NUVEEN MUNICIPAL HIGH INCOME OPPORTUNITY FUND
Form N-CSR
January 07, 2011

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 811-21449

Nuveen Municipal High Income Opportunity Fund
(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606
(Address of principal executive offices) (Zip code)

Kevin J. McCarthy
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: October 31

Date of reporting period: October 31, 2010

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.

ITEM 1. REPORTS TO STOCKHOLDERS.

NUVEEN INVESTMENTS ANNOUNCES STRATEGIC COMBINATION WITH FAF ADVISORS

On July 29, 2010, Nuveen Investments announced that U.S. Bancorp will receive a 9.5% stake in Nuveen Investments and cash consideration in exchange for the long-term asset business of U.S. Bancorp's FAF Advisors. Nuveen Investments is the parent of Nuveen Asset Management (NAM), the investment adviser for the Funds included in this report.

FAF Advisors, which currently manages about $25 billion of long-term assets and serves as the advisor of the First American Funds, will be combined with NAM, which currently manages about $75 billion in municipal fixed income assets. Upon completion of the transaction, Nuveen Investments, which currently manages about $160 billion of assets across several high-quality affiliates, will manage a combined total of about $185 billion in institutional and retail assets.

This combination will not affect the investment objectives, strategies or policies of the Funds in this report. Over time, Nuveen Investments expects that the combination will provide even more ways to meet the needs of investors who work with financial advisors and consultants by enhancing the multi-boutique model of Nuveen Investments, which also includes highly respected investment teams at Hyde Park, NWQ Investment Management, Santa Barbara Asset Management, Symphony Asset Management, Tradewinds Global Investors and Winslow Capital.

The transaction is expected to close late in 2010, subject to customary conditions.

Chairman's
Letter to Shareholders

Dear Shareholder,

Recent months have revealed the fragility and disparity of the global economic recovery. In the U.S., the rate of economic growth has slowed as various stimulus programs wind down, exposing weakness in the underlying economy. In contrast, many emerging market countries are experiencing a return to comparatively high rates of growth. Confidence in global financial markets has been undermined by concerns about high sovereign debt levels in Europe and the U.S. Until these countries can begin credible programs to reduce their budgetary deficits, market unease and hesitation will remain. On a more encouraging note, while the global recovery is expanding existing trade imbalances, policy makers in the leading economies are making a sustained effort to create a global framework through which various countries can take complimentary actions that should reduce those imbalances over time.

The U.S. economy is subject to unusually high levels of uncertainty as it struggles to recover from a devastating financial crisis. Unemployment remains stubbornly high, due to what appears to be both cyclical and structural forces. Federal Reserve policy makers are implementing another round of quantitative easing, a novel approach to provide support to the economy. However, the high levels of debt owed both by U.S. consumers and the U.S. government limit the Fed's ability to engineer a stronger economic recovery.

The U.S. financial markets reflect the crosscurrents now impacting the U.S. economy. Today's historically low interest rates reflect the Fed's intervention in the financial markets and the demand for U.S. government debt by U.S. and overseas investors looking for a safe haven for investment. The continued corporate earnings recovery and recent electoral results are giving a boost to equity markets. Encouragingly, financial institutions are rebuilding their balance sheets and the financial reform legislation enacted last summer has the potential to address many of the most significant contributors to the financial crisis, although the details still have to be worked out.

In this difficult environment your Nuveen investment team continues to seek sustainable investment opportunities and, at the same time, remains alert for potential risks that may result from a recovery still facing many headwinds. As your representative, the Nuveen Fund Board monitors the activities of each investment team to assure that all maintain their investment disciplines. As always, I encourage you to contact your financial consultant if you have any questions about your investment in a Nuveen Fund.

On behalf of the other members of your Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

Robert P. Bremner
Chairman of the Board
December 22, 2010

Portfolio Managers' Comments

Nuveen Investment Quality Municipal Fund, Inc. (NQM)
Nuveen Select Quality Municipal Fund, Inc. (NQS)
Nuveen Quality Income Municipal Fund, Inc. (NQU)
Nuveen Premier Municipal Income Fund, Inc. (NPF)
Nuveen Municipal High Income Opportunity Fund (NMZ)
Nuveen Municipal High Income Opportunity Fund 2 (NMD)

Recently, portfolio managers Tom Spalding, Paul Brennan, John Miller and Johnathan Wilhelm discussed U.S. economic and municipal market conditions, key investment strategies and the twelve-month performance of these six national Funds. A 34-year veteran of Nuveen, Tom has managed NQS and NQU since 2003. With 20 years of industry experience, including 12 years at Nuveen, Paul assumed portfolio management responsibility for NPF in 2006. John, who has 15 years of municipal market experience, has managed NMZ since its inception in 2003. Johnathan, who joined Nuveen in 2001 with 20 years of industry experience, served as co-portfolio manager of NMD beginning in 2007 and assumed full portfolio management responsibility for this Fund as well as for NQM in March 2009.

