

NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND 3
Form N-CSR
October 08, 2004

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21157

Nuveen Arizona Dividend Advantage Municipal Fund 3

(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

Jessica R. Droeger
Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Name and address of agent for service)

Registrant's telephone number, including area code: (312) 917-7700

Date of fiscal year end: July 31

Date of reporting period: July 31, 2004

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

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ITEM 1. REPORTS TO STOCKHOLDERS.

ANNUAL REPORT July 31, 2004

Nuveen Investments
Municipal Closed-End
Exchange-Traded
Funds

Nuveen Arizona Premium Income Municipal Fund, Inc.
NAZ

Nuveen Arizona Dividend Advantage Municipal Fund
NFZ

Nuveen Arizona Dividend Advantage Municipal Fund 2
NKR

Nuveen Arizona Dividend Advantage Municipal Fund 3
NXE

Nuveen Texas Quality Income Municipal Fund
NTX

Photo of: Man and woman sitting on porch.
Photo of: 2 children sitting in the grass.

DEPENDABLE,
TAX-FREE INCOME BECAUSE
IT'S NOT WHAT YOU EARN,
IT'S WHAT YOU KEEP. (R)

Logo: NUVEEN Investments

Photo of: Woman
Photo of: Man and child
Photo of: Woman

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OR

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(Be sure to have the address sheet that accompanied this report handy. You'll need it to complete the enrollment process.)

Logo: NUVEEN Investments

Photo of: Timothy R. Schwertfeger

Timothy R. Schwertfeger
Chairman of the Board

Chairman's

LETTER TO SHAREHOLDERS

Once again, I am pleased to report that over the most recent reporting period your Fund continued to provide you with tax-free monthly income and an attractive total return. For more specific information about the performance of your Fund, please see the Portfolio Managers' Perspectives and Performance Overview sections of this report.

With interest rates at historically low levels, many have begun to wonder whether interest rates will rise, and whether that possibility should cause them to adjust their holdings of fixed-income investments. No one knows what the future will bring, which is why we think a well-balanced portfolio that is structured and carefully monitored with the help of an investment professional is an important component in achieving your long-term financial goals. A well-diversified portfolio

NO ONE KNOWS WHAT THE FUTURE WILL BRING, WHICH IS WHY WE THINK A WELL-BALANCED PORTFOLIO IS AN IMPORTANT COMPONENT IN ACHIEVING YOUR LONG-TERM FINANCIAL GOALS.

may actually help to reduce your overall investment risk, and we believe that municipal bond investments like your Nuveen Fund can be important building blocks in a portfolio crafted to perform well through a variety of market conditions.

I'd also like to direct your attention to the inside front cover of this report, which explains the quick and easy process to begin receiving Fund reports like this via e-mail and the internet. Thousands of Nuveen Fund shareholders already have signed-up, and they are getting their Fund information faster and more conveniently than ever. I urge you to consider joining them.

Since 1898, Nuveen Investments has offered financial products and solutions that incorporate careful research, diversification, and the application of conservative risk-management principles. We are grateful that you have chosen us as a partner as you pursue your financial goals. We look forward to continuing to earn your trust in the months and years ahead.

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Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger
Chairman of the Board

September 15, 2004

Nuveen Arizona and Texas Municipal Closed-End Exchange-Traded Funds
(NAZ, NFZ, NKR, NXE, NTX)

Portfolio Managers'
PERSPECTIVE

Portfolio managers Scott Romans, Dan Solender, and Cathryn Steeves discuss the market environment, key investment strategies and the performance of the five Funds. Scott, who joined Nuveen in 2000, has managed the Arizona Funds (NAZ, NFZ, NKR and NXE) since November 2003. With 12 years of investment experience, Dan assumed portfolio management responsibility for NTX in November 2003. After the end of this reporting period, in August 2004, he turned over responsibility for NTX to Cathryn, who has been a research analyst and portfolio manager with Nuveen since 1996.

WHAT FACTORS AFFECTED THE U.S. ECONOMY AND MUNICIPAL MARKET DURING THE FISCAL YEAR ENDED JULY 31, 2004?

During much of this reporting period, the U.S. economy demonstrated signs of improvement, as increased capital spending and a rise in consumer confidence helped fuel strong growth in the overall gross domestic product. However, toward the end of the 12-month period, higher energy costs and the improving employment picture began to raise fears of a potential pick-up in inflation. This combination of inflation concerns and general economic momentum--plus continued geopolitical uncertainty--served as a catalyst for heightened volatility in the fixed-income markets. Although interest rates remained at or near historical lows through much of this 12-month period, yields in the long-term bond markets, including the municipal market, were increasingly driven by expectations that the Federal Reserve would raise short-term interest rates and by speculation over the timing and extent of those rate hikes.

As an example of this interest rate volatility, the Bond Buyer 25 Revenue Bond Index, a widely followed municipal market benchmark, began this 12-month reporting period with a yield of 5.41%. After briefly touching 5.50%, the yield fell steadily to 4.73% by mid-March 2004. From there, the Index's yield rose back to 5.31% by July 31, 2004.

On June 30, 2004, the Fed moved to increase the fed funds rate by 25 basis points to 1.25%, the first increase in four years, noting that it anticipated taking a "measured" approach to further tightening to avoid potential derailment of the economic recovery. (On August 10, 2004, following the close of this reporting period, the Fed added another 25 basis points, bringing the target rate to 1.50%.)

In general, municipal supply nationwide remained relatively strong over the entire 12-month reporting period. About \$366.5 billion in new bonds came to market during this

period, down 7% from the preceding 12 months. The decrease in issuance was more evident late in the period, with \$214 billion in new municipal supply for the first seven months of 2004 compared with \$239 billion for January-July 2003.

HOW ABOUT ECONOMIC AND MARKET CONDITIONS IN ARIZONA AND TEXAS?

During this 12-month reporting period, Arizona's economy continued its rapid recovery, benefiting from positive demographic trends and low business costs which have attracted companies to the state. Construction, particularly in urban areas, was booming, and the outlook for tourism steadily improved. In addition, Arizona's five military bases brought more than \$6 billion into the state. As of July 2004, unemployment in Arizona was 4.4%, down from 5.8% in July 2003 and below the national average of 5.5%. Partially offsetting this expansion were a loss of jobs in the semiconductor sector and the trend toward outsourcing the state's high-tech manufacturing and business services jobs to foreign countries.

In fiscal 2004, Arizona's revenue collection showed marked improvement, with state tax collections up almost 9%. However, due to above-average population growth and new policy initiatives, Arizona continues to face education, healthcare, social services and corrections expenditures that could act as a constraint on state finances over the next few years. The fiscal 2005 \$7.2 billion budget was balanced through the use of recurring revenues and one-time measures. During the 12-month reporting period ended July 2004, issuers in Arizona sold \$7.4 billion in new municipal bonds, an increase of 1% from the previous 12-month period. Much of this increase was due to Arizona's population growth, which translated to a need for new infrastructure, such as schools and roads. As of July 31, 2004, Arizona debt was rated A1 with a stable outlook by Moody's and AA- with a negative outlook by Standard & Poor's. This reflects Moody's revised outlook as of February 2004, based on the state's improving economy and operating fund liquidity.

The Texas economy continued to emerge from recession over the fiscal year, as both jobs and payrolls showed modest gains. The services sector is now a major driver of growth in Texas, and the state's industrial base has diversified substantially from the volatile oil-driven days so much that increases in energy prices had only a minor impact on the Texas recovery. High-tech capital Austin, which boasts new research centers and upgraded production facilities, and San Antonio and Fort Worth, the beneficiaries of new investments in auto plants, were returning to healthy growth. Dallas stood to benefit from the recovery

of industrial activity along the U.S.-Mexico border following the NAFTA ruling removing restrictions on Mexican trucks. The jobless rate in Texas, which dropped over the 12 month period, to 5.7% in July 2004 from 6.8% in July 2003, remained above the July 2004 national average of 5.5%. Like Arizona, Texas had positive demographic trends, which exerted the usual budgetary pressures from growing expenditures for essential services. With no rainy day reserves, the \$117 billion state budget for fiscal 2004/2005 closed a \$10 billion gap--the result of weaker state sales tax revenues--with cuts in children's healthcare, teacher pension programs, Medicaid and other healthcare programs for low-income families. During the 12 months ended July 31, 2004, issuers in Texas sold \$27.7 billion in new municipal bonds, about equal to the issuance of the previous 12 months. As of July 31, 2004, Texas general obligation debt continued to be rated Aa1/AA, with stable outlooks, by Moody's and Standard & Poor's, respectively.

