

NUVEEN MUNICIPAL HIGH INCOME OPPORTUNITY FUND

Form N-2/A

April 24, 2007

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON APRIL 24, 2007

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-1A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Pre-Effective Amendment No. 1

Post-Effective Amendment No.

and/or

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☒

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REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

Amendment No. 8

(Check appropriate box or boxes)

☒

☒

NUVEEN MUNICIPAL HIGH INCOME OPPORTUNITY FUND

(Exact Name of Registrant as Specified in Charter)

333 WEST WACKER DRIVE, CHICAGO, ILLINOIS 60606

(Address of Principal Executive Offices (Number, Street, City, State, Zip Code))

(800) 257-8787

(Registrant's Telephone Number, including Area Code)

Jessica Droeger

Vice President and Secretary

333 West Wacker Drive

Chicago, Illinois 60606

Name and Address (Number, Street, City, State, Zip Code) of Agent for Service

Copies to:

Monica L. Parry

Morgan, Lewis & Bockius LLP

1111 Pennsylvania Avenue, NW

Washington, DC 20004

Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. [X]

It is proposed that this filing will become effective (check appropriate box)

[] When declared effective pursuant to section 8(c)

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price Per Unit⁽¹⁾	Proposed Maximum Aggregate Offering Price⁽¹⁾	Amount of Registration Fee⁽²⁾
Common Shares, \$0.01 par value	2.4 million shares	\$17.75	\$42,600,000	\$1,307.82

(1) Estimated solely for the purpose of calculating the registration fee based on the closing price of the common shares of \$17.75 on March 30, 2007 on the American Stock Exchange.

(2) Transmitted prior to filing.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATES AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

PROSPECTUS

2.4 Million Common Shares

Nuveen Municipal High Income Opportunity Fund

Nuveen Municipal High Income Opportunity Fund (the Fund) is a diversified, closed-end management investment company. The Fund's primary investment objective is to provide high current income exempt from regular federal income tax. The Fund's secondary investment objective is to seek attractive total return consistent with its primary objective. The Fund invests at least 80% of its Managed Assets (as defined on page 1 of the prospectus) in investments the income from which is exempt from regular federal income tax. The Fund seeks to achieve its investment objectives by investing in municipal securities that Nuveen Asset Management (NAM), the Fund's investment adviser, believes are underrated and undervalued. The Fund cannot assure you that it will achieve its investment objectives.

Investing in the Fund's Common Shares involves certain risks that are described in the Risk Factors and How the Fund Manages Risks sections of this prospectus.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

You should read this prospectus, which contains important information about the Fund, before deciding whether to invest and retain it for future reference. A Statement of Additional Information (SAI), dated April 30, 2007, containing additional information about the Fund, has been filed with the SEC and is incorporated by reference in its entirety into this prospectus. You may request a free copy of the SAI, the table of contents of which is on the last page of this prospectus, annual and semi-annual reports to shareholders when available, and other information about the Fund, and make shareholder inquiries by calling (800) 257-8787, by writing to the Fund or from the Fund's website (<http://www.nuveen.com>). The information contained in, or that can be accessed through, the Fund's website is not part of this prospectus. You also may obtain a copy of the SAI (and other information regarding the Fund) from the Securities and Exchange Commission's (SEC) web site (<http://www.sec.gov>).

The Fund's common shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other governmental agency.

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Portfolio Contents. The Fund invests at least 80% of its Managed Assets in investments the income from which is exempt from regular federal income tax. Under normal circumstances, the Fund expects to be fully invested (at least 95% of its Managed Assets) in such tax-exempt municipal securities. The Fund invests in municipal securities that NAM believes are underrated and undervalued. Up to 30% of the Fund's Managed Assets may be invested in municipal securities that pay interest that is taxable under the federal alternative minimum tax applicable to individuals. The Fund will invest at least 50% of its Managed Assets in municipal securities that at the time of investment are investment grade quality. A security is considered investment grade quality if it is rated within the four highest grades by all nationally recognized statistical rating organizations that rate such security, or if it is unrated but judged to be of comparable quality by the Fund's investment adviser. The Fund may invest up to 50% of its Managed Assets in municipal securities that at the time of investment are rated below investment grade quality or that are unrated but judged to be of comparable quality by the Fund's investment adviser. No more than 5% of the Fund's Managed Assets may be invested in municipal securities rated below B-/B3 or that are unrated but judged to be of comparable quality by the Fund's investment adviser. Municipal securities of below investment grade quality are regarded as having predominately speculative characteristics with respect to capacity to pay interest and repay principal, and are commonly referred to as junk bonds.

