropriations are made) of $411.2 million. At the end of Fiscal Year 1990, there was a surplus in the general fund of $1.0 million. At the end of Fiscal Year 1991, there was a surplus in the general fund of $1.4 million. At the end of Fiscal Year 1992, there was a surplus in the general fund of $760.8 million. It is estimated that New Jersey closed its Fiscal Year 1993 with a surplus of $937.4 million.

In order to provide additional revenues to balance future budgets, to redistribute school aid and to contain real property taxes, on June 27, 1990, and July 12, 1990, Governor Florio signed into law legislation which was estimated to raise approximately $2.8 billion in additional taxes (consisting of $1.5 billion in sales and use taxes and $1.3 billion in income taxes), the biggest tax hike in New Jersey history. There can be no assurance that receipts and collections of such taxes will meet such estimates.

The first part of the tax hike took effect on July 1, 1990, with the increase in the State's sales and use tax rate from 6.0% to 7.0% and the elimination of exemptions for certain products and services not previously subject to the tax, such as telephone calls, disposable paper products (which has since been reinstated), soaps and detergents, janitorial services, alcoholic beverages and cigarettes. At the time of enactment, it was projected that these taxes would raise approximately $1.5 billion in additional revenue. Projections and estimates of receipts from sales and use taxes, however, have been subject to variance in recent fiscal years.

The second part of the tax hike took effect on January 1, 1991, in the form of an increased state income tax on individuals. At the time of enactment, it was projected that this increase would raise approximately $1.3 billion in additional income taxes to fund a new school aid formula, a new homestead rebate program and state assumption of welfare and social services costs. Projections and estimates of receipts from income taxes, however, have also been subject to variance in recent fiscal years. Under the legislation, income tax rates increased from their previous range of 2.0% to 3.5% to a new range of 2.0% to 7.0%, with the higher rates applying to married couples with incomes exceeding $70,000 who file joint returns, and to individuals filing single returns with incomes of more than $35,000.

The Florio administration had contended that the income tax package would help reduce local property tax increases by providing more state aid to municipalities. Under the income tax legislation the State assumed approximately $289.0 million in social services costs that previously were paid by counties and municipalities and funded by property taxes. In addition, under the new formula for funding school aid, an extra $1.1 billion was proposed to be sent by the State to school districts beginning in 1991, thus reducing the need for property tax increases to support education programs.

Effective July 1, 1992, the State's sales and use tax rate decreased from 7% to 6%. Effective January 1, 1994, an across-the-board 5% reduction in the income tax rates was enacted and effective January 1, 1995, further reductions ranging from 1% up to 10% in income tax rates took effect.

On June 30, 1994, Governor Whitman signed the New Jersey Legislature's $15.7 billion budget for Fiscal Year 1995. The balanced budget, which includes $455 million in surplus, is $141 million less than the 1994 budget. Whether the State can achieve a balanced budget depends on its ability to enact and implement expenditure reductions and to collect estimated tax revenues.

Litigation. The State is a party 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 cases challenging the following: the formula relating to State aid to public schools, the method by which the State shares with its counties maintenance recoveries and costs for residents in State institutions, unreasonably low Medicaid payment rates for long-term facilities in New Jersey, the obligation of counties to maintain Medicaid or Medicare eligible residents of institutions and facilities for the developmentally disabled, taxes paid into the Spill Compensation Fund (a fund established to provide money for use by the State to remediate hazardous waste sites and to compensate other persons for damages incurred as a result of hazardous waste discharge) based on Federal preemption, various provisions, and the constitutionality, of the Fair Automobile Insurance Reform Act of 1990, the State's role in a consent order concerning the construction of a resource facility in Passaic County, actions taken by the Bureau of Securities against an individual, the State's actions regarding alleged chromium contamination of State-owned property in Hudson County, the issuance of emergency redirection orders and a draft permit by the Department of Environmental Protection and Energy, the adequacy of Medicaid reimbursement for services rendered by doctors and dentists to Medicaid eligible children, the Commissioner of Health's calculation of the hospital assessment required by the Health Care Cost Reduction Act of 1991, refusal of the State to share with Camden County federal funding the State recently received for disproportionate share hospital payments made to county psychiatric facilities, and the constitutionality of annual A-901 hazardous and solid waste licensure renewal fees collected by the Department of Environmental Protection and Energy. Adverse judgments in these and other matters could have the potential for either a significant loss of revenue or a significant unanticipated expenditure by the State.

At any given time, there are various numbers of claims and cases pending against the State, State agencies and employees seeking recovery of monetary damages that are primarily paid out of the fund created pursuant to the New Jersey Tort Claims Act. In addition, at any given time, there are various numbers of contract claims against the State and State agencies seeking recovery of monetary damages. The State is unable to estimate its exposure for these claims.

Debt Ratings. For many years prior to 1991, both Moody's and S&P had rated New Jersey general obligation bonds "Aaa" and "AAA," respectively. On July 3, 1991, however, S&P downgraded New Jersey general obligation bonds to "AA+." On June 4, 1992, S&P placed New Jersey general obligation bonds on CreditWatch with negative implications, citing as its principal reason for its caution the denial by the federal government of New Jersey's request for $450 million in retroactive Medicaid payments for psychiatric hospitals. These funds were critical to closing a $1 billion gap in the State's $15 billion budget for Fiscal Year 1992 which ended on June 30, 1992. Under New Jersey state law, the gap in the budget must be closed before the new budget year began on July 1, 1992. S&P

suggested the State could close Fiscal Year 1992's budget gap and help fill Fiscal Year 1993's hole by a reversion of $700 million of pension contributions to its general fund under a proposal to change the way the State calculates its pension liability.

On July 6, 1992, S&P reaffirmed its "AA+" rating for New Jersey general obligation bonds and removed the debt from its CreditWatch list, although it stated that New Jersey's long-term financial outlook was negative. S&P was concerned that the State was entering Fiscal Year 1993 with only a $26 million surplus and remained concerned about whether the State economy would recover quickly enough to meet lawmakers' revenue projections. It also remained concerned about the recent federal ruling leaving in doubt how much the State was due in retroactive Medicaid reimbursements and a ruling by a federal judge, now on appeal, of the State's method for paying for uninsured hospital patients. However, on July 27, 1994, S&P announced that it was changing the State's outlook from negative to stable due to a brightening of the State's prospects as a result of Governor Whitman's effort to trim spending and cut taxes, coupled with an improving economy. S&P reaffirmed its "AA+" rating at the same time.

On August 24, 1992, Moody's downgraded New Jersey general obligation bonds to "Aa1", stating that the reduction reflected a developing pattern of reliance on nonrecurring measures to achieve budgetary balance, four years of financial operations marked by revenue shortfalls and operating deficits, and the likelihood that serious financial pressures would persist. On August 5, 1994, Moody's reaffirmed its "Aa1" rating, citing on the positive side New Jersey's broad-based economy, high income levels, history of maintaining a positive financial position and moderate (albeit rising) debt ratios, and, on the negative side, a continued reliance on one-time revenues and a dependence on pension-related savings to achieve budgetary balance.

There can be no assurance that these ratings will continue.

Other Issuers of New Jersey Municipal Obligations. There are a number of 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 PENNSYLVANIA

As described above, except to the extent the Pennsylvania Fund invests in temporary investments, the Pennsylvania Fund will invest substantially all of its net assets in Pennsylvania Municipal Obligations. The Pennsylvania Fund is therefore susceptible to political, economic or regulatory factors affecting issuers of Pennsylvania Municipal Obligations. Without intending to be complete, the following briefly summarizes some of these difficulties and the current financial situation, as well as some of the complex factors affecting the financial situation in the Commonwealth of Pennsylvania (the "Commonwealth" or "Pennsylvania"). It is derived from sources that are generally available to investors and is based in part on information obtained from various agencies in the Commonwealth. No independent verification has been made of the accuracy or completeness of the following information.

Prospective investors should consider the financial difficulties and pressures which the Commonwealth and certain of its municipal subdivisions have undergone. Both the Commonwealth and the City of Philadelphia have recently experienced significant revenue shortfalls. There can be no assurance that current or future statewide or regional economic difficulties, and the resulting impact on State or local governmental finances generally, will not adversely affect the market value of Pennsylvania Municipal Obligations held in the portfolio of the Pennsylvania Fund or the ability of particular obligors to make timely payments of debt service on (or relating to) those obligations.

State Economy. Pennsylvania has been historically identified as a heavy-industry state although that reputation has changed recently as the industrial composition of the Commonwealth diversified when the coal, steel and railroad industries began to decline. The major new sources of growth in Pennsylvania are in the service sector, including trade, medical and the health services, education and financial institutions. Pennsylvania's agricultural industries are also an important component of the Commonwealth's economic structure, accounting for more than $3.6 billion in crop and livestock products annually while agribusiness and food related industries support $39 billion in economic activity annually.

Employment within the Commonwealth increased steadily from 1984 to 1990. From 1991 to 1994, employment in the Commonwealth declined 1.2%. The change in employment experienced in the Commonwealth during such periods is comparable to the change in employment in the Middle Atlantic region of the United States. Non-manufacturing employment in the Commonwealth has increased steadily since 1980 to its 1993 level of 81.6% of total Commonwealth employment. Manufacturing, which contributed 18.4% of 1993 non-agricultural employment, has fallen behind both the services sector and the trade sector as the largest single source of employment within the Commonwealth. In 1993, the services sector accounted for 29.9% of all non-agricultural employment in the Commonwealth while the trade sector accounted for 22.4%.