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IN THIS ENVIRONMENT, WHAT KEY STRATEGIES WERE USED TO MANAGE THE ARIZONA AND TEXAS FUNDS DURING THE 12 MONTHS ENDED JULY 31, 2004?

As the market continued to anticipate rising interest rates, we remained focused on efforts to mitigate some of the interest rate risk inherent in each Fund's portfolio. Interest rate risk is the risk that the value of a Fund's portfolio will decline if market interest rates rise (since bond prices move in the opposite direction of interest rates). Because longer-term bonds often carry more interest rate risk than those with short or intermediate terms, we tried to focus our purchase activity on attractive securities with defensive structures in the long-intermediate part of the yield curve (i.e., bonds that mature in 15 to 20 years). In many cases, bonds in this part of the curve offered yields similar to those of longer-term bonds with less inherent interest rate risk and, we believed, greater total return prospects. We also added some bonds in the 10-year maturity range when we found what we believed were attractive opportunities. We think this yield curve positioning should also help the Funds produce more consistent returns over time as interest rates rise and fall.

In keeping with this strategy, some of the bonds we purchased carried coupons that were higher than current market rates. These "premium" bonds have the potential to help cushion the impact on the value of the Funds' portfolios if interest rates continue rise. Some of these additions were financed through the sale of lower-coupon bonds with longer maturities (i.e., beyond 20 years).

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Much of the issuance in Arizona during this period came from the limited tax obligation sector, and we increased our allocations to this sector in all four of the Arizona Funds. We also worked to reduce our positions in pre-refunded bonds. In NAZ, for example, we cut our holdings of U.S. Guaranteed and escrowed bonds to 12% from 17% over the 12 months.

In addition, we worked to moderate the credit risk in NAZ, NFZ and NKR by reducing our positions in BBB rated holdings. Because lower-rated bonds were relatively scarce, especially in Arizona, and because these bonds performed well over the past 12 months, we believed it was a good time to take advantage of opportunities to sell selected bonds at attractive prices. However, we were careful to balance the desire for improved quality with the need to generate income. We continued to add new BBB rated and sub-investment grade rated bonds to some of the portfolios to better diversify their lower credit quality holdings.

HOW DID THE FUNDS PERFORM?

Individual results for the Nuveen Arizona and Texas Funds, as well as for relevant benchmarks, are presented in the accompanying table.

TOTAL RETURNS ON NET ASSET VALUE

For periods ended 7/31/04

(Annualized)

	1-YEAR	5-YEAR	10-YEAR
NAZ	9.66%	5.16%	6.37%
NFZ	10.56%	NA	NA
NKR	9.98%	NA	NA

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NXE	10.25%	NA	NA
NTX	10.51%	6.62%	6.98%
Lehman Brothers Municipal Bond Index ¹	5.79%	6.07%	6.38%
Lipper Other States Municipal Debt Funds Average ²	9.64%	7.01%	7.28%

Past performance is not predictive of future results.

For additional information, see the individual Performance Overview for your Fund in this report.

- 1 The Lehman Brothers Municipal Bond Index is an unleveraged, unmanaged national index comprising a broad range of investment-grade municipal bonds. Results for the Lehman indexes do not reflect any expenses.
- 2 The Lipper Other States Municipal Debt Funds category average is calculated using the returns of all leveraged and unleveraged closed-end exchange-traded funds in this category for each period as follows: 1 year, 44 funds; 5 years, 19 funds; and 10 years, 17 funds. Fund and Lipper returns assume reinvestment of dividends. It should be noted that the performance of the Lipper Other States category represents the overall average of annual returns for funds from 10 different states with a wide variety of economic and municipal market conditions and investment guidelines, making direct comparisons less applicable.

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For the 12 months ended July 31, 2004, the annual returns on net asset value (NAV) for all five Funds in this report exceeded the return on the Lehman Brothers index. The Funds also outperformed or were in line with the average return for the Lipper Other States peer group over this period.

One of the primary factors benefiting the performance of each of these Funds relative to that of the unleveraged Lehman index was the Funds' use of leverage. While leveraging can add volatility to the Funds' NAVs and share prices, especially when there are substantial shifts in interest rates, this strategy can also provide opportunities for additional income and total returns for common shareholders when short-term interest rates are low and long-term rates are relatively steady or falling.

Another of our strategies that influenced the performance of the Funds, especially when compared with each other, was their yield curve positioning. For example, NFZ was more heavily weighted toward the longer end of the yield curve during this period, while NAZ was more heavily weighted toward the intermediate segment. This is one reason for the differences in their total returns over the 12 months.

All of these Funds also benefited from their allocations of lower quality bonds, which tended to outperform higher quality securities as the economy improved. This also was a reason for some of the differences between Funds' returns. As of

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July 31, 2004, NTX and NFZ had the highest allocations (14% and 11%, respectively) of bonds rated BBB, while NKR had the lowest (6%). In addition, NTX's total return was boosted by the strong rebound in the performance of its position in sub-investment grade American Airlines bonds. In NAZ and NFZ, B-rated bonds issued by Coconino County for Nevada Power were among the best performing credits.

Holdings in the healthcare sector, particularly those with lower ratings, also were strong performers over the 12 month period. All of these Funds had sizeable allocations to this sector, ranging from 15% in NTX to 11% in both NAZ and NXE, 9% in NKR and 6% in NFZ. The top performing holdings in NAZ, NKR and NXE were Ba2 rated bonds issued for Phoenix Children's Hospital, which returned 26% for the 12-month period, and non-rated Winslow Memorial Hospital bonds held by NAZ which returned 23.5%.

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The Arizona Funds also benefited from credit upgrades of two of their holdings during this period, which enhanced the bonds' prices as well as the Funds' credit quality. The first of these was Catholic Healthcare West, which was held by all four of the Arizona Funds. In October 2003, Moody's upgraded these bonds to Baa1 from Baa2, and S&P revised its rating to BBB+ from BBB in March 2004, based on the system's continued positive operating results, improved cashflow, and strategies that targeted investment in high-growth areas. The second upgrade was for bonds issued by Glendale Industrial Development Authority for Midwestern University, an osteopathic college, which were held by NAZ, NKR, and NXE. These bonds were upgraded by S&P to A- from BBB+ in June 2004. In NTX, bonds issued by the Houston Water and Sewer System (maturing in 2030) were pre-refunded during this period, positively impacting the Fund's annual performance.

Also making a positive contribution to the total returns of NAZ, NXE and NTX during this period were tobacco bonds issued by Puerto Rico and backed by revenues from the 1998 master tobacco settlement agreement.

Among the Funds' holdings that did not perform as well during this period were pre-refunded bonds, which underperformed the market as a whole as measured by the Lehman index. Revenue bonds, insured bonds and general obligation bonds also did not perform as well as some other sectors, and we worked to reduce our positions in these bonds over the past 12 months, particularly in NAZ.

HOW ABOUT THE FUNDS' DIVIDENDS AND SHARE PRICES?

With short-term interest rates remaining at historically low levels during this reporting period, the leveraged structures of these five Funds continued to support their dividend-paying capabilities. The extent of this benefit is tied in part to the short-term rates the Funds pay their MuniPreferred(R) shareholders. During periods of low short-term rates, the Funds generally pay relatively lower dividends to their MuniPreferred shareholders, which can leave more earnings to support common share dividends. During this reporting period, this strategy enabled us to increase the dividend of NFZ, while helping to maintain the dividends of NAZ, NKR, NXE and NTX.

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All of these Funds seek to pay stable dividends at rates that reflect each Fund's past results and projected future performance. During certain periods,

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each Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds the excess in reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if a Fund has cumulatively paid dividends in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. Each Fund will, over time, pay all of its net investment income as dividends to shareholders. As of July 31, 2004, all five of the Funds in this report had positive UNII balances.

As of the end of this reporting period, NAZ was trading at a premium to its NAV, but less than its average premium over the course of the entire 12 months. NFZ was trading at a premium greater than its 12-month average. NKR was trading at a discount to NAV that was smaller than its average discount for the period, while NXE was trading at a greater discount than its 12-month average. NTX was trading at a slightly smaller discount than its full-period average.

HOW WERE THE FUNDS POSITIONED IN TERMS OF CREDIT QUALITY AND BOND CALLS AS OF JULY 31, 2004?

Given the current geopolitical and economic climate, we continued to believe that maintaining strong credit quality was an important requirement. As of the end of July 2004, these five Funds continued to offer excellent credit quality, with allocations of bonds rated AAA/U.S. guaranteed and AA ranging from 84% in NKR to 83% in NXE, 82% in NAZ, 77% in NFZ and 76% in NTX.