Adviser. Nuveen Asset Management, the Fund's investment adviser, will be responsible for implementing the Fund's investment strategy and use of leverage.

The common shares are listed on the American Stock Exchange. The trading or ticker symbol of the common shares is NMZ.

The date of this prospectus is _____, 2007.

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You should rely only on the information contained or incorporated by reference into this prospectus. The Fund has not authorized anyone to provide you with different information. The Fund is not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

PROSPECTUS SUMMARY

This is only a summary. You should review the more detailed information contained elsewhere in this prospectus and in the SAI.

The Fund

Nuveen Municipal High Income Opportunity Fund (the **Fund**) is a diversified, closed-end management investment company. See **The Fund**. The Fund's common shares, \$.01 par value (**Common Shares**), are traded on the American Stock Exchange (the **Exchange**) under the symbol **NMZ**. See **Description of Common Shares**. As of October 31, 2006, the Fund had 23,299,918 Common Shares outstanding, 6,200 preferred shares (referred to herein as **MuniPreferred Shares**) and net assets of \$372,699,563.

Investment Objectives and Policies

The Fund's primary investment objective is to provide high current income exempt from regular federal income tax. The Fund's secondary investment objective is to seek attractive total return consistent with its primary objective. The Fund cannot assure you that it will achieve its investment objectives.

The Fund seeks to achieve its investment objective primarily by investing at least 80% of its assets, including assets attributable to the MuniPreferred Shares (**Managed Assets**) in investments the income from which is exempt from regular federal income tax. Under normal circumstances, the Fund expects to be fully invested (at least 95% of its Managed Assets) in such tax-exempt municipal securities. The Fund seeks to achieve its investment objectives by investing in municipal securities that NAM (defined below) believes are underrated and undervalued. Up to 30% of the Fund's Managed Assets may be invested in municipal securities that pay interest that is taxable under the federal alternative minimum tax applicable to individuals. For a discussion of how the federal alternative minimum tax may affect shareholders, see **Tax Matters**.

The Fund will invest at least 50% of its Managed Assets in investment grade quality municipal securities. A security is considered investment grade quality if it is rated within the four highest grades (Baa or BBB or better by Moody's, S&P or Fitch) by all NRSROs that rate such security, or if it is unrated but judged to be of comparable quality by NAM.

The Fund may invest up to 50% of its Managed Assets in municipal securities that at the time of investment are rated below investment grade. Below investment grade quality municipal securities include those municipal securities that are rated investment grade by one or more NRSROs but rated below investment grade by at least one NRSRO. No more than 5% of the Fund's Managed Assets may be invested in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by NAM. This means that the Fund may invest in municipal securities that are involved in bankruptcy or insolvency proceedings or are experiencing other financial difficulties at the time of acquisition (such securities are commonly referred to as distressed securities).

As of October 31, 2006, the Fund invested approximately 44% of its total investments in investment grade municipal securities and approximately

20% of its total investments in below investment grade municipal securities and 36% in not rated municipal securities. The relative percentages of the value of the Fund's Managed Assets attributable to investment grade municipal securities and to below investment grade municipal securities could change over time as a result of rebalancing the Fund's assets by NAM, market value fluctuations, issuance of additional shares and other events.

See The Fund's Investments and Risk Factors.

Investment Adviser

Nuveen Asset Management (NAM) is the Fund's investment adviser. NAM is located at 333 West Wacker Drive, Chicago, IL 60606. NAM is a wholly-owned subsidiary of Nuveen Investments, Inc. (Nuveen Investments). Founded in 1898, Nuveen Investments and its affiliates had approximately \$162 billion in assets under management or supervision, as of December 31, 2006. Nuveen Investments is a publicly-traded company. See Investment Adviser.