The Commonwealth recently experienced a slowdown in its economy. Moreover, economic strengths and weaknesses vary in different parts of the Commonwealth. In general, heavy industry and manufacturing have been facing increasing competition from foreign producers. During 1993, the annual average unemployment rate in Pennsylvania was 7.0% compared to 6.8% for the United States. For February 1995 the unadjusted unemployment rate was 6.4% in the Commonwealth and 5.9% in the United States, while the seasonally adjusted unemployment rate for the Commonwealth was 5.6% and for the United States was 5.4%.

State Budget. The Commonwealth operates under an annual budget that is formulated and submitted for legislative approval by the Governor each February. The Pennsylvania Constitution requires that the Governor's budget proposal consist of three parts: (i) a balanced operating budget setting forth proposed expenditures and estimated revenues from all sources and, if estimated revenues and available surplus are less than proposed expenditures, recommending specific additional sources of revenue sufficient to pay the deficiency; (ii) a capital budget setting forth proposed expenditures to be financed from the proceeds of obligations of the Commonwealth or its agencies or from operating funds; and (iii) a financial plan for not less than the succeeding five fiscal years, including for each year projected operating expenditures and estimated revenues and projected expenditures for capital projects.

The General Assembly may add, change or delete any items in the budget prepared by the Governor, but the Governor retains veto power over the individual appropriations passed by the legislature. The Commonwealth's fiscal year begins on July 1 and ends on June 30.

All funds received by the Commonwealth are subject to appropriation in specific amounts by the General Assembly or by executive authorization by the Governor. Total appropriations enacted by the General Assembly may not exceed the ensuing year's estimated revenues, plus (less) the unappropriated fund balance (deficit) of the preceding year, except for constitutionally authorized debt service payments. Appropriations from the principal operating funds of the Commonwealth (the General Fund, the Motor License Fund and the State Lottery Fund) are generally made for one fiscal year and are returned to the unappropriated surplus of the fund if not spent or encumbered by the end of the fiscal year. The Constitution specifies that a surplus of operating funds at the end of a fiscal year must be appropriated for the ensuing year.

Pennsylvania uses the "fund" method of accounting for receipts and disbursements. In the Commonwealth, over 120 funds have been established by legislative enactment or in certain cases by administrative action for the purpose of recording the receipt and disbursement of monies received by the Commonwealth.

Annual budgets are adopted each fiscal year for the principal operating funds of the Commonwealth and several other special revenue funds. Expenditures and encumbrances against these funds may only be made pursuant to appropriation measures enacted by the General Assembly and approved by the Governor. The General Fund, the Commonwealth's largest fund, receives all tax revenues, non-tax revenues and federal grants and entitlements that are not specified by law to be deposited elsewhere. The majority of the Commonwealth's operating and administrative expenses are payable from the General Fund. Debt service on all bond indebtedness of the Commonwealth, except that issued for highway purposes or for the benefit of other special revenue funds, is payable from the General Fund.

Financial information for the principal operating funds of the Commonwealth are maintained on a budgetary basis of accounting, which is used for the purpose of ensuring compliance with the enacted operating budget. The Commonwealth also prepares annual financial statements in accordance with generally accepted accounting principles ("GAAP"). Budgetary basis financial reports are based on a modified cash basis of accounting as opposed to a modified accrual basis of accounting prescribed by GAAP. Financial information is adjusted at fiscal year-end to reflect appropriate accruals for financial reporting in conformity with GAAP.

Recent Financial Results. From fiscal 1984, when the Commonwealth first prepared its financial statements on a GAAP basis, through fiscal 1989, the Commonwealth reported a positive unreserved-undesignated fund balance for its governmental fund types at each fiscal year end. Slowing economic growth during 1990, leading to a national economic recession beginning in fiscal 1991, reduced revenue growth and increased expenditures and contributed to negative unreserved-undesignated fund balances at the end of the 1990 and 1991 fiscal years. The negative unreserved-undesignated fund balance was due largely to operating deficits in the General Fund and the State Lottery Fund during those fiscal years. Actions taken during fiscal 1992 to bring the General Fund back into balance, including tax increases and expenditure restraints, resulted in a $1.1 billion reduction to the unreserved-undesig-

nated fund deficit for combined governmental fund types at June 30, 1993, as a result of a $420.4 million increase in the balance. These gains were produced by continued efforts to control expenditure growth.

The Commonwealth experienced a $454 million General Fund deficit as of the end of its 1991 fiscal year. The deficit reflected higher than budgeted expenditures, below-estimate economic activity and growth rates of economic indicators and total tax revenue shortfalls below those assumed in the enacted budget. Rising demands on state programs caused by the economic recession, particularly for medical assistance and cash assistance programs, and the increased costs of special education programs and correction facilities and programs, contributed to increased expenditures in fiscal 1991, while tax revenues for the 1991 fiscal year were severely affected by the economic recession. Total corporation tax receipts and sales and use tax receipts during fiscal 1991 were, respectively, 7.3 percent and 0.9 percent below amounts collected during fiscal 1990. Personal income tax receipts also were affected by the recession but not to the extent of the other major General Fund taxes, increasing only 2.0 percent over fiscal 1990 collections. A number of actions were taken throughout the fiscal year by the Commonwealth to mitigate the effects of the recession on budget revenues and expenditures. The Commonwealth initiated a number of cost-saving measures, including the firing of 2,000 state employees, deferral of paychecks and reduction of funds to state universities, which resulted in approximately $871 million cost savings.

Actions taken during fiscal 1992 to bring the General Fund budget back into balance, including tax increases and expenditure restraints, resulted in a $1.1 billion reduction for the unreserved-undesignated fund deficit for combined governmental fund types and a return to a positive fund balance. Total general fund revenues for fiscal 1992 were $14,516.8 million which is approximately 22 percent higher than fiscal 1991 revenues of $11,877.3 million due in large part to tax increases. The increased revenues funded substantial increases in education, social services and corrections programs. As a result of the tax increases and certain appropriation lapses, fiscal 1992 ended with an $8.8 million surplus after having started the year with an unappropriated balance deficit of $454 million.

Fiscal 1993 closed with revenues higher than anticipated and expenditures approximately as projected, resulting in an ending unappropriated balance surplus of $242.3 million. A deduction in the personal income tax rate in July 1992 and the one-time receipt of revenues from retroactive corporate tax increases in fiscal 1992 were responsible, in part, for the low growth in fiscal 1993.

Financial performance continued to improve during fiscal 1994. Commonwealth revenues during the 1994 fiscal year totaled $15,210.7 million, $38.6 million above the fiscal year estimate, and 3.9 percent over Commonwealth revenues during the 1993 fiscal year. The sales tax was an important contributor to the higher than estimated revenues. The strength of collections from the sales tax offset the lower than budgeted performance of the personal income tax that ended the 1994 fiscal year $74.4 million below estimate. The shortfall in the personal income tax was largely due to shortfalls in income not subject to withholding such as interest, dividends and other income. Expenditures, excluding pooled financing expenditures and net of all fiscal 1994 appropriation lapses, totaled $14,934.4 million representing a 7.2 percent increase over fiscal 1993 expenditures. Medical assistance and prisons spending contributed to the rate of spending growth for the 1994 fiscal year. The Commonwealth

maintained an operating balance on a budgetary basis for fiscal 1994 producing a fiscal year ending unappropriated surplus of $335.8 million.

Fiscal 1995 Budget. On June 16, 1994, the Governor signed a $15.7 billion General Fund budget, an increase of over 3.9 percent from the fiscal 1994 budget. A substantial amount of the increase is targeted for medical assistance expenditures, reform of the state-funded public assistance program and education subsidies to local school districts. The budget also includes tax reductions totaling an estimated $166.4 million benefiting principally low income families and corporations. The fiscal 1995 budget projects a $4 million fiscal year-end unappropriated surplus.

Debt Limits and Outstanding Debt. The Constitution of Pennsylvania permits the issuance of the following types of debt: (i) debt to suppress insurrection or rehabilitate areas affected by disaster; (ii) electorate approved debt; (iii) debt for capital projects subject to an aggregate outstanding debt limit of 1.75 times the annual average tax revenues of the preceding five fiscal years; and (iv) tax anticipation notes payable in the fiscal year of issuance.

Under the Pennsylvania Fiscal Code, the Auditor General is required annually to certify to the Governor and the General Assembly certain information regarding the Commonwealth's indebtedness. According to the August 31, 1994 Auditor General certificate, the average annual tax revenues deposited in all funds in the five fiscal years ended June 30, 1994 was approximately $16.5 billion, and, therefore, the net debt limitation for the 1995 fiscal year is $28.8 billion. Outstanding net debt totaled $4.0 billion at June 30, 1994, approximately equal to the net debt at June 30, 1993. At August 31, 1994, the amount of debt authorized to be issued, but not yet incurred was $15.0 billion.

Debt Ratings. All outstanding general obligation bonds of the Commonwealth are rated "AA-" by S&P and "A1" by Moody's.

City of Philadelphia. The City of Philadelphia is the largest city in the Commonwealth. Philadelphia experienced a series of general fund deficits for fiscal years 1988 through 1992 which have culminated in the City's present serious financial difficulties. In its 1992 Comprehensive Annual Financial Report, the City reported a cumulative general fund deficit of $71.4 million for fiscal year 1992.