As of the end of July 2004, potential call exposure for these Funds during 2004-2005 ranged from zero in NKR and NXE and 1% in NFZ to 8% in NAZ and NTX. The number of actual bond calls in all of the Funds will depend largely on market interest rates.

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Nuveen Arizona Premium Income Municipal Fund, Inc.
NAZ

Performance

OVERVIEW As of July 31, 2004

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

AAA/U.S. Guaranteed	68%
AA	14%
A	5%
BBB	7%
NR	1%
BB or Lower	5%

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE

Aug	0.0765
Sep	0.0765
Oct	0.0765
Nov	0.0765
Dec	0.0765
Jan	0.0765

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Feb	0.0765
Mar	0.0765
Apr	0.0765
May	0.0765
Jun	0.0765
Jul	0.0765

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

8/1/03	14.96
	15.03
	14.9
	14.76
	14.77
	14.8
	14.66
	14.71
	14.86
	15.27
	15.18
	15.16
	15.1
	15.05
	15.24
	15.39
	15.41
	15.49
	15.61
	16.1
	16.06
	16.17
	16.14
	16.27
	16.75
	16.96
	16.75
	16.72
	16.99
	16.96
	16.94
	17.25
	17.13
	16.95
	16.73
	16
	15.56
	15.52
	14.81
	14.65
	15
	14.7
	14.56
	14.54
	14.52
	15.1
	15.35
	15.31
	15.21
7/31/04	15.27

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FUND SNAPSHOT

Share Price	\$15.27
Common Share Net Asset Value	\$14.04
Premium/(Discount) to NAV	8.76%
Market Yield	6.01%
Taxable-Equivalent Yield ¹	8.77%
Net Assets Applicable to Common Shares (\$000)	\$62,431
Average Effective Maturity (Years)	17.46
Leverage-Adjusted Duration	9.56

AVERAGE ANNUAL TOTAL RETURN
(Inception 11/19/92)

	ON SHARE PRICE	ON NAV
1-Year	7.97%	9.66%
5-Year	3.63%	5.16%
10-Year	7.39%	6.37%

SECTORS

(as a % of total investments)

Tax Obligation/Limited	35%
U.S. Guaranteed	12%
Healthcare	11%
Water and Sewer	11%
Education and Civic Organizations	10%
Housing/Multifamily	8%
Utilities	7%
Other	6%

1 Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 31.5%. For investments that generate qualified dividend income, the taxable-equivalent yield is lower.

Nuveen Arizona Dividend Advantage Municipal Fund
 NFZ

Performance

OVERVIEW As of July 31, 2004

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

AAA/U.S. Guaranteed	57%
AA	20%
A	11%
BBB	11%
BB or Lower	1%

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE²

Aug	0.0755
Sep	0.0755
Oct	0.0755
Nov	0.0755
Dec	0.0765
Jan	0.0765
Feb	0.0765
Mar	0.0765
Apr	0.0765
May	0.0765
Jun	0.0765
Jul	0.0765

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

8/1/03	15.1
	15.12
	15.14
	15.12
	15.14
	15.05
	14.95
	14.91
	14.78
	14.66
	14.67
	14.81
	14.9
	15.04
	15.49
	15.51
	15.64
	15.65
	16.6
	16.67
	16.58

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	16.49
	16.8
	17.17
	16.9
	16.71
	16.9
	16.7
	16.8
	16.77
	16.81
	16.88
	16.7
	15.8
	15.3
	14.65
	14.66
	14.3
	13.78
	13.69
	14.12
	14.28
	14.31
	13.64
	13.98
	14.45
	14.67
	15.28
	15.05
7/31/04	15.4

FUND SNAPSHOT

Share Price	\$15.40
Common Share Net Asset Value	\$15.00
Premium/(Discount) to NAV	2.67%
Market Yield	5.96%
Taxable-Equivalent Yield ¹	8.70%
Net Assets Applicable to Common Shares (\$000)	\$23,153
Average Effective Maturity (Years)	16.89
Leverage-Adjusted Duration	10.42

AVERAGE ANNUAL TOTAL RETURN
(Inception 1/30/01)

	ON SHARE PRICE	ON NAV
1-Year	7.05%	10.56%
Since Inception	6.66%	7.50%

SECTORS
(as a % of total investments)

Tax Obligation/Limited	43%
-----	-----
Utilities	15%
-----	-----
Housing/Multifamily	10%
-----	-----
U.S. Guaranteed	8%
-----	-----
Education and Civic Organizations	7%
-----	-----
Water and Sewer	6%
-----	-----
Healthcare	6%
-----	-----
Other	5%
-----	-----

- 1 Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 31.5%. For investments that generate qualified dividend income, the taxable-equivalent yield is lower.
- 2 The Fund also paid shareholders a net ordinary income distribution in December 2003 of \$0.0418 per share.

12

Nuveen Arizona Dividend Advantage Municipal Fund 2
NKR

Performance
OVERVIEW As of July 31, 2004

Pie Chart:
CREDIT QUALITY
(as a % of total investments)

AAA/U.S. Guaranteed	73%
AA	11%
A	9%
BBB	6%
BB or Lower	1%

Bar Chart:
2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE²

Aug	0.072
Sep	0.072
Oct	0.072
Nov	0.072
Dec	0.072

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Jan	0.072
Feb	0.072
Mar	0.072
Apr	0.072
May	0.072
Jun	0.072
Jul	0.072

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

8/1/03	14.05
	14.32
	14.27
	14.09
	14.09
	14.3
	14.43
	14.39
	14.3
	14.36
	14.3
	14.2
	14.5
	14.4
	14.38
	14.4
	14.24
	14.35
	14.43
	14.76
	14.74
	15.1
	15.23
	14.92
	15.31
	15.12
	15.18
	15.15
	15.44
	15.55
	15.77
	15.71
	15.7
	15.45
	15.08
	14.55
	14.6
	14.64
	14.23
	14.41
	14.6
	14.51
	14.05
	14.01
	14.1
	14.8
	14.98
	14.82
	14.6

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7/31/04

14.82

FUND SNAPSHOT

Share Price	\$14.82
Common Share Net Asset Value	\$15.10
Premium/(Discount) to NAV	-1.85%
Market Yield	5.83%
Taxable-Equivalent Yield ¹	8.51%
Net Assets Applicable to Common Shares (\$000)	\$36,543
Average Effective Maturity (Years)	16.49
Leverage-Adjusted Duration	10.60

AVERAGE ANNUAL TOTAL RETURN
(Inception 3/25/02)

	ON SHARE PRICE	ON NAV
1-Year	9.46%	9.98%
Since Inception	5.25%	8.11%

SECTORS

(as a % of total investments)

Tax Obligation/General	32%
Tax Obligation/Limited	29%
Healthcare	9%
Education and Civic Organizations	7%
Utilities	7%
Water and Sewer	7%
Housing/Multifamily	5%
Other	4%

1 Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 31.5%. For investments that generate qualified dividend income, the taxable-equivalent yield is lower.

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2 The Fund also paid shareholders capital gains and net ordinary income distributions in December 2003 of \$0.0441 per share.

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Nuveen Arizona Dividend Advantage Municipal Fund 3
NXE

Performance

OVERVIEW As of July 31, 2004

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

AAA/U.S. Guaranteed	68%
AA	15%
A	6%
BBB	9%
BB or Lower	2%

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE²

Aug	0.067
Sep	0.067
Oct	0.067
Nov	0.067
Dec	0.067
Jan	0.067
Feb	0.067
Mar	0.067
Apr	0.067
May	0.067
Jun	0.067
Jul	0.067

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

8/1/03	13.96
	13.5
	13.57
	13.13
	13.26
	13.25
	13.05
	13.1
	13.19
	13.2
	13.03
	13.14
	13.21
	13.09
	13.1
	13.34
	13.21

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	13.3
	13.4
	13.45
	13.65
	14.19
	14.2
	14.1
	14.15
	14.05
	14.28
	14.23
	14.46
	14.3
	14.55
	14.77
	14.7
	14.58
	13.71
	13.76
	13.3
	12.89
	12.39
	12.43
	12.78
	12.7
	13
	12.55
	12.75
	13.25
	13.38
	13.49
	13.35
7/31/04	13.3

FUND SNAPSHOT

Share Price	\$13.30
Common Share Net Asset Value	\$14.01
Premium/(Discount) to NAV	-5.07%
Market Yield	6.05%
Taxable-Equivalent Yield ¹	8.83%
Net Assets Applicable to Common Shares (\$000)	\$42,983
Average Effective Maturity (Years)	18.56
Leverage-Adjusted Duration	10.73

AVERAGE ANNUAL TOTAL RETURN
(Inception 9/25/02)

ON SHARE PRICE	ON NAV
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1-Year	1.01%	10.25%

Since Inception	-0.96%	4.25%

SECTORS

(as a % of total investments)

Tax Obligation/Limited	26%

Tax Obligation/General	18%

Education and Civic Organizations	11%

Healthcare	11%

Housing/Multifamily	9%

Transportation	9%

Water and Sewer	7%

Utilities	5%

Other	4%

1 Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 31.5%. For investments that generate qualified dividend income, the taxable-equivalent yield is lower.