The Fund pays NAM an annual management fee, payable monthly, in a maximum amount equal to 0.75% of the Fund's average daily Managed Assets. This maximum fee is equal to the sum of a fund-level fee and a complex-level fee. The fund-level fee is a maximum of 0.55% of the Fund's average total daily Managed Assets, with lower fee levels for fund-level assets that exceed \$125 million. The complex-level fee is a maximum of 0.20% of the Fund's daily Managed Assets based on the daily Managed Assets of all Nuveen-branded closed-end and open-end registered investment companies organized in the U.S., with lower fee levels for complex-level assets that exceed \$55 billion. As of December 31, 2006, the complex-level fee rate was 0.1845% of the Fund's Managed Assets.

NAM has contractually agreed to reimburse the Fund for fees and expenses in the amount of 0.32% of the Fund's average daily Managed Assets (through November 30, 2008), and for a declining amount for an additional three years (through November 30, 2011).

For more information on fees and expenses, including fees attributable to Common Shares, see Management of the Fund Investment Management Agreement.

Use of Leverage

In addition to Common Shares, the Fund also offers MuniPreferred Shares. As of October 31, 2006, there were \$155 million in MuniPreferred Shares outstanding. The MuniPreferred Shares have seniority over the Common Shares. The MuniPreferred Shares leverage the Common Shares. Following an additional offering of Common Shares from time to time, the Fund may offer additional MuniPreferred Shares to maintain the Fund's desired leverage ratio. Leverage involves special risks. There is no assurance that the Fund's leveraging strategy will be successful. The Fund will seek to invest the proceeds of any future MuniPreferred Shares offerings in a manner consistent with the Fund's investment objectives and policies. See Use of Leverage.

Offering Methods

The Fund may offer shares using one or more of the following methods: (i) through an underwriting syndicate; (ii) at-the-market transactions through one or more broker-dealers that have entered into a selected dealer agreement with Nuveen Investments, LLC (Nuveen), one of the Fund's underwriters; and (iii) through privately negotiated transactions between the Fund and specific investors. See Plan of Distribution.

Distribution Through Underwriting Syndicates. The Fund from time to time may issue additional Common Shares through a syndicated secondary offering. In order to limit the impact on the market price of the Fund's Common Shares, Underwriters will market and price the offering on an expedited basis (e.g., overnight or similarly abbreviated offering period). The Fund will launch a syndicated offering on a day, and upon terms, mutually agreed upon between the Fund, Nuveen and the underwriting syndicate.

The Fund will offer its shares at a price equal to a specified discount of up to 2% from the closing market price of the Fund's Common Shares on the day prior to the offering date. The applicable discount will be negotiated by the Fund and Nuveen in consultation with the underwriting syndicate on a transaction-by-transaction basis. The Fund will compensate the underwriting syndicate out of the proceeds of the offering based upon a sales load of up to 4% of the gross per share offering price. The minimum net proceeds per share to the Fund will not be less than the greater of (i) the Fund's latest net asset value per Common Share or (ii) 94% of the closing market price of the Fund's Common Shares on the day prior to the offering date. See Plan of Distribution Distribution Through Underwriters.

Distribution Through At-the-Market Transactions. The Fund from time to time may offer its Common Shares through Nuveen, to certain broker-dealers that have entered into selected dealer agreements with Nuveen. Common Shares will only be sold on such days as shall be agreed to by the Fund and Nuveen. Common Shares will be sold at market prices, which shall be determined with reference to trades on the Exchange, subject to a minimum price to be established each day by the Fund. The minimum price on any day will not be less than the current net asset value per share plus the per share amount of the commission to be paid to Nuveen. The Fund and Nuveen will suspend the sale of Common Shares if the per share price of the shares is less than the minimum price.

The Fund will compensate Nuveen with respect to sales of the Common Shares at a commission rate of up to 3.25% of the gross sales price per share of Common Shares sold. Nuveen will compensate broker-dealers participating in the offering at a fixed rate of up to 3% of the gross sales price per share of Common Shares sold by that broker-dealer. Nuveen may from time to time change the dealer re-allowance. Settlements of Common Share sales will occur on the third business day following the date of sale.