In June 1991, the Pennsylvania legislature established the Pennsylvania Intergovernmental Cooperation Authority ("PICA"), a five-member board which oversees the fiscal affairs of the City of Philadelphia. The Legislation empowers PICA to issue notes and bonds on behalf of Philadelphia, and also authorizes Philadelphia to levy a one-percent sales tax the proceeds of which would be used to pay off the bonds. In return for PICA's fiscal assistance, Philadelphia is required, among other things, to establish five-year financial plans that include balanced annual budgets. Under the legislation, if Philadelphia does not comply with such requirements, PICA may withhold bond revenues and certain state funding.

At this time, the City is operating under a five-year fiscal plan approved by PICA on April 6, 1992. Full implementation of the five-year plan was delayed due to labor negotiations that were not completed until October 1992, three months after the expiration of the old labor contracts. The terms of

the new labor contracts are estimated to cost approximately $144.4 million more than what was budgeted in the original five-year plan. An amended five-year plan was approved by PICA in May 1993. The Mayor's latest update of the five-year financial plan was approved by PICA on May 2, 1994.

As of November 17, 1994, PICA has issued $1,296.7 million of its Special Tax Revenue Bonds. In accordance with the enabling legislation, PICA was guaranteed a percentage of the wage tax revenue expected to be collected from Philadelphia residents to permit repayment of the bonds.

In January 1993, Philadelphia anticipated a cumulative general fund budget deficit of $57 million for the 1993 fiscal year. In response to the anticipated deficit, the Mayor unveiled a financial plan eliminating the budget deficit for the 1993 budget year through significant service cuts that included a plan to privatize certain city-provided services. Due to an upsurge in tax receipts, cost-cutting and additional PICA borrowings, Philadelphia completed the 1993 fiscal year with a balanced general fund budget. The audit findings for fiscal year 1993 show a surplus of approximately $3 million for the fiscal year ended June 30, 1993.

In January 1994, the Mayor proposed a $2.3 billion city general fund budget that included no tax increases, no significant service cuts and a series of modest health and welfare program increases. At that time, the Mayor also unveiled a $2.2 billion program (the "Philadelphia Economic Stimulus Program") designed to stimulate Philadelphia's economy and stop the loss of 1,000 jobs a month. The unaudited preliminary General Fund balance as of June 30, 1994 estimates a surplus of approximately $15.4 million.

S&P's rating on Philadelphia's general obligation bonds is "BB." Moody's rating is currently "Baa."

Litigation. The Commonwealth is a party to numerous lawsuits in which an adverse final decision could materially affect the Commonwealth's governmental operations and consequently its ability to pay debt service on its obligations. The Commonwealth also faces tort claims made possible by the limited waiver of sovereign immunity effected by Act 152, approved September 28, 1978.

Other Issuers of Pennsylvania Municipal 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.

FACTORS PERTAINING TO VIRGINIA

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

"Virginia"). It is derived from sources that are generally available to investors and is based in part on information obtained from various agencies in Virginia. 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 State or local governmental finances generally, will not adversely affect the market value of Virginia Municipal Obligations held in the portfolio of the Virginia Fund or the ability of particular obligors to make timely payments of debt service on (or relating to) those obligations.

The Commonwealth's financial condition is supported by a broad-based economy, including manufacturing, tourism, agriculture, ports, mining and fisheries. Manufacturing continues to be a major source of employment, ranking behind only services, wholesale and retail trade, and government (federal, state and local). The federal government is a major employer in Virginia due to the heavy concentration of federal employees in the metropolitan Washington, D.C., segment of Northern Virginia and the military employment in the Hampton Roads area, which houses the nation's largest concentration of military installations, although civilian defense employment has been affected by the retrenchment of the military sector and is likely to decrease further.

Although the Commonwealth enjoyed an economic boom in the mid-1980's, the Commonwealth's economy began to slow toward the end of the decade, and went into a recession with the rest of the nation after July, 1990. Gradual recovery has continued since the recession's end in March, 1991, with the Virginia economy providing reason for restrained optimism in fiscal year 1994. Employment figures furnished more encouragement than did income data. The state unemployment rates continued to be a bright spot, dropping to 4.9% for fiscal year 1994, compared to 6.4% nationally. However, the possibility of more defense cutbacks and additional plant downsizings provided two cautionary notes. Real taxable sales have nearly reached the pre-recession level of fiscal year 1990.

The impact of national trends on the Commonwealth is clearly seen in personal income figures. While year-to-year percentage changes in the Commonwealth personal income generally parallel those at the national level, the Commonwealth figures were higher during the first half of the 1980's. The differential has narrowed since 1988. In the first quarter of 1994, the most recent available, Virginia's growth rate was 6.1% compared to 3.9% for the nation. While Virginia's real per capita personal income surpassed the national figure in 1982 and has continued to exceed it, the relative differential has been narrowing since 1989 and is now the smallest since 1985. Virginia's 1989 maximum was 106% of national per capita income while the 1993 figure was 104%. In comparison with the South Atlantic region, Virginia's real per capita income has declined from a peak of 108% in 1989 to 106% in 1993.

Virginia's nonagricultural employment has also mirrored the national economy. For fiscal year 1994 Virginia's nonagricultural employment rose 2.9%, comparable to the pre-recession rate. Total nonagricultural employment for Virginia in June 1994 was a record high. During the period 1983-1990, the Commonwealth substantially outpaced the nation in growth of nonagricultural employment, with 4.1% average annual growth compared to 2.8% nationally; however, the trend lines for both have been

nearly parallel since 1990. For the period 1985-1990, the Commonwealth went ahead of the South Atlantic region, but was hit harder by the recession in 1990 and the defense adjustment. Since then, the region has outperformed the Commonwealth.

With respect to unemployment, Virginia's unemployment rate has consistently been below that of the nation. For the decade of 1980 to 1990, the differential has been two percentage points, although it decreased to below one percentage point in 1991 and 1992. For the first six months of fiscal year 1994, the Commonwealth's unemployment rate was 4.9%, compared to the national rate of 6.4%.

Employment trends in Virginia have varied from sector to sector and from region to region. Most sectors showed dramatic improvement compared to the anemic performance in fiscal year 1993. Employment grew in seven of ten categories. This past fiscal year's growth was led by a 5.4% employment jump in the construction sector and 5.3% in services. Federal civilian employment slipped 3%, the result of continued defense cutbacks and an effort to downsize. Once again, the greatest percentage loss was in mining, which suffered a 7.7% drop, a 40% greater loss than the previous year. The service sector continued to grow and mining and manufacturing are now at lower levels than in 1980. Employment trends also varied among regions. All of the Commonwealth's metropolitan statistical areas showed increased employment from fiscal year 1993 to fiscal year 1994, ranging from 1.1% to 4.3%, with most employment increases being experienced in metropolitan areas.

Highest rates of unemployment were found in southwest Virginia where mining jobs have been lost and the lowest unemployment rates were seen in Northern Virginia where much federally related employment is concentrated. As would be expected, there was great overlap between areas of lowest unemployment and those of highest per capita income.

Virginia appears to have fully participated in the national economic recovery, which has been slow by historic standards. The state has not yet returned to pre-recession growth rates for several measures, particularly real per capita personal income. The next round of defense cutbacks and the uncertain duration of the economic recovery are continuing sources of concern. A growing diversification of the state's export base is encouraging for the long-term but will not insulate the state from vulnerability to increased competition against its major products and to economic conditions abroad.

The Commonwealth of Virginia has historically operated on a fiscally conservative basis and is required by its Constitution to have a balanced biennial budget. At the end of the June 30, 1994 fiscal year, the General Fund had an ending fund balance, computed on a budgetary cash basis, of $518.7 million, of which $81 million was in required reserves. $430.1 million of the general fund balance was designated for expenditure during the next fiscal year, leaving an undesignated, unreserved fund balance of $7.6 million, the third consecutive such undesignated fund balance. Computed on a modified accrual basis in accordance with generally accepted accounting principles, the General Fund balance at the end of the fiscal year ended June 30, 1994, was $185.3 million, compared with a General Fund balance of $78.8 million at the end of the fiscal year ended June 30, 1993. This is the second consecutive year that the General Fund, measured on a modified accrual basis, has shown a positive fund balance.

As of June 30, 1994, total debt of the Commonwealth aggregated $8.4 billion. Of that amount, $2.5 billion was tax-supported. Outstanding general obligation debt backed by the full faith and credit of the Commonwealth was $792 million at June 30, 1994. Of that amount, $500 million was also secured by revenue producing capital projects.

The Virginia Constitution contains limits on the amount of general obligation bonds which the Commonwealth can issue. These limits are substantially in excess of current levels of outstanding bonds, and at June 30, 1994 would permit an additional total of approximately $5.6 billion of bonds secured by revenue-producing projects and approximately $5.8 billion of unsecured general obligation bonds for capital projects, with not more than approximately $921 million of the latter to be issued in any four-year period. Bonds which are not secured by revenue-producing projects must be approved in a state-wide election.

The Commonwealth of Virginia maintains a "AAA" bond rating from Standard & Poor's Corporation, Moody's Investors Service and Fitch Investors Service on its general obligation indebtedness, reflecting in part its sound fiscal management, diversified economic base and low debt ratios. There can be no assurances that these conditions will continue. Nor are these same conditions necessarily applicable to securities which are not general obligations of the Commonwealth. Securities issued by specific municipalities, governmental authorities or similar issuers may be subject to economic risks or uncertainties peculiar to the issuers of such securities or the sources from which they are to be paid, 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.