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Nuveen Texas Quality Income Municipal Fund
NTX

Performance

OVERVIEW As of July 31, 2004

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

AAA/U.S. Guaranteed	64%
AA	12%
A	9%
BBB	14%
BB or Lower	1%

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE

Aug	0.08
Sep	0.08
Oct	0.08
Nov	0.08
Dec	0.08
Jan	0.08

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Feb	0.08
Mar	0.08
Apr	0.08
May	0.08
Jun	0.08
Jul	0.08

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

8/1/03	14.52
	14.8
	14.45
	14.64
	14.35
	14.2
	14.23
	14.35
	14.4
	14.22
	14.27
	14.34
	14.4
	14.56
	14.66
	14.68
	14.82
	14.98
	15.02
	15.52
	15.34
	15.3
	15.55
	15.15
	15.22
	15.29
	15.55
	15.5
	15.91
	15.66
	15.8
	15.7
	15.5
	14.85
	14.49
	13.7
	13.68
	13.23
	13.36
	13.37
	13.87
	14.19
	14.1
	14.11
	13.96
	14.15
	14.3
	14.21
	14.2
7/31/04	14.59

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FUND SNAPSHOT

Share Price	\$14.59
Common Share Net Asset Value	\$15.12
Premium/(Discount) to NAV	-3.51%
Market Yield	6.58%
Taxable-Equivalent Yield ¹	9.14%
Net Assets Applicable to Common Shares (\$000)	\$143,233
Average Effective Maturity (Years)	18.05
Leverage-Adjusted Duration	8.92

AVERAGE ANNUAL TOTAL RETURN
(Inception 10/17/91)

	ON SHARE PRICE	ON NAV
1-Year	5.87%	10.51%
5-Year	6.09%	6.62%
10-Year	6.66%	6.98%

SECTORS

(as a % of total investments)

Tax Obligation/General	21%
Healthcare	15%
U.S. Guaranteed	10%
Tax Obligation/Limited	10%
Education and Civic Organizations	9%
Utilities	7%
Water and Sewer	6%
Housing/Multifamily	6%
Long-Term Care	5%
Housing/Single Family	4%

Other 7%

1 Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28%. For investments that generate qualified dividend income, the taxable-equivalent yield is lower.

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Report of
INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

THE BOARDS OF DIRECTORS, TRUSTEES AND SHAREHOLDERS
NUVEEN ARIZONA PREMIUM INCOME MUNICIPAL FUND, INC.
NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND
NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND 2
NUVEEN ARIZONA DIVIDEND ADVANTAGE MUNICIPAL FUND 3
NUVEEN TEXAS QUALITY INCOME MUNICIPAL FUND

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Nuveen Arizona Premium Income Municipal Fund, Inc., Nuveen Arizona Dividend Advantage Municipal Fund, Nuveen Arizona Dividend Advantage Municipal Fund 2, Nuveen Arizona Dividend Advantage Municipal Fund 3 and Nuveen Texas Quality Income Municipal Fund as of July 31, 2004, and the related statements of operations, changes in net assets and the financial highlights for the periods indicated therein. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of investments owned as of July 31, 2004, by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of Nuveen Arizona Premium Income Municipal Fund, Inc., Nuveen Arizona Dividend Advantage Municipal Fund, Nuveen Arizona Dividend Advantage Municipal Fund 2, Nuveen Arizona Dividend Advantage Municipal Fund 3 and Nuveen Texas Quality Income Municipal Fund at July 31, 2004, and the results of their operations, changes in their net assets and the financial highlights for the periods indicated therein in conformity with U.S. generally accepted accounting principles.

/s/Ernst & Young LLP

Chicago, Illinois

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September 15, 2004

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Nuveen Arizona Premium Income Municipal Fund, Inc. (NAZ)
 Portfolio of
 INVESTMENTS July 31, 2004

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO

	CONSUMER STAPLES - 1.3%	
\$ 945	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33	5/12 at 100

	EDUCATION AND CIVIC ORGANIZATIONS - 14.7%	
1,000	Arizona State University, Certificates of Participation, Series 2002, 5.375%, 7/01/19 - MBIA Insured	7/12 at 100
1,000	Arizona State University, System Revenue Bonds, Series 2002, 5.000%, 7/01/25 - FGIC Insured	7/12 at 100
1,750	Arizona Student Loan Acquisition Authority, Student Loan Revenue Bonds, Subordinated Fixed Rate, Series 1994B, 6.600%, 5/01/10 (Alternative Minimum Tax)	11/04 at 102
1,250	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Series 2001A, 5.875%, 5/15/31	5/11 at 101
1,050	Northern Arizona University, System Revenue Bonds, Series 2002, 5.000%, 6/01/34 - FGIC Insured	6/12 at 100
1,400	Southern Arizona Capital Facilities Financing Corporation, Student Housing Revenue Bonds, La Aldea Project at the University of Arizona, Series 2002, 5.000%, 9/01/23 - MBIA Insured	9/12 at 100
1,500	Tempe Industrial Development Authority, Arizona, Lease Revenue Bonds, Arizona State University Foundation Project, Series 2003, 5.000%, 7/01/34 - AMBAC Insured	7/13 at 100

	HEALTHCARE - 16.8%	
2,000	Arizona Health Facilities Authority, Hospital System Revenue Bonds, Phoenix Children's Hospital, Series 1999A, 6.125%, 11/15/22	11/09 at 100
1,500	Arizona Health Facilities Authority, Hospital System Revenue Bonds, John C. Lincoln Health Network, Series 2000, 7.000%, 12/01/25	12/10 at 102

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800	Arizona Health Facilities Authority, Hospital Revenue Bonds, Catholic Healthcare West, Series 1999A, 6.625%, 7/01/20	7/10 at 101
3,000	Mesa Industrial Development Authority, Arizona, Revenue Bonds, Discovery Health System, Series 1999A, 5.750%, 1/01/25 - MBIA Insured	1/10 at 101
515	Puerto Rico Industrial, Tourist, Educational, Medical, and Environmental Control Facilities Financing Authority, Hospital Revenue Bonds, Hospital de la Concepcion, Series 2000A, 6.375%, 11/15/15	11/10 at 101
1,500	Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31	12/11 at 101
1,055	Industrial Development Authority, Winslow, Arizona, Hospital Revenue Bonds, Winslow Memorial Hospital Project, Series 1998, 5.500%, 6/01/22	6/08 at 101

HOUSING/MULTIFAMILY - 11.3%		
2,011	Glendale Industrial Development Authority, Arizona, GNMA Collateralized Mortgage Loan Multifamily Housing Revenue Bonds, Maridale Apartments Project, Series 2000A, 7.500%, 10/20/35	10/10 at 105
400	Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Campaigne Place on Jackson, Series 2001, 5.700%, 6/20/31 (Alternative Minimum Tax)	6/11 at 102
1,000	Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Mortgage Loan Multifamily Housing Revenue Bonds, Camelback Crossings Apartments Project, Series 2000, 6.350%, 9/20/35	9/10 at 103
3,215	Tucson Industrial Development Authority, Arizona, Senior Living Facilities Revenue Bonds, Christian Care Project, Series 2000A, 5.625%, 7/01/20 - RAAI Insured	7/10 at 101

HOUSING/SINGLE FAMILY - 0.1%		
45	Phoenix Industrial Development Authority, Arizona, Statewide Single Family Mortgage Revenue Bonds, Series 1995, 6.150%, 6/01/08 (Alternative Minimum Tax)	6/05 at 102

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INDUSTRIALS - 2.2%

\$	1,345	Yavapai County Industrial Development Authority, Arizona, Solid Waste Disposal Revenue Bonds, Waste Management Inc. Project, Series 2003B, 4.450%, 3/01/28 (Alternative Minimum Tax) (Mandatory put 3/01/08)	No Opt. C
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LONG-TERM CARE - 0.6%