In connection with the sale of the Common Shares on behalf of the Fund, Nuveen may be deemed to be an underwriter within the meaning of the Securities Act of 1933 (the "1933 Act"), and the compensation of Nuveen may be deemed to be underwriting commissions or discounts. Unless otherwise indicated in a further prospectus supplement, Nuveen will act as underwriter on a reasonable efforts basis.

The offering of Common Shares pursuant to the Distribution Agreement will terminate upon the earlier of (i) the sale of all Shares subject thereto or (ii) termination of the Distribution Agreement. The Fund and Nuveen each have the right to terminate the Distribution Agreement in its discretion at any time. See Plan of Distribution Distribution Through Agents.

Distribution Through Privately Negotiated Transactions. The Fund from time to time may sell directly to, and solicit offers from, institutional and other sophisticated investors, who may be deemed to be underwriters as defined in the 1933 Act for any resale of Common Shares.

The terms of such privately negotiated transactions will be subject to the discretion of the management of the Fund. In determining whether to sell Common Shares through a privately negotiated transaction, the Fund will consider relevant factors including, but not limited to, the attractiveness of obtaining additional funds through the sale of Common Shares, the purchase price to apply to any such sale of Common Shares and the investor seeking to purchase the Common Shares.

Common Shares issued by the Fund through privately negotiated transactions will be issued at a price equal to the greater of (i) the net asset value per Common Share of the Fund's Common Shares or (ii) at a discount ranging from 0% to 5% of the average daily closing market price of the Fund's Common Shares at the close of business on the two business days preceding the date upon which Common Shares are sold pursuant to the privately negotiated transaction. The applicable discount will be determined by the Fund on a transaction-by-transaction basis. See Plan of Distribution Distribution Through Privately Negotiated Transactions.

Special Risk Considerations

Risk is inherent in all investing. Therefore, before investing in the Fund you should consider certain risks carefully. The primary risks of investing in Common Shares are:

Market Discount from Net Asset Value and Expected Reductions in Net Asset Value. Shares of closed-end investment companies like the Fund frequently trade at prices lower than their net asset value, which creates a risk of loss for investors when they sell shares purchased in the offering. This characteristic is a risk separate and distinct from the risk that the Fund's net asset value could decrease as a result of investment activities. Shares of closed-end investment companies like the Fund have during some periods traded at prices higher than net asset value and have during other periods traded at prices lower than net asset value. The Fund cannot predict whether Common Shares will trade at, above or below net asset value. Proceeds from the sale of Common Shares in this offering will be reduced by shareholder transaction costs (if applicable, which vary depending on the offering method used). The net asset value per Common Share will also be reduced by the amount of offering costs borne by the Fund (estimated to be an additional 0.30% as a percentage of the offering price). The net asset value per Common Share also will be reduced by costs associated with any future issuances of MuniPreferred shares. The Common Shares are designed primarily for long-term investors, and you should not view the Fund as a vehicle for trading purposes.

Credit and Below Investment Grade Risk. Credit risk is the risk that one or more municipal securities in the Fund's portfolio will decline in price, or the issuer thereof will fail to pay interest or principal when due, because the issuer experiences a decline in its financial status. The Fund may invest up to 50% (measured at the time of investment) of its Managed Assets in municipal securities that are rated below investment grade or that are unrated but judged to be of comparable quality by NAM; provided, that no

more than 5% of the Fund's Managed Assets may be invested in municipal securities rated below B-/B3 or that are unrated but judged to be of comparable quality by NAM. This means that the Fund may invest in municipal securities that are involved in bankruptcy or insolvency proceedings or are experiencing other financial difficulties at the time of acquisition (such securities are commonly referred to as distressed securities). Municipal securities of below investment grade quality are predominately speculative with respect to the issuer's capacity to pay interest and repay principal when due, and are susceptible to default or decline in market value due to adverse economic and business developments. The market values for municipal securities of below investment grade quality tend to be volatile, and these securities are less liquid than investment grade municipal securities. For these reasons, an investment in the Fund is subject to the following specific risks:

increased price sensitivity resulting from changing interest rates and/or a deteriorating economic environment;

greater risk of loss due to default or declining credit quality;

adverse issuer specific events that are more likely to render the issuer unable to make interest and/or principal payments; and

the possibility that a negative perception of the below investment grade market develops, resulting in the price and liquidity of below investment grade securities becoming depressed, and this negative perception could last for a significant period of time.