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 to 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 the Trust, including general supervision of the duties performed for the Funds under the Investment Management Agreement, is the responsibility of its Board of Trustees. The number of trustees of the Trust is fixed at seven. Due to the recent death of one of the trustees, John E. O'Toole, there is a vacancy on the board, so that currently there are six trustees of the Trust, 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 trustees and officers of the Trust and their principal occupations and other affiliations during the past five years are set forth below, with those trustees who are "interested persons" of the Trust indicated by an asterisk.

<TABLE>
<CAPTION>

NAME AND ADDRESS	AGE	POSITIONS AND OFFICES WITH TRUST	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 Trustee	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.
Timothy R. Schwertfeger* 333 West Wacker Drive Chicago, IL 60606	46	President and Trustee	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	Trustee	Retired (August 1989) as Senior Vice President of The Northern Trust Company.
Anne E. Impellizzeri 3 West 29th Street	62	Trustee	President and Chief Executive Officer of Blanton-Peale, Institutes of Religion and

New York, NY 10001	Health (since December 1990); prior thereto, Vice President of New York City Partnership (from 1987 to 1990).

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NAME AND ADDRESS	AGE	POSITIONS AND OFFICES WITH TRUST	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS
<S>	<C>	<C>	<C>
Margaret K. Rosenheim 969 East 60th Street Chicago, IL 60637	68	Trustee	Helen Ross Professor of Social Welfare Policy, School of Social Service Administration, University of Chicago.
Peter R. Sawers 22 The Landmark Northfield, IL 60093	61	Trustee	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 Drive Chicago, IL 60606	48	Vice President	Vice President of John Nuveen & Co. Incorporated.
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.
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).

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NAME AND ADDRESS	AGE	POSITIONS AND OFFICES WITH TRUST	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS
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.

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

The trustees of the Trust are also directors or trustees, as the case may be, of 14 other Nuveen open-end fund portfolios and 55 Nuveen closed-end funds.

The following table sets forth compensation paid by the Trust during the fiscal year ended January 31, 1995 to each of the trustees of the Trust. The Trust has no retirement or pension plans. The officers and trustees affiliated with Nuveen serve without any compensation from the Trust.

NAME OF TRUSTEE	AGGREGATE COMPENSATION FROM THE TRUST	TOTAL COMPENSATION FROM TRUST AND FUND COMPLEX PAID TO TRUSTEES
Richard J. Franke	$ 0	$ 0
Timothy R. Schwertfeger	0	0
Lawrence H. Brown	1,607	56,500
Anne E. Impellizzeri	1,226	48,750
Margaret K. Rosenheim	1,753(1)	64,404(2)
Peter R. Sawers	1,607	56,000

(1) Includes $270 in interest earned on deferred compensation from prior years.
(2) Includes $1,404 in interest earned on deferred compensation from prior years.

Each trustee 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 Trust requires no employees other than its officers, all of whom are compensated by Nuveen.

On May 25, 1995, the officers and trustees of the Trust 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, owns of record or is known by the Registrant to own of record or beneficially 5% or more of any class of each Fund's shares of the Trust.

<TABLE>
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NAME OF FUND AND CLASS	NAME AND ADDRESS OF OWNER	PERCENTAGE OF OWNERSHIP
<S>	<C>	<C>
Arizona Fund Class A Shares.........		18.47
	Donaldson Lufkin Jenrette Securities Corporation Inc. P.O. Box 2052 Jersey City, NJ 07303-9998	
	Prudential Securities FBO Mrs. Edrey J. Hagerstrom 18626 Spanish Garden Drive Madison 320 Sun City West, AZ 85375-1149	9.54
	Smith Barney, Inc. 00154505634 388 Greenwich Street New York, NY 10013	6.70
	Edna S. Gullett TR UA SEP 22 80 Edna S. Gullett Trust 18170 N 91st Ave., Apt. 2284 Peoria, AZ 85382-0876	5.02
Arizona Fund Class C Shares.........	Evans Robert Woodhouse & Elizabeth Woodhouse JT TEN WROS NOT TC 3138 N 17th Dr. Phoenix, AZ 85015-5807	32.73

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NAME OF FUND AND CLASS	NAME AND ADDRESS OF OWNER	PERCENTAGE OF OWNERSHIP
<S>	<C>	<C>
	Erasmo Ysasi TR UA APR 07 95 FBO Erasmo Ysasi Trust 1754 E. Carson Rd. Phoenix, AZ 85040-5747	32.21
	W. John Copeland 8560 E Lariat Ln. Scottsdale, AZ 85255-1453	13.68
	Leonidas K. Springer & Beverly J. Springer JT TEN WROS NOT TC 4720 W. Greenway Rd Glendale, AZ 85306-3518	10.36
	Ronald R. Nelson & Patricia J. Nelson JT TEN WROS NOT TC 4236 W Ironwood Dr. Phoenix, AZ 85051-1051	7.41
Arizona Fund Class R Shares.......	Merrill Lynch Pierce Fenner & Smith Inc. 979D4 Attn: Book Entry Dept. 4800 Deer Lake Dr. E Fl 3 Jacksonville, FL 32246-6484	7.24
Florida Fund Class A Shares.......	Merrill Lynch Pierce Fenner & Smith Inc. 97E80 Attn: Book Entry Dept. 4800 Deer Lake Dr. E Fl 3 Jacksonville, FL 32246-6484	11.67
	William R. Spear 1211 Gasparilla Dr. Fort Myers, FL 33901-7709	6.59
	NFSC FEBO #AEB-203246 Alberta V. Charlton	5.90

	669 W. Oakland Park Blvd. Apt. 1048 Fort Lauderdale, FL 33311	
Florida Fund Class C Shares	Robert J. Hart & Monica Hart TR UA MAR 23 83 Robert J. Hart Trust 251 Algiers Ave. Fort Lauderdale, FL 33308- 4434	41.18

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NAME OF FUND AND CLASS	NAME AND ADDRESS OF OWNER	PERCENTAGE OF OWNERSHIP
<S>	<C>	<C>
	Roland C. White & Arlene I. White JT TEN WROS NOT TC 961 Tarrson Blvd. Lady Lake, FL 32159-2363	16.02
	PaineWebber For The Benefit Of Clarence W. Hebert 11 Hunthurst Circle Worcester, MA 01602-2830	14.91
	PaineWebber For The Benefit Of Gertrude Goldberg TTEE Gertrude Goldberg Declaration of Trust DTD 4-3-91 Cornwall D. Apt. 2063 Boca Raton, FL 33434	12.16
	PaineWebber For The Benefit Of Mary Rogers 3070 Wedgewood Blvd. Delray Beach, FL 33445-5748	7.40
Maryland Fund Class A Shares........	Frances E. Edwards 12227 Legore Rd. Keymar, MD 21757-8437	9.23
	NFSC FEBO #OLE-515248 Patricia B. O. Hanlon 6699 Oxford Road Easton, MD 21601	7.39
	Hedwig K. Samelko 1705 Summit Ave. Baltimore, MD 21237-1310	6.96
	Merrill Lynch Pierce Fenner & Smith Inc. 97E83 Attn: Book Entry Dept. 4800 Deer Lake Dr. E Fl 3 Jacksonville, FL 32246-6484	6.15
Maryland Fund Class C Shares........	NFSC FEBO # A1F-405744 Russell L. Jackson & Carthelia L. Jackson P.O. Box 256 Hughesville, MD 20637	33.14
	Joyce Dubow 9 Sedgwick Ln. Rockville, MD 20852-3636	10.63

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NAME OF FUND AND CLASS	NAME AND ADDRESS OF OWNER	PERCENTAGE OF OWNERSHIP
<S>	<C>	<C>
	Murray Fisher & Lee Fisher JT TEN WROS NOT TC 12702 Eldrid Pl. Silver Spring, MD 20904-3513	6.17
	Naomi N. Brosey & Bonnie K. Adkins JT TEN WROS NOT TC C/O Mahokin Manor #202	5.78

	11974 Edgehill Terrace Rd	
	Princess Anne, MD 21853-2100	
	Myron V. Wotring &	5.67
	Letty M. Wotring	
	JT TEN WROS NOT TC	
	921 Topmast Way	
	Annapolis, MD 21401-6849	
	Charlotte A. Ellis	5.61
	112 Montleau Ave.	
	Salisbury, MD 21801-4534	
	Frances Caruso	5.01
	5306 Cedar Ln.	
	Columbia, MD 21044-1200	
Maryland Fund		
Class R Shares.........	Merrill Lynch Pierce Fenner &	6.37
	Smith Inc. 979D5	
	Attn: Book Entry Dept.	
	4800 Deer Lake Dr. E Fl 3	
	Jacksonville, FL 32246-6484	
Michigan Fund		
Class A Shares.........	OLDE Discount Corp.	8.99
	751 Griswold St.	
	Detroit, MI 48226-3224	
	Maurice C. Higgins TR	6.78
	UA APR 21 93	
	Maurice C. Higgins Revocable	
	Living Trust	
	1689 Lakeside Dr.	
	Harbor Beach, MI 48441-8963	
	Leroy Hrlic &	5.18
	Dolores Hrlic	
	JT TEN WROS NOT TC	
	4467 Weddell St.	
	Dearborn Heights, MI 48125-3031	
	Joanna & George D. Shefferly &	5.16
	Susan Morrissey	
	JT TEN WROS NOT TC	
	4800 Cadieux #330	
	Detroit, MI 48224	