345	Mohave County Industrial Development Authority, Arizona, GNMA Collateralized Healthcare Revenue Refunding Bonds, Chris Ridge and Silver Village Projects, Series 1996, 6.375%, 11/01/31	5/06 at 103
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TAX OBLIGATION/GENERAL - 4.0%

1,525	Maricopa County Union High School District 210, Phoenix, Arizona, General Obligation Bonds, Series 2004A, 5.000%, 7/01/21 - FSA Insured	7/14 at 100
500	Puerto Rico, Public Improvement General Obligation Bonds, Series 2002A, 5.500%, 7/01/19 - FGIC Insured	No Opt. C
330	Puerto Rico, Public Improvement General Obligation Bonds, Series 2001A, 5.375%, 7/01/28	7/11 at 100

TAX OBLIGATION/LIMITED - 51.6%

1,985	Arizona School Facilities Board, State School Improvement Revenue Bonds, Series 2003, 5.000%, 7/01/21	7/13 at 100
2,000	Arizona School Facilities Board, Certificates of Participation, Series 2004A, 5.750%, 7/01/18 - AMBAC Insured	7/14 at 100
3,000	Arizona Tourism and Sports Authority, Tax Revenue Bonds, Multipurpose Stadium Facility Project, Series 2003A: 5.375%, 7/01/20 - MBIA Insured	7/13 at 100
1,000	5.375%, 7/01/21 - MBIA Insured	7/13 at 100
	Bullhead City, Arizona, Special Assessment Bonds, Parkway District Improvements, Series 1993:	
820	6.100%, 1/01/08	1/05 at 101
880	6.100%, 1/01/09	1/05 at 101
575	Marana Municipal Property Corporation, Arizona, Revenue Bonds, Series 2003, 5.000%, 7/01/28 - AMBAC Insured	7/13 at 100
1,500	Maricopa County Industrial Development Authority, Education Revenue Bonds, Arizona Charter Schools Project I, Series 2000A, 6.750%, 7/01/29	7/10 at 102
3,400	Maricopa County Stadium District, Arizona, Revenue Refunding Bonds, Series 2002, 5.375%, 6/01/18 - AMBAC Insured	6/12 at 100
	Phoenix Industrial Development Authority, Arizona, Government	

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	Office Lease Revenue Bonds, Capitol Mall LLC Project, Series 2000:		
1,000	5.375%, 9/15/22 - AMBAC Insured		9/10 at 100
2,000	5.500%, 9/15/27 - AMBAC Insured		9/10 at 100
2,150	Phoenix Civic Plaza Building Corporation, Arizona, Senior Lien Excise Tax Revenue Bonds, Series 1994, 6.000%, 7/01/14		7/05 at 101
2,000	Phoenix Civic Improvement Corporation, Arizona, Subordinate Lien Excise Tax Revenue Bonds, Series 2003A, 5.000%, 7/01/21 - MBIA Insured		7/13 at 100
1,200	Prescott Valley Municipal Property Corp., Arizona, Municipal Facilities Revenue Bonds, Series 2003, 5.000%, 1/01/27 - FGIC Insured		1/13 at 100
1,000	Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24		7/12 at 100
805	Scottsdale Preserve Authority, Arizona, Excise Tax Revenue Bonds, Series 2004, 5.000%, 7/01/16 - FGIC Insured		No Opt. C
1,350	Tempe, Arizona, Excise Tax Revenue Bonds, Series 2004, 5.250%, 7/01/20 - AMBAC Insured		7/14 at 100
500	Tucson, Arizona, Certificates of Participation, Series 2000, 5.700%, 7/01/20 - MBIA Insured		7/08 at 100
1,100	Tucson, Arizona, Junior Lien Street and Highway User Revenue Bonds, Series 2000E, 5.000%, 7/01/18 - FGIC Insured		7/10 at 100
2,300	Virgin Islands Public Finance Authority, Gross Receipts Taxes Loan Notes, Series 2003, 5.000%, 10/01/33 - RAAI Insured		10/14 at 100

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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
	U.S. GUARANTEED - 17.4%	
\$ 480	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Bonds, Series 2000, 5.750%, 7/01/20 (Pre-refunded to 7/01/10)	7/10 at 100
2,250	Maricopa County Industrial Development Authority, Arizona, Hospital Revenue Refunding Bonds, Samaritan Health Services, Series 1990A, 7.000%, 12/01/16 - MBIA Insured	No Opt. C
3,000	Mesa, Arizona, General Obligation Bonds, Series 1999, 5.000%, 7/01/18 (Pre-refunded to 7/01/09) - FGIC Insured	7/09 at 100
2,000	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Wastewater System Revenue Bonds, Series 2000, 6.000%, 7/01/24 (Pre-refunded to 7/01/10) - FGIC Insured	7/10 at 101

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170	Puerto Rico, Public Improvement General Obligation Bonds, Series 2001A, 5.375%, 7/01/28 (Pre-refunded to 7/01/11) - MBIA Insured	7/11 at 100
1,000	Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2000B, 6.500%, 7/01/27 (Pre-refunded to 7/01/10)	7/10 at 101
500	Surprise Municipal Property Corporation, Arizona, Excise Tax Revenue Bonds, Series 2000, 5.700%, 7/01/20 (Pre-refunded to 7/01/09) - FGIC Insured	7/09 at 101

UTILITIES - 10.8%

1,000	Arizona Power Authority, Special Obligation Power Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/15	No Opt. C
1,000	Coconino County, Arizona, Pollution Control Revenue Bonds, Nevada Power Company Project, Series 1996, 6.375%, 10/01/36 (Alternative Minimum Tax)	10/06 at 102
1,075	Pima County Industrial Development Authority, Arizona, Lease Obligation Revenue Refunding Bonds, Tucson Electric Power Company, Series 1988A, 7.250%, 7/15/10 - FSA Insured	1/05 at 101
2,000	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Refunding Bonds, Series 2002A: 5.125%, 1/01/27	1/12 at 101
1,000	5.000%, 1/01/31	1/12 at 101
530	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Series 2002B, 5.000%, 1/01/22	1/13 at 100

WATER AND SEWER - 15.9%

1,825	Arizona Water Infrastructure Finance Authority, Water Quality Revenue Bonds, Series 2004A: 5.000%, 10/01/19	10/14 at 100
910	5.000%, 10/01/22	10/14 at 100
3,500	Glendale, Arizona, Water and Sewer Revenue Bonds, Subordinate Lien, Series 2003, 5.000%, 7/01/28	7/13 at 100
600	Oro Valley Municipal Property Corporation, Arizona, Senior Lien Water Revenue Bonds, Series 2003, 5.000%, 7/01/23 - MBIA Insured	7/13 at 100
1,250	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Refunding Bonds, Series 2001, 5.500%, 7/01/21 - FGIC Insured	No Opt. C
1,500	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2002, 5.000%, 7/01/26 - FGIC Insured	7/12 at 100

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\$ 87,136 Total Long-Term Investments (cost \$88,409,356) - 146.7%

 Other Assets Less Liabilities - 1.4%

 Preferred Shares, at Liquidation Value - (48.1)%

 Net Assets Applicable to Common Shares - 100%
 =====

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.

* Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

** Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.

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

N/R Investment is not rated.

See accompanying notes to financial statements.