See Risk Factors Credit and Below Investment Grade Risk.

Interest Rate Risk. Generally, when market interest rates rise, bond prices fall, and vice versa. Interest rate risk is the risk that the municipal securities in the Fund's portfolio will decline in value because of increases in market interest rates. In typical market interest rate environments, the prices of longer-term municipal securities generally fluctuate more than prices of shorter-term municipal securities as interest rates change. Because the values of lower-rated and comparable unrated debt securities are affected both by credit risk and interest rate risk, the price movements of such lower grade securities in response to changes in interest rates are not typically highly correlated to the fluctuations of the prices of investment grade quality securities in response to such changes in interest rates. Because the Fund will invest primarily in long-term municipal securities, the Common Share net asset value and market price per share will fluctuate more in response to changes in market interest rates than if the Fund invested primarily in shorter-term municipal securities. The Fund's use of leverage, as described herein, will tend to increase Common Share Interest rate risk. See Risk Factors Interest Rate Risk.

Municipal Securities Market Risk. The amount of public information available about the municipal securities in the Fund's portfolio is generally less than that for corporate equities or bonds, and the investment performance of the Fund may therefore be more dependent on the analytical abilities of NAM than if the Fund were a stock fund or taxable bond fund. The secondary market for municipal securities, particularly the below investment grade bonds in which the Fund may invest, also tends to be less

well-developed or liquid than many other securities markets, which may adversely affect the Fund's ability to sell its bonds at attractive prices. See Risk Factors Municipal Securities Market Risk.

Tax Risk. The value of the Fund's investments and its net asset value may be adversely affected by changes in tax rates and policies. Because interest income from municipal securities is normally not subject to regular federal income taxation, the attractiveness of municipal securities in relation to other investment alternatives is affected by changes in federal income tax rates or changes in the tax-exempt status of interest income from municipal securities. See Risk Factors Tax Risk.

Leverage Risk. The use of leverage through the issuance of MuniPreferred Shares creates an opportunity for increased Common Share net income and returns, but also creates special risks for Common Shareholders. There is no assurance that the Fund's leveraging strategy will be successful. MuniPreferred dividends are based on short-term municipal bond rates of return (which are reset periodically pursuant to an auction), and the Fund invests the proceeds of a MuniPreferred Shares offering in long-term, typically fixed rate, municipal securities. So long as the Fund's municipal bond portfolio provides a higher rate of return (net of Fund expenses) than the MuniPreferred dividend rate, as reset periodically, the leverage will cause Common Shareholders to receive a higher current rate of return than if the Fund were not leveraged. If, however, short-term rates rise, the MuniPreferred dividend rates, as they are reset periodically, could exceed the rate of return on long-term bonds held by the Fund that were acquired during periods of generally lower interest rates, reducing return to Common Shareholders. In addition, the Fund will pay (and Common Shareholders will bear) any costs and expenses relating to any future issuances and ongoing maintenance of the MuniPreferred Shares, including, for example, distribution related expenses such as a participation fee paid to broker-dealers successfully participating in MuniPreferred share auctions.

Leverage creates two major types of risks for Common Shareholders:

the likelihood of greater volatility of net asset value and market price of Common Shares, because changes in the value of the Fund's bond portfolio (including bonds bought with the proceeds of the MuniPreferred Shares offering) are borne entirely by the Common Shareholders; and

the possibility either that Common Share income will fall if the MuniPreferred dividend rate rises, or that Common Share income will fluctuate because the MuniPreferred dividend rate varies.

See Risk Factors Leverage Risk and Use of Leverage.

Inflation Risk. Inflation risk is the risk that the value of assets or income from investment will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Common Shares and distributions can decline. See Risk Factors Inflation Risk.