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<TABLE>
<CAPTION>

NAME OF FUND AND CLASS	NAME AND ADDRESS OF OWNER	PERCENTAGE OF OWNERSHIP
<S>	<C>	<C>
	Yosheff Enterprises	5.15
	A Partnership	
	c/o Paul Yosheff & Luba Yosheff	
	7548 River Rd.	
	Flushing, MI 48433-2207	
	Gwenola B Reppen Trustee	5.02
	Gwenola B Reppen Trust	
	U/A DTD 6-27-89	
	15809 Sussex	
	Detroit, MI 48227	
Michigan Fund		
Class C Shares.........	Mildred T. Barkalow	20.95
	7171 Camino Del Ray	
	Rockford, MI 49341	
	NFSC FEBO # ORJ-890073	19.42
	William J. Donahue &	
	Linda S. Donahue	
	1835 S Walmont	
	Jackson, MI 49203	
	Nicholas & Melody Liscomb TR	15.82
	UA JUN 13 91	
	Liscomb Family Living Trust	
	434 W Westwood Dr.	
	Adrian, MI 49221-1349	
	Mary L. Evans &	15.71
	Leamon Evans &	
	Noah Shumpert	
	JT TEN WROS NOT TC	
	1163 Peachtree Dr.	
	Mount Morris, MI 48458-2833	
	Donaldson Lufkin Jenrette	15.41
	Securities Corporation Inc.	
	P.O. Box 2052	
	Jersey City, NJ 07303-9998	

New Jersey Fund Class A Shares.........	Aurora Steig 73 Monterey Cir. Lakewood, NJ 08701-3066	5.16
New Jersey Fund Class C Shares.........	Alvin H. Frankel Agent for Louise I. Grill U/POA DTD JUN 17 94 601 Haddon Ave. Collingswood, NJ 08108-3703	29.89
	Donaldson Lufkin Jenrette Securities Corporation Inc. P.O. Box 2052 Jersey City, NJ 07303-9998	20.09

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<TABLE>
<CAPTION>

NAME OF FUND AND CLASS	NAME AND ADDRESS OF OWNER	PERCENTAGE OF OWNERSHIP
<S>	<C>	<C>
	NFSC FEBO # A7D-004987 Doris Sicora 103 W. Spray Way Lavallette, NJ 08735	16.16
	Norma D. Mayers 226 Ridge Rd. Watchung, NJ 07060-5420	7.94
	Marketing One Securities, Inc. FBO 147030031 851 Southwest 6th Avenue Portland, OR 97204-1346	7.02
	Marco A. Scardina Silver Ridge Park 18 Edgewater Dr. Toms River, NJ 08757-5654	5.84
Pennsylvania Fund Class A Shares.........	Dorothy M. Cossitor & Peter P. Cossitor JT TEN WROS NOT TC 16668 Brewer Ave. Patton, PA 16668-1701	6.13
Pennsylvania Fund Class C Shares.........	Thomas O. Pizor 211 Meridian Rd. Butler, PA 16001-2823	12.42
	Anne M. Ricchuito 2295 Salem Dr. Pittsburgh, PA 15237-1556	9.01
	Richard R. Blough 9111 Marshall Rd. Cranberry Twp, PA 16066-3611	8.79
	James E. Alexander 633 Rock Springs Rd. Pittsburgh, PA 15228-2634	6.02
	Joanne D. Young 6024 Claridge Rd. Export, PA 15632-8916	5.86
	Richard J. Hajnosz 6026 Claridge Rd. Export, PA 15632-8916	5.86
	Richard K. Small & Marilyn G. Small JT TEN WROS NOT TC 11370 N Garfield Street Ext Waynesboro, PA 17268-9659	5.22

</TABLE>

<TABLE>
<CAPTION>

NAME OF FUND AND CLASS	NAME AND ADDRESS OF OWNER	PERCENTAGE OF OWNERSHIP
<S>	<C>	<C>
Virginia Fund Class A Shares.........	Joy M. Decker 15 Carlisle Rd. RR 1 Box 415A	5.40

	Axton, VA 24054-9740	
Virginia Fund Class C Shares........	NFSC FEBO # A1F-435902 Richard U. Cogswell 350 S Vandorn St., Apt. Q 216 Alexandria, VA 22304	24.95
	Gladys H. Swift TR UA AUG 21 84 Gladys H. Shift Revocable Trust 1311 Branchlands Dr. Charlottesville, VA 22901-1753	11.14
	Raymond James & Assoc Inc. For Margin Acct. #84291379 FAO Andrew W. Stephenson 4050 41st St. N. McLean, VA 22101-5805	11.04
	Donaldson Lufkin Jenrette Securities Corporation Inc P.O. Box 2052 Jersey City, NJ 07303-9998	8.53
	John T. E. Cribb, Jr. & Kirsten Brandt Cribb JT TEN WROS NOT TC 712 N Oakland St. Arlington, VA 22203-2223	6.91
	James W. Gunn & Roberta M. Gunn JT TEN WROS NOT TC 8834 Camfield Dr. Alexandria, VA 22308-2816	5.36
Virginia Fund Class R Shares.........	Merrill Lynch Pierce Fenner & Smith Inc. 979D8 Attn: Book Entry Dept. 4800 Deer Lake Dr. E Fl 3 Jacksonville, FL 32246-6484	7.12

</TABLE>

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 the Trust'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 trustees or officers of the Trust if elected to such positions. See "Management of the Funds" in the Prospectus.

Pursuant to an investment management agreement between Nuveen Advisory and the Trust, each Fund has agreed to pay an annual management fee at the rates set forth below:

<TABLE>
<CAPTION>

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%
On assets of $2 billion and over	.4750 of 1%

</TABLE>

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 the fiscal year ended January 31, 1995, Nuveen Advisory agreed to waive all or a portion of its management fees or reimburse certain expenses of each Fund. For the last three fiscal years, the Funds paid net management fees to Nuveen Advisory as follows:

<TABLE>
<CAPTION>

	NET MANAGEMENT FEES PAID TO NUVEEN ADVISORY FOR THE YEAR ENDED JANUARY 31,	FEE WAIVERS AND EXPENSE REIMBURSEMENTS FOR THE YEAR ENDED JANUARY 31,

	1993*	1994	1995	1993*	1994	1995
Arizona Fund..........	$ 0	$ 5,394	$ 37,557	$ 51,167	$ 60,783	$ 51,152
Florida Fund..........	7,221	143,759	226,883	57,090	50,646	44,113
Maryland Fund.........	48,063	172,693	189,022	47,696	42,288	65,460
Michigan Fund.........	0	46,875	86,293	73,551	63,717	58,458
New Jersey Fund........	0	85,065	156,717	58,296	61,303	54,105
Pennsylvania Fund......	5,319	132,557	191,299	62,826	67,989	83,798
Virginia Fund.........	82,352	214,913	261,196	52,251	42,776	40,815
Total for all Funds....	142,955	801,256	1,148,967	402,877	389,502	397,901

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*Reflects amounts in respect of the period from February 28, 1992 (commencement of operations) through January 31, 1993.

Nuveen Advisory has agreed to continue its fee waivers and expense reimbursements through July 31, 1995, and it is anticipated that Nuveen Advisory will continue its fee waivers and expense reimbursements for some length of time thereafter. As discussed in the Prospectus, in addition to the management fee of Nuveen Advisory, each Fund pays all other costs and expenses of its operations and a

portion of the Trust'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, the Adviser, 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 attempt to take advantage of, a Fund's anticipated or actual portfolio transactions, and is designed to assure that the interests of Fund shareholders are placed before the interests 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 Trustees.

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 Trustees 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 Trustees, including a majority of the trustees who are not interested persons of the Trust.

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 Trust's 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.

In determining net asset value for each of the Funds, the Trust's custodian utilizes the valuations of portfolio securities furnished by a pricing service approved by the trustees. 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 Trust under the general supervision of the Board of Trustees.

TAX MATTERS

FEDERAL INCOME TAX MATTERS

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

As described in the Prospectus, each Fund intends to qualify 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 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 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 federal income tax liabilities if any, and to claim refunds to the extent the credit exceeds such liabilities. For 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 investments in Municipal Obligations, which is exempt from regular federal income tax when received by such Fund, as exempt-interest dividends. Shareholders receiving exempt-interest dividends will not be subject to regular 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 U.S. 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

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/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.

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 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.

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.

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 deductions 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 tax rate 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 gains 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 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. 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, are 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 backup 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 and 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. 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 ARIZONA TAX-FREE VALUE FUND

The following is based upon the advice of Chapman and Cutler, special state tax counsel to the Arizona Fund.

Assuming that the Arizona Fund qualifies as a "regulated investment company" for federal income tax purposes under Subchapter M of the Code and that amounts so designated by the Arizona Fund to its shareholders qualify as "exempt-interest dividends" under Section 852(b)(5) of the Code, such exempt-interest dividends attributable to Arizona Municipal Obligations will be exempt from Arizona income tax when received by a shareholder of the Arizona Fund to the same extent as interest on the Arizona Municipal Obligations would be exempt from Arizona income tax if received directly by such shareholder. Other dividends by the Arizona Fund, including capital gain distributions, if any, or additional amounts includable in the gross income of the shareholders for federal income tax purposes (including gains realized upon the redemption or exchange of shares of the Fund) will be subject to Arizona income tax.

Assuming that the Arizona Fund will be classified as a "diversified management company" under Section 5(b)(1) of the Investment Company Act of 1940 and registered as such thereunder, the Arizona Fund will be exempt from Arizona income tax.