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Nuveen Arizona Dividend Advantage Municipal Fund (NFZ)
 Portfolio of
 INVESTMENTS July 31, 2004

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO

	EDUCATION AND CIVIC ORGANIZATIONS - 10.0%	
\$ 1,020	Mesa Industrial Development Authority, Arizona, Student Housing Revenue Bonds, ASU East/Maricopa County Community College District, Williams Campus Project, Series 2001A, 6.000%, 7/01/26	7/11 at 101
1,000	Puerto Rico Industrial, Tourist, Educational, Medical, and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds, Ana G. Mendez University System, Series 1999, 5.375%, 2/01/29	2/09 at 101
300	Puerto Rico Industrial, Tourist, Educational, Medical, and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds, University of the Sacred Heart, Series 2001, 5.250%, 9/01/21	9/11 at 100

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	HEALTHCARE - 8.7%	
550	Arizona Health Facilities Authority, Hospital System Revenue Bonds, John C. Lincoln Health Network, Series 2000, 6.875%, 12/01/20	12/10 at 102
365	Arizona Health Facilities Authority, Hospital Revenue Bonds, Catholic Healthcare West, Series 1999A, 6.625%, 7/01/20	7/10 at 101
1,000	Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31	12/11 at 101

	HOUSING/MULTIFAMILY - 15.4%	
1,000	Maricopa County Industrial Development Authority, Arizona, Multifamily Housing Revenue Bonds, Whispering Palms Apartments Project, Series 1999A, 5.900%, 7/01/29 - MBIA Insured	7/09 at 102
1,125	Maricopa County Industrial Development Authority, Arizona, Multifamily Housing Revenue Bonds, Syl-Mar Apartments Project, Series 2001, 5.650%, 4/20/21 (Alternative Minimum Tax)	10/11 at 103
275	Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Campaigne Place on Jackson, Series 2001, 5.700%, 6/20/31 (Alternative Minimum Tax)	6/11 at 102
1,000	Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Mortgage Loan Multifamily Housing Revenue Bonds, Camelback Crossings Apartments Project, Series 2000, 6.350%, 9/20/35	9/10 at 103

	HOUSING/SINGLE FAMILY - 1.2%	
260	Pima County Industrial Development Authority, Arizona, FNMA/GNMA Single Family Mortgage Revenue Bonds, Series 2001A-4, 5.050%, 5/01/17	11/10 at 101

	INDUSTRIALS - 2.2%	
510	Yavapai County Industrial Development Authority, Arizona, Solid Waste Disposal Revenue Bonds, Waste Management Inc. Project, Series 2003B, 4.450%, 3/01/28 (Alternative Minimum Tax) (Mandatory put 3/01/08)	No Opt. C

	TAX OBLIGATION/GENERAL - 4.6%	
1,020	Tucson, Arizona, General Obligation Refunding Bonds,	7/07 at 100

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Series 1997, 5.000%, 7/01/19

TAX OBLIGATION/LIMITED - 63.9%		
700	Arizona School Facilities Board, School Improvement Revenue Bonds, Series 2001, 5.500%, 7/01/18	7/11 at 100
2,750	Arizona School Facilities Board, Certificates of Participation, Series 2004A, 5.750%, 7/01/18 - AMBAC Insured	7/14 at 100
1,000	Arizona State Transportation Board, Highway Revenue Bonds, Series 2003A, 5.000%, 7/01/22	7/13 at 100
1,000	Arizona Tourism and Sports Authority, Tax Revenue Bonds, Multipurpose Stadium Facility Project, Series 2003A, 5.375%, 7/01/21 - MBIA Insured	7/13 at 100
1,180	Marana Municipal Property Corporation, Arizona, Revenue Bonds, Series 2003, 5.000%, 7/01/23 - AMBAC Insured	7/13 at 100

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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
TAX OBLIGATION/LIMITED (continued)		
\$ 2,000	Maricopa County Industrial Development Authority, Arizona, Education Revenue Bonds, Horizon Community Learning Center Project, Series 2000, 6.350%, 6/01/26 - ACA Insured	6/07 at 102
900	Phoenix Industrial Development Arizona, Government Office Lease Revenue Bonds, Capitol Mall LLC II Project, Series 2001, 5.250%, 9/15/16 - AMBAC Insured	3/12 at 100
680	Pinal County Industrial Development Authority, Arizona, Correctional Facilities Contract Revenue Bonds, Florence West Prison LLC, Series 2002A, 5.000%, 10/01/18 - ACA Insured	No Opt. C
2,675	Tempe, Arizona, Excise Tax Revenue Refunding Bonds, Series 2003, 5.000%, 7/01/21	7/13 at 100
1,000	Tempe, Arizona, Excise Tax Revenue Bonds, Series 2004, 5.250%, 7/01/20 - AMBAC Insured	7/14 at 100
U.S. GUARANTEED - 12.1%		
1,000	Mesa, Arizona, General Obligation Bonds, Series 1999, 5.000%, 7/01/17 (Pre-refunded to 7/01/09) - FGIC Insured	7/09 at 100
1,000	Mesa, Arizona, Utility System Revenue Bonds, Series 2000, 5.125%, 7/01/19 (Pre-refunded to 7/01/09) - FGIC Insured	7/09 at 100

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	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Refunding Bonds, Series 1997A:		
140	5.000%, 1/01/20 (Pre-refunded to 1/01/08)		1/08 at 101
430	5.000%, 1/01/20 (Pre-refunded to 1/01/08)		1/08 at 101

	UTILITIES - 21.9%		
1,500	Arizona Power Authority, Special Obligation Power Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/17		No Opt. C
500	Coconino County, Arizona, Pollution Control Revenue Bonds, Nevada Power Company Project, Series 1997B, 5.800%, 11/01/32 (Alternative Minimum Tax)		11/04 at 100
1,000	Mesa, Arizona, Utility System Revenue Refunding Bonds, Series 2002, 5.250%, 7/01/17 - FGIC Insured		No Opt. C
350	Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2002II, 5.125%, 7/01/26 - FSA Insured		7/12 at 101
1,000	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Refunding Bonds, Series 2002A, 5.250%, 1/01/18		1/12 at 101
200	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Series 2002B, 5.000%, 1/01/22		1/13 at 100
235	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Refunding Bonds, Series 1997A, 5.000%, 1/01/20		1/08 at 101

	WATER AND SEWER - 9.1%		
350	Arizona Water Infrastructure Finance Authority, Water Quality Revenue Bonds, Series 2004A, 5.000%, 10/01/22		10/14 at 100
225	Oro Valley Municipal Property Corporation, Arizona, Senior Lien Water Revenue Bonds, Series 2003, 5.000%, 7/01/23 - MBIA Insured		7/13 at 100
1,500	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2002, 5.000%, 7/01/26 - FGIC Insured		7/12 at 100

\$	32,740	Total Long-Term Investments (cost \$33,517,076) - 149.1%	
=====			
	Other Assets Less Liabilities - 2.7%		

	Preferred Shares, at Liquidation Value - (51.8)%		

	Net Assets Applicable to Common Shares - 100%		
	=====		

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.

- * Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.
- ** Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.
- *** Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.

See accompanying notes to financial statements.

Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR)
Portfolio of
INVESTMENTS July 31, 2004

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO

	EDUCATION AND CIVIC ORGANIZATIONS - 10.2%	
\$ 715	Arizona State University, System Revenue Bonds, Series 2002, 5.750%, 7/01/27 - FGIC Insured	7/12 at 100
1,250	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Series 2001A, 5.875%, 5/15/31	5/11 at 101
320	Puerto Rico Industrial, Tourist, Educational, Medical, and Environmental Control Facilities Financing Authority, Higher Education Revenue Bonds, Ana G. Mendez University System, Series 1999, 5.375%, 2/01/19	2/09 at 101
	University of Arizona, Certificates of Participation, Series 2002A:	
750	5.500%, 6/01/18 - AMBAC Insured	6/12 at 100
500	5.125%, 6/01/22 - AMBAC Insured	6/12 at 100

	HEALTHCARE - 12.9%	
735	Arizona Health Facilities Authority, Hospital System Revenue Bonds, Phoenix Children's Hospital, Series 2002A, 6.250%, 2/15/21	2/12 at 101
400	Arizona Health Facilities Authority, Hospital Revenue Bonds, Catholic Healthcare West, Series 1999A, 6.625%, 7/01/20	7/10 at 101

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500	Maricopa County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Mayo Clinic Hospital, Series 1998, 5.250%, 11/15/37	5/08 at 101
1,000	Mesa Industrial Development Authority, Arizona, Revenue Bonds, Discovery Health System, Series 1999A, 5.625%, 1/01/29 - MBIA Insured	1/10 at 101
1,000	Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31	12/11 at 101
1,000	Yavapai County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Yavapai Regional Medical Center, Series 2003A, 6.000%, 8/01/33	8/13 at 100

HOUSING/MULTIFAMILY - 6.9%		
1,000	Maricopa County Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Refunding Bonds, Pine Ridge, Cambridge Court, Cove on 44th and Fountain Place Apartments Projects, Series 2001A-1, 6.000%, 10/20/31	10/11 at 105
1,425	Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Summit Apartments, Series 2002, 6.450%, 7/20/32	7/12 at 105

HOUSING/SINGLE FAMILY - 0.4%		
125	Pima County Industrial Development Authority, Arizona, FNMA/GNMA Single Family Mortgage Revenue Bonds, Series 2001A-1, 5.350%, 11/01/24 (Alternative Minimum Tax)	11/10 at 101