In addition, an investment in the Fund's Common Shares raises other risks, which are more fully disclosed in the Risk Factors section of this prospectus, including: reinvestment risk, sector and industry risk, special risks relating to certain municipal obligations, hedging risk, inadequate

return risk, market disruption risk, impact of offering methods risk, risks relating to certain affiliations and anti-takeover provisions; and risks that provisions in the Fund's Declaration of Trust could affect the opportunities of Common Shareholders to sell their Common Shares. See Risk Factors.

Distributions

The Fund pays monthly cash distributions to Common Shareholders at a level rate (stated in terms of a fixed cents per Common Share dividend rate) based on the projected performance of the Fund. The Fund's ability to maintain a level Common Share dividend rate will depend on a number of factors, including dividends payable on the MuniPreferred Shares. As portfolio and market conditions change, the rate of dividends on the Common Shares and the Fund's dividend policy could change. Over time, the Fund will distribute all of its net investment income (after it pays accrued dividends on any outstanding MuniPreferred Shares). In addition, the Fund intends to effectively distribute, at least annually, the net capital gain and taxable ordinary income, if any, to Common Shareholders so long as the net capital gain and taxable ordinary income are not necessary to pay accrued dividends on, or redeem or liquidate, any MuniPreferred Shares. You may elect to reinvest automatically some or all of your distributions in additional Common Shares under the Fund's Dividend Reinvestment Plan.

As explained more fully below in Tax Matters, at least annually, the Fund may elect to retain rather than distribute all or a portion of any net capital gain (which is the excess of net long-term capital gain over net short-term capital loss) otherwise allocable to Common Shareholders and pay federal income tax on the retained gain. As provided under federal tax law, Common Shareholders of record as of the end of the Fund's taxable year will include their attributable share of the retained gain in their income for the year as a long-term capital gain, and will be entitled to an income tax credit or refund for the tax deemed paid on their behalf by the Fund. The Fund will treat the retained capital gain amount as a substitute for equivalent cash distributions. See Distributions and Dividend Reinvestment Plan.

The Fund reserves the right to change its distribution policy and the basis for establishing the rate of its monthly distributions at any time.

Custodian and Transfer Agent

State Street Bank and Trust Company will serve as custodian and transfer agent of the Fund's assets. See Custodian and Transfer Agent.

Special Tax Considerations

The Fund may invest up to 30% of its Managed Assets in municipal securities that pay interest that is taxable under the federal alternative minimum tax applicable to individuals. If you are, or as a result of investment in the Fund would become, subject to the federal alternative minimum tax, the Fund may not be a suitable investment for you. In addition, distributions of ordinary taxable income (including any net short-term capital gain) will be taxable to shareholders as ordinary income (and not eligible for favorable taxation as qualified dividend income), and capital gain dividends will be subject to capital gains taxes. See Tax Matters.

Voting Rights

The holders of the Fund's MuniPreferred Shares, voting as a separate class, have the right to elect at least two trustees at all times and to elect a majority of the trustees in the event two full years' dividends on the

MuniPreferred Shares are unpaid. In each case, the remaining trustees will be elected by holders of Common Shares and preferred shares, including MuniPreferred Shares, voting together as a single class. The holders of shares of preferred shares, including MuniPreferred Shares, will vote as a separate class or classes on certain other matters as required under the Declaration, the Investment Company Act of 1940, as amended (the "1940 Act") and Massachusetts law. See Description of MuniPreferred Shares Voting Rights and Certain Provisions in the Declaration of Trust.

SUMMARY OF FUND EXPENSES

The cost you pay to invest in the Fund includes the expenses incurred by the Fund. The table below shows the expenses of the Fund as a percentage of the average net assets applicable to Common Shares, and not as a percentage of total assets or Managed Assets.

Shareholder Transaction Expenses (as a percentage of offering price)	
Underwriting Syndicate Transaction Fees	4.00%
At-the-Market Transaction Fees	3.25%
Privately Negotiated Transaction Fees	0.00%
Offering Costs Borne by the Fund(1)	0.30%
	(As a Percentage of Net Assets Attributable to Common Shares)(2)
Annual Expenses	
Management Fees	
Fund-Level Fees	0.76%
Complex-Level Fees	0.27%
Other Expenses	0.18%
Total Annual Expenses	1.21%
Fee and Expense Reimbursement	(0.46)%(3)
Total Net Annual Expenses	0.75%
Dividends on MuniPreferred Shares	1.24%
Total Net Annual Expenses and Dividends on MuniPreferred Shares	1.99%

(1) Assuming a Common Share offering price of \$17.75 (the Fund's closing price on the Exchange on March 30, 2007).