Interest on indebtedness incurred or continued by a shareholder in connection with the purchase or carrying of shares in the Arizona Fund will not be deductible for Arizona income tax purposes. Neither the Arizona Municipal Obligations purchased by the Arizona Fund nor the shares in the Arizona Fund owned by a shareholder will be subject to Arizona property taxes, sales or use taxes.

NUVEEN FLORIDA TAX-FREE VALUE FUND

The following is based upon the advice of Fowler, White, Burnett, Hurley, Banick & Strickroot, P.A., special state tax counsel to the Florida Fund.

Florida does not impose an income tax on individuals. All corporate shareholders will be subject to Florida income taxation on (a) their apportioned share of the income characterized as business income of such shareholders under the Florida Income Tax Code ("Florida Code") realized by the Florida Fund

and distributed to them notwithstanding the tax exempt character of the interest received from Florida Municipal Obligations under Section 103(a) of the Code or any other federal law and (b) on gains realized from a redemption or exchange of the Florida Fund shares to the extent characterized as business income. Only a corporate shareholder that has its commercial domicile in Florida will be taxable under the Florida Code on its respective share of the Florida

Fund's capital gains and interest income that constitute nonbusiness income of such shareholder and that is distributed to it, and on gains realized from a redemption or exchange of the Florida Fund shares that constitute nonbusiness income. Certain trusts, excluding private and testamentary trusts, may be subject to the Florida corporate income tax.

Neither the Florida Fund nor its shareholders will be subject to the Florida intangible personal property tax on Florida Municipal Obligations or the Shares of the Florida Fund, respectively, with respect to any calendar year so long as at the close of the preceding calendar year and on January 1 of the then current year, the Florida Fund's portfolio of assets consisted solely of Florida Municipal Obligations or other assets exempt from the Florida intangible personal property tax. If the Florida Fund holds any other types of assets on that date, then the entire value of the Fund's shares (except for the portion of the value of the shares attributable to U.S. Government Obligations) will be subject to the intangible personal property tax.

Shares of the Florida Fund will be subject to Florida estate tax only if owned by Florida residents, certain natural persons not residents of Florida, or certain natural persons not residents of the United States. The Florida estate tax is limited, however, to the amount of the credit allowable under the applicable Federal Revenue Act (currently Section 2011 and in some cases Section 2102 of the Code) for state death taxes actually paid to the several states.

For Florida state income tax purposes, the Florida Fund should not be liable for Florida corporate income tax imposed by the Florida Code so long as the Florida Fund does not have taxable nexus with Florida. Assuming that the Fund will not have an office or other place of business in Florida, nor any employees or salespersons in Florida, nor any tangible property in Florida, nor any private loans secured by a mortgage, deed of trust or other lien on real or tangible personal property there should be no taxable nexus with Florida for corporate income tax purposes. If there is taxable nexus with Florida, the Florida Fund's "taxable income" will be its investment company taxable income, increased by the excess of net long-term capital gains for the year over the amount of capital gain dividends attributable to the year.

Shares of the Florida Fund will not be subject to the Florida ad valorem property tax or Florida sales and use tax, assuming the Florida Fund owns no Florida tangible property. The transfer of the Fund Shares will not be subject to the Florida Documentary Stamp Tax.

NUVEEN MARYLAND TAX-FREE VALUE FUND

The following is based upon the advice of Venable, Baetjer and Howard, LLP, special state tax counsel to the Maryland Fund.

As long as dividends paid by the Maryland Fund qualify as interest excludable under Section 103 of the Code and the Maryland Fund qualifies as a "regulated investment company" under the Code, the portion of exempt-interest dividends that represents interest received by the Maryland Fund on obligations (a) of Maryland or its political subdivisions and authorities, or (b) of the United States or an authority, commission, instrumentality, possession or territory,will be exempt from Maryland state and local income taxes when allocated or distributed to a shareholder of the Maryland Fund.

Income earned on certain private activity bonds (which might be held by the Maryland Fund) will constitute a Maryland tax preference for individual shareholders.

Interest received by the Maryland Fund on obligations issued by states other than Maryland, as well as any income earned on repurchase contracts, will be subject to Maryland state and local income taxes.

Gain realized by the Maryland Fund from the sale or exchange of a bond issued by Maryland or a political subdivision of Maryland, will not be subject to Maryland state and local income taxes.

Maryland has no general exemption provisions for capital gain which would be available to a shareholder of the Maryland Fund. Thus, capital gain dividends paid by the Maryland Fund to a shareholder (except for gain on bonds issued by Maryland or its political subdivisions), or gains realized by a shareholder from a redemption or exchange of these shares, will be subject to Maryland state and local income taxes.

Interest on indebtedness incurred or continued (directly or indirectly) by a shareholder of the Maryland Fund to purchase or carry shares of the Maryland Fund will not be deductible for Maryland state and local income tax purposes to the extent such interest is allocable to exempt-interest dividends.

Any interest in the Fund owned by a Maryland resident upon death will be subject to Maryland estate tax and Maryland inheritance tax, subject to any available exemptions or credits allowed by law.

NUVEEN MICHIGAN TAX-FREE VALUE FUND

The following is based upon the advice of Dickinson, Wright, Moon, Van Dusen & Freeman, special state tax counsel to the Michigan Fund. In rendering such advice, counsel has assumed that the Fund will qualify under Subchapter M of the Code as a regulated investment company and will satisfy the conditions which will cause Fund distributions to qualify as exempt-interest dividends to shareholders when distributed as intended.

The Michigan Fund is not subject to tax under the Michigan income tax act, the Michigan single business tax act, the Michigan intangibles tax act, the Michigan city income tax act (which authorizes the only income tax ordinance that may be adopted by cities in Michigan), and under the law which authorizes a "first class" school district to levy an excise tax upon income.

To the extent that an individual (and certain other Michigan Fund shareholders) receives distributions with respect to Michigan Fund shares that are derived from interest on Michigan Municipal Obligations, such distributions will be exempt from Michigan state and local income taxes and excluded from

the taxable income base of the Michigan intangibles tax. Corporations and financial institutions are not subject to Michigan income tax and business corporations subject to the Michigan single business tax are not subject to the Michigan intangibles tax.

For Michigan income tax purposes, the proportionate share of distributions from the Michigan Fund's net investment income derived from other than Michigan Municipal Obligations and from any short-term or long-term capital gains (whether received in cash or additional shares), together with any gain or loss realized when the shareholder redeems or exchanges shares of the Fund, will be included in Michigan taxable income.

For Michigan intangibles tax purposes, the proportionate share of distributions from the Michigan Fund's net investment income derived from other than Michigan Municipal Obligations and from any short-term or long-term capital gains, will be included in the taxable income base of the Michigan intangibles tax, except that distributions from net investment income or capital gains reinvested in Michigan Fund shares are exempt from such tax.

If the shareholder is subject to the Michigan single business tax (i.e., is engaged in a "business activity" and receives distributions derived from interest on Michigan Municipal Obligations) or the shareholder sells or exchanges shares of the Michigan Fund, such event may affect the adjusted tax base upon which the single business tax is computed. The taxation of business activities subject to the Michigan single business tax is complex and shareholders who receive distributions with respect to shares of the Michigan Fund held in connection with such individual, corporate or partnership business activities should consult with their tax advisors.

To the extent a shareholder receives distributions from the Michigan Fund which are derived from interest on obligations of the United States or its agencies, possessions, or instrumentalities that are exempt from state taxation under federal law, such distributions will also be exempt from the Michigan income tax, the Michigan intangibles tax, the Michigan single business tax, and the Michigan city income tax act.

Shares of the Michigan Fund will be subject to the Michigan estate tax if owned by a Michigan decedent at the date of death.

The foregoing is a general, abbreviated summary of certain of the provisions of the applicable Michigan tax law as presently in effect as it directly governs the taxation of shareholders of the Michigan Fund. These provisions are subject to change by legislative or administrative action, and any such change may be retroactive with respect to Michigan Fund transactions. Shareholders are advised to consult with their own tax advisers for more detailed information concerning Michigan tax matters.

NUVEEN NEW JERSEY TAX-FREE VALUE FUND

The following is based upon the advice of Pitney, Hardin, Kipp & Szuch, special state tax counsel to the New Jersey Fund.

The New Jersey Fund will qualify as a "qualified investment fund" if, for any calendar year in which a distribution is paid: (1) the New Jersey Fund has no investments, other than interest-bearing obligations, obligations issued at a discount, and cash and cash items, including receivables, and financial options, futures, forward contracts, or other similar financial instruments related to interest-bearing obligations, obligations issued at a discount or bond indexes related thereto; (2) at the close of each calendar quarter the New Jersey Fund has not less than 80% of the aggregate principal amount of all of its investments (excluding financial options, futures, forward contracts, or other similar financial instruments related to interest-bearing obligations, obligations issued at a discount or bond indexes related thereto to the extent such instruments are authorized by Section 851(b) of the Code, cash and cash items, which cash items shall include receivables) in New Jersey Municipal Obligations, United States obligations, or any other obligations the interest or gains on which is exempt from New Jersey Gross Income Tax pursuant to New Jersey law or federal law; and (3) the New Jersey Fund satisfies the certification and reporting requirements imposed by regulations promulgated by the New Jersey Division of Taxation. The New Jersey Fund intends to so qualify.