INDUSTRIALS - 2.3%		
810	Yavapai County Industrial Development Authority, Arizona, Solid Waste Disposal Revenue Bonds, Waste Management Inc. Project, Series 2003B, 4.450%, 3/01/28 (Alternative Minimum Tax) (Mandatory put 3/01/08)	No Opt. C

TAX OBLIGATION/GENERAL - 46.9%		
1,725	Chandler, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/17	7/12 at 100
1,000	Gilbert, Arizona, General Obligation Bonds, Series 2002A, 5.000%, 7/01/18 - AMBAC Insured	7/11 at 100
1,000	Maricopa County School District 6, Arizona, General Obligation Refunding Bonds, Washington Elementary School, Series 2002A: 5.375%, 7/01/15 - FSA Insured	No Opt. C
2,000	5.375%, 7/01/16 - FSA Insured	No Opt. C

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2,165	Maricopa County Unified School District District 69, Paradise Valley, Arizona, General Obligation Refunding Bonds, Series 2002A, 5.250%, 7/01/14 - FGIC Insured	No Opt. C
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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO

TAX OBLIGATION/GENERAL (continued)		
\$ 1,000	Maricopa County Unified School District 89, Dysart, Arizona, General Obligation Bonds, Series 2004B, 5.250%, 7/01/20 - FSA Insured	7/14 at 100
1,000	Mesa, Arizona, General Obligation Bonds, Series 2000, 6.500%, 7/01/11 - FGIC Insured	No Opt. C
1,405	Mesa, Arizona, General Obligation Bonds, Series 2002, 5.375%, 7/01/15 - FGIC Insured	No Opt. C
	Phoenix, Arizona, Various Purpose General Obligation Bonds, Series 2002B:	
1,700	5.000%, 7/01/22	7/12 at 100
250	5.000%, 7/01/27	7/12 at 100
1,000	Pinal County Unified School District 43, Apache Junction, Arizona, General Obligation Refunding Bonds, Series 2001, 5.750%, 7/01/15 - FGIC Insured	No Opt. C
1,500	Scottsdale, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/24	7/11 at 100

TAX OBLIGATION/LIMITED - 43.3%		
	Arizona State, Certificates of Participation, Series 2002A:	
750	5.000%, 11/01/17 - MBIA Insured	5/12 at 100
1,000	5.000%, 11/01/18 - MBIA Insured	5/12 at 100
500	5.000%, 11/01/20 - MBIA Insured	5/12 at 100
1,000	Arizona State Transportation Board, Highway Revenue Bonds, Series 2002B, 5.250%, 7/01/21	7/12 at 100
670	Goodyear Community Facilities Utility District 1, Arizona, General Obligation Bonds, Series 2003, 5.350%, 7/15/28 - ACA Insured	7/13 at 100
1,000	Maricopa County Public Finance Authority, Arizona, Lease Revenue Bonds, Series 2001, 5.500%, 7/01/15 - AMBAC Insured	7/11 at 100
	Maricopa County Stadium District, Arizona, Revenue Refunding Bonds, Series 2002:	
840	5.375%, 6/01/18 - AMBAC Insured	6/12 at 100

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2,645	5.375%, 6/01/19 - AMBAC Insured	6/12 at 100
1,000	Mesa, Arizona, Street and Highway User Tax Revenue Bonds, Series 2004, 5.125%, 7/01/23 - FSA Insured	7/14 at 100
1,500	Phoenix Industrial Development, Arizona, Government Office Lease Revenue Bonds, Capitol Mall LLC II Project, Series 2001, 5.250%, 9/15/16 - AMBAC Insured	3/12 at 100
460	Pima County Industrial Development Authority, Arizona, Charter School Revenue Bonds, Noah Webster Basic Schools Inc., Series 2004, 6.000%, 12/15/24	12/14 at 100
1,070	Pinal County Industrial Development Authority, Arizona, Correctional Facilities Contract Revenue Bonds, Florence West Prison LLC, Series 2002A, 5.000%, 10/01/18 - ACA Insured	No Opt. C
1,000	Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002D, 5.125%, 7/01/24	7/12 at 100
1,000	Tucson, Arizona, Junior Lien Street and Highway User Revenue Bonds, Series 2000E, 5.000%, 7/01/18 - FGIC Insured	7/10 at 100
640	Yuma Municipal Property Corporation, Arizona, Municipal Facilities Tax Revenue Bonds, Series 2001, 5.000%, 7/01/21 - AMBAC Insured	7/10 at 100

TRANSPORTATION - 5.5%		
1,000	Phoenix Civic Improvement Corporation, Arizona, Senior Lien Airport Revenue Bonds, Series 1998A, 5.000%, 7/01/25 - FSA Insured	7/08 at 101
1,000	Phoenix, Arizona, Civic Improvement Corporation, Senior Lien Airport Revenue Bonds, Series 2002B, 5.250%, 7/01/27 (Alternative Minimum Tax) - FGIC Insured	7/12 at 100

UTILITIES - 10.1%		
1,115	Arizona Power Authority, Special Obligation Power Resource Revenue Refunding Crossover Bonds, Hoover Project, Series 2001, 5.250%, 10/01/15	No Opt. C
1,000	Mesa, Arizona, Utility System Revenue Bonds, Series 2002, 5.000%, 7/01/20 - FGIC Insured	7/11 at 100
1,000	Mesa, Arizona, Utility System Revenue Refunding Bonds, Series 2002, 5.250%, 7/01/17 - FGIC Insured	No Opt. C
320	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Series 2002B, 5.000%, 1/01/22	1/13 at 100

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Nuveen Arizona Dividend Advantage Municipal Fund 2 (NKR) (continued)
Portfolio of INVESTMENTS July 31, 2004

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
	WATER AND SEWER - 10.1%	
\$ 555	Arizona Water Infrastructure Finance Authority, Water Quality Revenue Bonds, Series 2004A, 5.000%, 10/01/22	10/14 at 100
500	Maricopa County Industrial Development Authority, Arizona, Water System Improvement Revenue Bonds, Chaparral City Water Company Project, Series 1997A, 5.400%, 12/01/22 (Alternative Minimum Tax) - AMBAC Insured	12/07 at 102
360	Oro Valley Municipal Property Corporation, Arizona, Senior Lien Water Revenue Bonds, Series 2003, 5.000%, 7/01/23 - MBIA Insured	7/13 at 100
1,000	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Refunding Bonds, Series 2001, 5.500%, 7/01/22 - FGIC Insured	No Opt. C
1,000	Tucson, Arizona, Water System Revenue Refunding Bonds, Series 2002, 5.500%, 7/01/18 - FGIC Insured	7/12 at 102
\$ 51,200	Total Long-Term Investments (cost \$52,483,361) - 148.6%	
	Other Assets Less Liabilities - 2.0%	
	Preferred Shares, at Liquidation Value - (50.6)%	
	Net Assets Applicable to Common Shares - 100%	

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.

* Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

** Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.

See accompanying notes to financial statements.

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Nuveen Arizona Dividend Advantage Municipal Fund 3 (NXE)
 Portfolio of
 INVESTMENTS July 31, 2004

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
	CONSUMER STAPLES - 3.8%	
\$ 1,890	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33	5/12 at 100
	EDUCATION AND CIVIC ORGANIZATIONS - 16.4%	
2,000	Arizona State University, System Revenue Bonds, Series 2002, 5.750%, 7/01/27 - FGIC Insured	7/12 at 100
1,000	Arizona Student Loan Acquisition Authority, Student Loan Revenue Refunding Bonds, Senior Series 1999A-1, 5.750%, 5/01/15 (Alternative Minimum Tax)	11/09 at 102
1,130	Energy Management Services LLC, Arizona State University, Energy Conservation Revenue Bonds, Main Campus Project, Series 2002, 5.250%, 7/01/18 - MBIA Insured	7/12 at 100
500	Glendale Industrial Development Authority, Arizona, Revenue Bonds, Midwestern University, Series 1998A, 5.375%, 5/15/28	5/08 at 101
2,000	University of Arizona, Certificates of Participation, Series 2002B, 5.125%, 6/01/20 - AMBAC Insured	6/12 at 100
	HEALTHCARE - 16.1%	
	Arizona Health Facilities Authority, Hospital System Revenue Bonds, Phoenix Children's Hospital, Series 1999A:	
750	6.125%, 11/15/22	11/09 at 100
520	6.250%, 11/15/29	11/09 at 100
1,000	Arizona Health Facilities Authority, Hospital System Revenue Bonds, John C. Lincoln Health Network, Series 2000, 6.875%, 12/01/20	12/10 at 102
300	Arizona Health Facilities Authority, Hospital Revenue Bonds, Catholic Healthcare West, Series 1999A, 6.625%, 7/01/20	7/10 at 101
2,000	Maricopa County Industrial Development Authority, Arizona, Hospital Revenue Bonds, Mayo Clinic Hospital, Series 1998, 5.250%, 11/15/37	5/08 at 101
1,250	Scottsdale Industrial Development Authority, Arizona, Hospital Revenue Bonds, Scottsdale Healthcare, Series 2001, 5.800%, 12/01/31	12/11 at 101
1,000	Yavapai County Industrial Development Authority, Arizona,	8/13 at 100