(2) Stated as percentages of average net assets attributable to Common Shares for the current fiscal year ended October 31, 2006.

(3) NAM has contractually agreed to reimburse the Fund, as a percentage of average daily net assets (including net assets attributable to MuniPreferred Shares), for fees and expenses in the following amounts:

Year Ending		Year Ending	
November 30,		November 30,	
2007	0.32%	2010	0.16%
2008	0.32%	2011	0.08%
2009	0.24%		

NAM has not agreed to reimburse the Fund for any portion of its fees and expenses beyond November 30, 2011.

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The purpose of the table above is to help you understand all fees and expenses that you, as a Common Shareholder, would bear directly or indirectly. See Management of the Fund Investment Adviser.

Examples

The following examples illustrate the expenses (including the applicable transaction fees, if any, and estimated offering costs of \$3) that a shareholder would pay on a \$1,000 investment that is held for the time periods provided in the table. Each example assumes that all dividends and other distributions are reinvested in the Fund and that the Fund's Total Net Annual Expenses and Dividends on MuniPreferred Shares, with the applicable expense limitations, as provided above, remain the same. The examples also assume a 5% annual return.(1)

Example # 1 (Underwriting Syndicate Offering)

The following example assumes a transaction fee of 4.00%, as a percentage of the offering price.

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$62	\$105	\$155	\$299

Example # 2 (At-the-Market Transaction)

The following example assumes a transaction fee of 3.25%, as a percentage of the offering price.

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$55	\$98	\$148	\$293

Example # 2 (Privately Negotiated Transaction)

The following example assumes there is no transaction fee.

<u>1 Year</u>	<u>3 Years(2)</u>	<u>5 Years(2)</u>	<u>10 Years(2)</u>
\$23	\$68	\$120	\$269

The examples should not be considered a representation of future expenses. Actual expenses may be greater or less than those shown above.

- (1) The example assumes that all dividends and distributions are reinvested at Common Share net asset value. Actual expenses may be greater or less than those assumed. Moreover, the Fund's actual rate of return may be greater or less than the hypothetical 5% return shown in the example. Each example also applies the relevant expense limitations described in footnote 3 above. See Summary of Fund Expenses.

FINANCIAL HIGHLIGHTS

Information contained in the table below under the headings **Per Share Operating Performance** and **Ratios/Supplemental Data** shows the audited operating performance of the Fund from the commencement of the Fund's investment operations on November 19, 2003 until October 31, 2006.

Selected data for a Common share outstanding throughout each period:

	Year Ended October 31,		
	2006	2005	2004(a)
PER SHARE OPERATING PERFORMANCE			
Beginning Common Share Net Asset Value	\$ 15.36	\$ 14.87	\$ 14.33
Investment Operations:			
Net Investment Income	1.21	1.22	.98
Net Realized/Unrealized Gain (Loss)	.65	.54	.71
Distributions from Net Investment Income to Preferred Shareholders	(.19)	(.13)	(.08)
Distributions from Capital Gains to Preferred Shareholders		(.01)	
Total	1.67	1.62	1.61
Less Distributions:			
Net Investment Income to Common Shareholders	(1.04)	(1.07)	(.89)
Capital Gains to Common Shareholders		(.06)	
Total	(1.04)	(1.13)	(.89)
Offering Costs and Preferred Share Underwriting Discounts	.01		(.18)
Ending Common Share Net Asset Value	\$ 16.00	\$ 15.36	\$ 14.87
Ending Market Value	\$ 17.25	\$ 15.99	\$ 15.04
Total Returns:			
Based on Market Value**	14.79%	14.35%	6.49%
Based on Common Share Net Asset Value**	11.34%	11.20%	10.38%
Ratios/Supplemental Data			
Ending Net Assets Applicable to Common Shares (000)	\$ 372,700	\$ 357,025	\$ 345,023
Before Credit/Reimbursement/Refund:			