Individual shareholders of the New Jersey Fund, including trusts and estates, who are subject to the New Jersey Gross Income Tax, will not be required to include in their New Jersey gross income distributions from the New Jersey Fund which the New Jersey Fund clearly identifies as directly attributable to interest or gains from New Jersey Municipal Obligations, obligations of the United States or any other obligations the interest or gains on which is exempt from New Jersey Gross Income Tax under New Jersey law or federal law, provided that the New Jersey Fund qualifies as a "qualified investment fund."

Distributions to individual shareholders, including trusts and estates, who are subject to the New Jersey Gross Income Tax, attributable to interest or gains on municipal obligations issued by states other than New Jersey, including municipalities or authorities in such other states, or any other obligations the interest on which is not exempt from New Jersey Gross Income Tax pursuant to New Jersey law or federal law, will be included in the New Jersey Gross Income Tax as New Jersey gross income.

Individual shareholders of the New Jersey Fund, including trusts and estates, who are subject to the New Jersey Gross Income Tax, will not be required to include in gross income net gains attributable to the redemption or exchange of New Jersey Fund shares provided that the New Jersey Fund qualifies as a "qualified investment fund." Any loss realized on such redemption or exchange may not be utilized to offset gains realized by such shareholder on the sale of assets the gain on which is subject to the New Jersey Gross Income Tax.

Shares of the New Jersey Fund may be taxable upon the death of a shareholder who dies domiciled in New Jersey under the New Jersey Inheritance Tax Law or the New Jersey Estate Tax Law.

If a shareholder is a corporation (including an S corporation) subject to the New Jersey Corporation Business Tax or the New Jersey Corporation Income Tax, distributions of interest or gains, or both, from the New Jersey Fund will be includable in its entire net income for purposes of the New Jersey Corporation Business Tax or New Jersey Corporation Income Tax, less any interest expense incurred to

carry such investment to the extent such interest expense has not been deducted in computing federal taxable income. Net gains derived by such corporation on the redemption or exchange of New Jersey Fund shares will be included in its entire net income for purposes of the New Jersey Corporation Business Tax or New Jersey Corporation Income Tax.

NUVEEN PENNSYLVANIA TAX-FREE VALUE FUND

The following is based upon the advice of Dechert Price & Rhoads, special state tax counsel to the Pennsylvania Fund.

Shares of the Pennsylvania Fund are not subject to any of the personal property taxes presently in effect in Pennsylvania to the extent of that proportion of the Pennsylvania Fund represented by Pennsylvania Municipal Obligations. The taxes referred to above include the County Personal Property Tax, the additional personal property taxes imposed on Pittsburgh residents by the School District of Pittsburgh and by the City of Pittsburgh. Shares of the Pennsylvania Fund may be taxable under the Pennsylvania inheritance and estate taxes.

The proportion of interest income representing interest income from Pennsylvania Municipal Obligations received by the Fund and distributed to shareholders of the Pennsylvania Fund is not taxable under the Pennsylvania Personal Income Tax or under the Corporate Net Income Tax, nor will such interest be taxable under the Philadelphia School District Investment Income Tax imposed on Philadelphia resident individuals.

The disposition by the Pennsylvania Fund of a Pennsylvania Municipal Obligation (whether by sale, exchange, redemption or payment at maturity), as well as the distribution of the proceeds of such disposition, will not constitute a taxable event to a shareholder under the Pennsylvania Personal Income Tax if the Pennsylvania Municipal Obligation was issued prior to February 1, 1994. Further, although there is no published authority on the subject, special Pennsylvania counsel is of the opinion that (i) a shareholder of the Pennsylvania Fund will not have a taxable event under the Pennsylvania state and local income taxes referred to in the preceding paragraph (other than the Corporate Net Income Tax) upon the redemption or exchange of his or her shares to the extent that the Pennsylvania Fund is then composed of Pennsylvania Municipal Obligations issued prior to February 1, 1994 and (ii) the dispositions by the Pennsylvania Fund of a Pennsylvania Municipal Obligations (whether by sale, exchange, redemption or payment at maturity), as well as the distribution of the proceeds of such disposition, will not constitute a taxable event to a shareholder under the Philadelphia School District Investment Income Tax if the Pennsylvania Municipal Obligation was issued prior to February 1, 1994. (The School District tax has no application to gain on the disposition of property held by the taxpayer for more than six months.)

The Pennsylvania Fund is not subject to the Pennsylvania Corporate Net Income Tax or Capital Stock-Franchise Tax.

If a shareholder is a corporation subject to the Pennsylvania Capital Stock-Franchise Tax, the value of the Pennsylvania Fund shares owned by such shareholder and income derived from their ownership may be taken into account in determining the "capital stock value" of such shareholder.

NUVEEN VIRGINIA TAX-FREE VALUE FUND

The following is based upon the advice of Christian, Barton, Epps, Brent & Chappell, special state tax counsel to the Virginia Fund. It assumes that the Virginia Fund qualifies for treatment as a regulated investment company under Subchapter M of the Code, that it will satisfy conditions that will enable it to avoid liability for federal income taxation on its investment income, that it will designate distributions from the income generated by the Virginia Municipal Obligations as exempt-interest dividends and that amounts so designated qualify as exempt-interest dividends under the Code.

Under existing Virginia law, as long as the Virginia Fund qualifies as a regulated investment company under the Code, it will be exempt from Virginia income taxation and dividends received from the Virginia Fund that are allocable to interest received by the Virginia Fund on Virginia Municipal Obligations will be exempt from Virginia income taxes.

In this regard, notwithstanding the fact that income on certain of the obligations in the Virginia Fund may be subject to Federal income taxes, interest on certain federal obligations is exempt from Virginia income taxation. Distributions to shareholders that are attributable to interest on federal obligations that are exempt from Virginia income taxation would be exempt from Virginia income taxes. Further, to the extent distributions to shareholders are attributable to interest on Municipal Obligations other than Virginia Municipal Obligations, such distributions will be included in the shareholder's Virginia taxable income.

As a general rule, to the extent that gain (whether as a result of the sale of Virginia Municipal Obligations by the Virginia Fund or as a result of the redemption or exchange of a share by the shareholder) is subject to federal income tax, such gain will be included in the shareholder's Virginia taxable income. Under the language of certain enabling legislation, however, such as the Virginia Industrial Development and Revenue Bond Act, the Virginia Resources Authority Act and the Virginia Housing Development Authority Act, gain made on the sale of obligations issued thereunder is expressly exempt from Virginia income taxation. Distributions to shareholders that are attributable to such gain would be exempt from Virginia income taxes.

Although certain counties and cities in the Commonwealth are authorized to levy a local income tax upon Virginia taxable income, to date, none has undertaken to do so.

The Commonwealth does not impose a gift tax. The Commonwealth imposes an estate tax on the transfer of a resident's federal taxable estate and a non-resident's federal taxable estate located in the Commonwealth.

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 a Fund's financial statements. Yields for each class of shares of each Fund as of January 31, 1995 are set forth below.

Taxable equivalent yield is computed by dividing that portion of the yield which is tax-exempt by the remainder of (1 minus the stated combined federal and state income tax rate, taking into account the deductibility of state taxes for federal income tax purposes) and adding the product to that portion, if any, of the yield 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 January 31, 1995 quoted in the left-hand column.

<TABLE>
<CAPTION>

AS OF JANUARY 31, 1995	YIELD	COMBINED FEDERAL AND STATE TAX RATE*	TAXABLE EQUIVALENT YIELD
<S>	<C>	<C>	<C>
Arizona Fund			
Class A Shares	5.05%	43.0%	8.86%
Class C Shares	4.56%	43.0%	8.00%
Class R Shares	5.55%	43.0%	9.74%
Florida Fund			
Class A Shares	4.99%	39.6%	8.26%
Class C Shares	4.48%	39.6%	7.42%
Class R Shares	5.47%	39.6%	9.06%
Maryland Fund**			
Class A Shares	5.08%	45.0%	9.24%
Class C Shares	4.58%	45.0%	8.33%
Class R Shares	5.56%	45.0%	10.11%
Michigan Fund			
Class A Shares	5.12%	44.5%	9.23%
Class C Shares	4.63%	44.5%	8.34%
Class R Shares	5.62%	44.5%	10.13%
New Jersey Fund			
Class A Shares	5.32%	43.5%	9.42%
Class C Shares	4.82%	43.5%	8.53%
Class R Shares	5.82%	43.5%	10.30%
Pennsylvania Fund			
Class A Shares	5.42%	41.5%	9.26%
Class C Shares	4.94%	41.5%	8.44%
Class R Shares	5.93%	41.5%	10.14%
Virginia Fund			
Class A Shares	5.09%	43.0%	8.93%
Class C Shares	4.60%	43.0%	8.07%
Class R Shares	5.58%	43.0%	9.79%

</TABLE>

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*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 nearest .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 local 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 advertising and 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 January 31, 1995, based on the maximum public offering price then in effect for the Funds were as follows:

	DISTRIBUTION RATES		
	CLASS A*	CLASS C**	CLASS R
Arizona Fund	5.08%	5.30%	5.54%
Florida Fund	4.83%	5.06%	5.29%
Maryland Fund	5.01%	5.26%	5.49%
Michigan Fund	4.99%	5.24%	5.47%
New Jersey Fund	5.06%	5.31%	5.54%
Pennsylvania Fund	5.05%	5.28%	5.49%
Virginia Fund	5.05%	5.30%	5.53%

*Assumes imposition of the maximum sales charge for Class A shares of 4.50%.
**Dividends used in calculating Class C distribution rates do not reflect change in policy, first made effective with respect to the February 1995 dividend, of deducting Class C distribution fees from income instead of from capital, in conformance with a recent IRS revenue ruling.