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Hospital Revenue Bonds, Yavapai Regional Medical Center,
Series 2003A, 6.000%, 8/01/33

HOUSING/MULTIFAMILY - 13.9%

1,750	Maricopa County Industrial Development Authority, Arizona, Multifamily Housing Senior Revenue Bonds, National Voluntary Health Facilities II Project, Series 1998A, 5.100%, 1/01/33 - FSA Insured	1/18 at 100
2,500	Maricopa County Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Villas at Augusta Project, Series 2000, 6.500%, 10/20/33	10/10 at 105
1,545	Phoenix Industrial Development Authority, Arizona, GNMA Collateralized Multifamily Housing Revenue Bonds, Campaigne Place on Jackson, Series 2001, 5.600%, 6/20/21 (Alternative Minimum Tax)	6/11 at 102

INDUSTRIALS - 2.2%

945	Yavapai County Industrial Development Authority, Arizona, Solid Waste Disposal Revenue Bonds, Waste Management Inc. Project, Series 2003B, 4.450%, 3/01/28 (Alternative Minimum Tax) (Mandatory put 3/01/08)	No Opt. C
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TAX OBLIGATION/GENERAL - 26.4%

660	Chandler, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/18	7/12 at 100
2,250	DC Ranch Community Facilities District, Scottsdale, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/15/27 - AMBAC Insured	7/13 at 100
1,930	Glendale, Arizona, General Obligation Refunding Bonds, Series 2002, 5.000%, 7/01/19	7/11 at 100

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Nuveen Arizona Dividend Advantage Municipal Fund 3 (NXE) (continued)
Portfolio of INVESTMENTS July 31, 2004

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
<hr/>		
TAX OBLIGATION/GENERAL (continued)		
\$ 1,000	Maricopa County School District 11, Peoria Unified, Arizona, General Obligation Refunding Bonds, Series 2002, 5.000%, 7/01/15 - FSA Insured	No Opt. C

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765	Maricopa County Unified School District 69, Paradise Valley, Arizona, General Obligation Refunding Bonds, Series 2002, 5.000%, 7/01/15 - FSA Insured	No Opt. C
1,000	Maricopa County Unified School District 95, Queen Creek, Arizona, General Obligation Bonds, Series 2002, 5.000%, 7/01/14 - FGIC Insured	No Opt. C
1,575	Maricopa County Union High School District 210, Phoenix, Arizona, General Obligation Bonds, Series 2004A, 5.000%, 7/01/20 - FSA Insured	7/14 at 100
1,150	Scottsdale, Arizona, General Obligation Refunding Bonds, Series 2002, 5.000%, 7/01/16	No Opt. C
440	Tucson, Arizona, General Obligation Bonds, Series 2001B, 5.000%, 7/01/20	7/11 at 100

TAX OBLIGATION/LIMITED - 39.3%

2,000	Arizona School Facilities Board, School Improvement Revenue Bonds, Series 2002, 5.250%, 7/01/20	7/12 at 100
3,000	Arizona State Transportation Board, Highway Revenue Refunding Bonds, Series 2002A, 5.250%, 7/01/18	7/12 at 102
1,000	Arizona State Transportation Board, Highway Revenue Bonds, Series 2002B, 5.250%, 7/01/22	7/12 at 100
2,660	Arizona Tourism and Sports Authority, Tax Revenue Bonds, Multipurpose Stadium Facility Project, Series 2003A, 5.375%, 7/01/20 - MBIA Insured	7/13 at 100
800	Goodyear Community Facilities Utility District 1, Arizona, General Obligation Bonds, Series 2003, 5.350%, 7/15/28 - ACA Insured	7/13 at 100
2,000	Mohave County, Arizona, Certificates of Participation, Series 2004, 5.250%, 7/01/19 - AMBAC Insured	7/14 at 100
540	Pima County Industrial Development Authority, Arizona, Charter School Revenue Bonds, Noah Webster Basic Schools Inc., Series 2004, 6.000%, 12/15/24	12/14 at 100
1,250	Pinal County Industrial Development Authority, Arizona, Correctional Facilities Contract Revenue Bonds, Florence West Prison LLC, Series 2002A, 5.000%, 10/01/18 - ACA Insured	No Opt. C
2,770	Tempe, Arizona, Excise Tax Revenue Refunding Bonds, Series 2003, 5.000%, 7/01/22	7/13 at 100

TRANSPORTATION - 13.9%

1,000	Phoenix, Arizona, Civic Improvement Corporation, Senior Lien Airport Revenue Bonds, Series 2002B: 5.750%, 7/01/16 (Alternative Minimum Tax) - FGIC Insured	7/12 at 100
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2,300	5.250%, 7/01/21 (Alternative Minimum Tax) - FGIC Insured	7/12 at 100
2,450	Tucson Airport Authority Inc., Arizona, Revenue Refunding Bonds, Series 2001B, 5.000%, 6/01/20 (Alternative Minimum Tax) - AMBAC Insured	6/11 at 100

UTILITIES - 7.3%		
1,750	Maricopa County, Arizona, Pollution Control Corporation Revenue Bonds, Arizona Public Service Company Palo Verde Project, Series 2002A, 5.050%, 5/01/29 - AMBAC Insured	11/12 at 100
	Salt River Project Agricultural Improvement and Power District, Arizona, Electric System Revenue Bonds, Series 2002B:	
360	5.000%, 1/01/22	1/13 at 100
1,000	5.000%, 1/01/31	1/13 at 100

WATER AND SEWER - 9.8%		
650	Arizona Water Infrastructure Finance Authority, Water Quality Revenue Bonds, Series 2004A, 5.000%, 10/01/22	10/14 at 100
405	Oro Valley Municipal Property Corporation, Arizona, Senior Lien Water Revenue Bonds, Series 2003, 5.000%, 7/01/23 - MBIA Insured	7/13 at 100

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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO

WATER AND SEWER (continued)		
\$ 1,000	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Wastewater System Revenue Refunding Bonds, Series 2001, 5.125%, 7/01/21 - FGIC Insured	7/11 at 100
2,000	Phoenix Civic Improvement Corporation, Arizona, Junior Lien Water System Revenue Bonds, Series 2002, 5.000%, 7/01/18 - FGIC Insured	7/12 at 100

\$ 61,785	Total Long-Term Investments (cost \$64,073,701) - 149.1%	
=====		
Other Assets Less Liabilities - 2.1%		

Preferred Shares, at Liquidation Value - (51.2)%		

Net Assets Applicable to Common Shares - 100%		
=====		

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.

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* Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

** Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.

See accompanying notes to financial statements.

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Nuveen Texas Quality Income Municipal Fund (NTX)
Portfolio of
INVESTMENTS July 31, 2004

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO

	CONSUMER STAPLES - 1.7%	
\$ 2,835	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.375%, 5/15/33	5/12 at 100

	EDUCATION AND CIVIC ORGANIZATIONS - 12.4%	
205	Brazos Higher Education Authority Inc., Texas, Student Loan Revenue Refunding Bonds, Subordinate Series 1993A-2, 6.800%, 12/01/04 (Alternative Minimum Tax)	No Opt. C
1,000	Raven Hills Higher Education Corporation, Texas, Student Housing Revenue Bonds, Lamar University - Cardinal Village LLC, Series 2001A, 5.250%, 8/01/24 - MBIA Insured	8/11 at 100
	Texas Public Finance Authority, Revenue Bonds, Texas Southern University Financing System, Series 2003:	
1,710	5.000%, 5/01/18 - FGIC Insured	5/13 at 100
1,795	5.000%, 5/01/19 - FGIC Insured	5/13 at 100
1,885	5.000%, 5/01/20 - FGIC Insured	5/13 at 100
2,000	Texas State University System, Financing Revenue Refunding Bonds, Series 2002, 5.000%, 3/15/20 - FSA Insured	3/12 at 100
1,445	Tyler Junior College District, Smith and Van Zanlt Counties, Texas, Combined Fee Improvement Revenue Refundin	8/04 at 100