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 annual total return figures, including the effect of the current maximum sales charge for Class A shares, for the one-year period ended January 31, 1995 and for the period from inception (on December 13, 1991 with respect to the Class R Shares and on September 6, 1994 with respect to the Class A Shares and Class C Shares) through January 31, 1995, respectively, were as follows:

	ANNUAL TOTAL RETURN	
	FOR THE YEAR ENDED JANUARY 31, 1995	FROM INCEPTION THROUGH JANUARY 31, 1995
Arizona Fund		
Class A Shares	N/A	(3.31)*%
Class C Shares	N/A	1.25*%
Class R Shares	(4.39)%	6.66%
Florida Fund		
Class A Shares	N/A	(4.00)*%
Class C Shares	N/A	1.84*%
Class R Shares	(4.33)%	5.96%

Maryland Fund		
Class A Shares..............................	N/A	(4.75)*%
Class C Shares..............................	N/A	0.12*%
Class R Shares..............................	(4.58)%	5.57%
Michigan Fund		
Class A Shares..............................	N/A	(4.48)*%
Class C Shares..............................	N/A	1.18*%
Class R Shares..............................	(3.98)%	6.69%
New Jersey Fund		
Class A Shares..............................	N/A	(4.48)*%
Class C Shares..............................	N/A	1.16*%
Class R Shares..............................	(3.27)%	6.48%
Pennsylvania Fund		
Class A Shares..............................	N/A	(4.03)*%
Class C Shares..............................	N/A	(0.53)*%
Class R Shares..............................	(4.94)%	6.08%
Virginia Fund		
Class A Shares..............................	N/A	(4.50)*%
Class C Shares..............................	N/A	0.10*%
Class R Shares..............................	(3.92)%	6.20%

</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 returns, including the effect of the maximum sales charge for Class A Shares, for the one-year period ended January 31, 1995, and for the period from inception (on December 13, 1991 with respect to the Class R Shares and on September 6, 1994 with respect to the Class A Shares and Class C Shares) through January 31, 1995, respectively, were as follows:

<TABLE>
<CAPTION>

	CUMULATIVE TOTAL RETURN	
	FOR THE YEAR ENDED JANUARY 31, 1995	FROM INCEPTION THROUGH JANUARY 31, 1995
<S>	<C>	<C>
Arizona Fund		
Class A Shares..............................	N/A	(3.31)%
Class C Shares..............................	N/A	1.25%
Class R Shares..............................	(4.39)%	20.75%
Florida Fund		
Class A Shares..............................	N/A	(4.00)%
Class C Shares..............................	N/A	1.84%
Class R Shares..............................	(4.33)%	18.43%
Maryland Fund		
Class A Shares..............................	N/A	(4.75)%
Class C Shares..............................	N/A	0.12%
Class R Shares..............................	(4.58)%	17.18%
Michigan Fund		
Class A Shares..............................	N/A	(4.48)%
Class C Shares..............................	N/A	1.18%
Class R Shares..............................	(3.98)%	20.85%
New Jersey Fund		
Class A Shares..............................	N/A	(4.48)%
Class C Shares..............................	N/A	1.16%
Class R Shares..............................	(3.27)%	20.17%
Pennsylvania Fund		
Class A Shares..............................	N/A	(4.03)%
Class C Shares..............................	N/A	(0.53)%
Class R Shares..............................	(4.94)%	18.83%
Virginia Fund		
Class A Shares..............................	N/A	(4.50)%

Class C Shares..............................	N/A	0.10%
Class R Shares..............................	(3.92)%	19.23%

</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, the annual taxable equivalent total returns for each Fund's Class R Shares for the one-year period ended January 31, 1995, and for all classes for the period from inception (on December 13, 1991 with respect to the Class R Shares and on September 6, 1994 with respect to the Class A Shares and Class C Shares) through January 31, 1995, respectively, were as follows:

<TABLE>
<CAPTION>

	ONE YEAR ENDED JANUARY 31, 1995		FROM INCEPTION THROUGH JANUARY 31, 1995		ASSUMED COMBINED FEDERAL AND STATE TAX RATE*
	WITH MAXIMUM 4.50% SALES CHARGE	AT NET ASSET VALUE	WITH MAXIMUM 4.50% SALES CHARGE	AT NET ASSET VALUE	
<S>	<C>	<C>	<C>	<C>	<C>
Arizona Fund					
Class A Shares.........................	N/A	N/A	(1.74)%	2.89%	43.0%
Class C Shares.........................	N/A	N/A	N/A%	2.90%	43.0%
Class R Shares.........................	N/A %	(0.55)%	N/A%	10.57%	43.0%
Florida Fund					
Class A Shares.........................	N/A	N/A	(2.71)%	1.87%	39.6%
Class C Shares.........................	N/A	N/A	N/A%	2.94%	39.6%
Class R Shares.........................	N/A %	(1.14)%	N/A%	9.28%	39.6%
Maryland Fund**					
Class A Shares.........................	N/A	N/A	(3.10)%	1.47%	45.0%
Class C Shares.........................	N/A	N/A	N/A%	1.53%	45.0%
Class R Shares.........................	N/A %	(0.54)%	N/A%	9.75%	45.0%
Michigan Fund					
Class A Shares.........................	N/A	N/A	(2.86)%	1.72%	44.5%
Class C Shares.........................	N/A	N/A	N/A%	2.57%	44.5%
Class R Shares.........................	N/A %	0.06 %	N/A%	10.88%	44.5%
New Jersey Fund					
Class A Shares.........................	N/A	N/A	(2.92)%	1.65%	43.5%
Class C Shares.........................	N/A	N/A	N/A%	2.50%	43.5%
Class R Shares.........................	N/A %	0.58 %	N/A%	10.45%	43.5%
Pennsylvania Fund					
Class A Shares.........................	N/A	N/A	(2.57)%	2.02%	41.5%
Class C Shares.........................	N/A	N/A	N/A%	1.00%	41.5%
Class R Shares.........................	N/A %	(1.35)%	N/A%	9.80%	41.5%
Virginia Fund					
Class A Shares.........................	N/A	N/A	(2.94)%	1.63%	43.0%
Class C Shares.........................	N/A	N/A	N/A%	1.74%	43.0%
Class R Shares.........................	N/A %	(0.06)%	N/A%	10.12%	43.0%

</TABLE>

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*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 local tax rate.

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 two years ended January 31, 1995, for the Class R Shares of the Funds, were as follows:

	STANDARD DEVIATION OF RETURN
Arizona Fund	2.25%
Florida Fund	2.22%
Maryland Fund	2.00%
Michigan Fund	2.08%
New Jersey Fund	1.73%
Pennsylvania Fund	2.21%
Virginia Fund	2.03%

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 two-year period ended January 31, 1995, for the Class R Shares of each of the Funds was as follows:

	SHARPE MEASURE
Arizona Fund	0.759
Florida Fund	0.590
Maryland Fund	0.467
Michigan Fund	0.846
New Jersey Fund	1.206
Pennsylvania Fund	0.558
Virginia Fund	0.727

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 typically be 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. 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 represents 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 bonds 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 January 31, 1995 of Class A shares from the Arizona 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.

<TABLE>

<S>	<C>
Net Asset Value per share......................................	$ 9.930
Per Share Sales Charge--4.50% of public offering price (4.71% of net asset value per share).....................................	$ 0.468
Per Share Offering Price to the Public..........................	$10.398

</TABLE>

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.

Exchanges 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 the Trust, dated December 12, 1991 and last renewed on July 29, 1994 ("Distribution Agreement"). Pursuant to the Distribution Agreement, the Trust 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 the Trust. 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 the Trust 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 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.

<TABLE>
<CAPTION>

	YEAR ENDED JANUARY 31, 1995		YEAR ENDED JANUARY 31, 1994		YEAR ENDED JANUARY 31, 1993	
FUND	AMOUNT OF UNDERWRITING COMMISSIONS	AMOUNT RETAINED BY NUVEEN	AMOUNT OF UNDERWRITING COMMISSIONS	AMOUNT RETAINED BY NUVEEN	AMOUNT OF UNDERWRITING COMMISSIONS	AMOUNT RETAINED BY NUVEEN
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Arizona Fund...........	$ 88,000	$20,000	$178,000	$29,000	$170,000	$36,000
Florida Fund...........	178,000	32,000	462,000	84,000	346,000	60,000
Maryland Fund..........	216,000	38,000	474,000	61,000	552,000	49,000
Michigan Fund..........	127,000	30,000	260,000	35,000	138,000	31,000
New Jersey Fund........	255,000	35,000	527,000	76,000	366,000	50,000
Pennsylvania Fund......	236,000	45,000	459,000	67,000	378,000	47,000
Virginia Fund..........	255,000	30,000	544,000	78,000	526,000	62,000

</TABLE>

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 Trustees.

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 January 31, 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 January 31, 1995 was $723 for the Arizona Fund, $920 for the Florida Fund, $2,521 for the Maryland Fund, $504 for the Michigan Fund, $2,909 for the New Jersey Fund, $1,993 for the Pennsylvania Fund and $1,873 for the Virginia Fund.

Under each Fund's Plan, the Fund will report quarterly to the Board of Trustees for its review 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 trustees 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 Trustees and a vote of the non-interested trustees 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 trustees 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 trustees 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 trustees of the Trust will be committed to the discretion of the non-interested trustees 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 the Trust. 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.