Since the close of this reporting period, Johnathan Wilhelm has left Nuveen Asset Management and no longer manages NMD and NQM. Paul Brennan will now manage NQM and John Miller will assume portfolio management responsibility for NMD.

What factors affected the U.S. economy and municipal market during the twelve-month reporting period ended October 31, 2010?

During this reporting period, the U.S. economy remained under considerable stress, and both the Federal Reserve (Fed) and the federal government continued their efforts to improve the overall economic environment. For its part, the Fed held the benchmark fed funds rate in a target range of zero to 0.25% since cutting it to this record low level in December 2008. At its November 2010 meeting (shortly after the end of this reporting period), the central bank renewed its commitment to keeping the fed funds rate at "exceptionally low levels" for an "extended period." The Fed also announced a second round of quantitative easing, in which it plans to purchase $600 billion in U.S. Treasury bonds by June 30, 2011. The goal of this plan is to lower long-term interest rates and thereby stimulate economic activity and create jobs. The federal government continued to focus on implementing the economic stimulus package passed in early 2009 and aimed at providing job creation, tax relief, fiscal assistance to state and local governments, and expansion of unemployment benefits and other federal social welfare programs.

These and other measures produced some signs of economic improvement. In the third quarter of 2010, the U.S. economy, as measured by the U.S. gross domestic product (GDP), grew at an annualized rate of 2.5%, marking the first time the economy had

Certain statements in this report are forward-looking statements. Discussions of specific investments are for illustration only and are not intended as recommendations of individual investments. The forward-looking statements and other views expressed herein are those of the portfolio managers as of the date of this report. Actual future results or occurrences may differ significantly from those anticipated in any forward-looking statements, and the views expressed herein are subject to change at any time, due to numerous market and other factors. The Funds disclaim any obligation to update publicly or revise any forward-looking statements or views expressed herein.

Any reference to credit ratings for portfolio holdings denotes the highest rating assigned by a Nationally Recognized Statistical Rating Organization (NRSRO) such as Standard & Poor's, Moody's or Fitch. AAA, AA, A, and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below investment grade. Holdings and ratings may change over time.

strung together five consecutive quarters of growth since 2007-2008. Inflation remained relatively tame, as the Consumer Price Index (CPI) rose just 1.2% year-over-year as of October 2010. The core CPI (which excludes food and energy) rose 0.6% over this period, the smallest twelve-month increase in the 53-year history of this index. Housing prices also continued to recover from their April 2009 lows, although growth rates moderated from previous periods. For the twelve months ended September 2010 (the most recent data available at the time this report was produced), the average home price in the Standard & Poor's/Case-Shiller Index rose 0.6%. Unemployment remained persistently high, with the jobless rate hovering at or above 9.5% over the past 15 months. As of October 31, 2010, national unemployment stood at 9.6% for the third consecutive month, down from its 26-year high of 10.1% in October 2009.

Municipal bond prices generally rose during this period, as the combination of strong demand and tight supply of new tax-exempt issuance created favorable market conditions, including high-yield bonds. One reason for the decrease in new tax-exempt supply was the heavy issuance of taxable municipal debt under the Build America Bond program. Build America Bonds, which were created as part of the February 2009 economic stimulus package, currently offer municipal issuers a federal subsidy equal to 35% of a bond's interest payments, providing issuers with an alternative to traditional tax-exempt debt that often proves to be lower in cost. For the twelve months ended October 31, 2010, taxable Build America Bonds issuance totaled $100.3 billion, accounting for 24% of new bonds issued in the municipal market.

Over the twelve months ended October 31, 2010, municipal bond issuance nationwide—both tax-exempt and taxable—totaled $418.0 billion, an increase of 9% compared with the twelve-month period ended October 31, 2009. However, if taxable Build America Bond issuance were removed from the equation, the supply of tax-exempt bonds alone actually fell 15%. Since interest payments from Build America Bonds represent taxable income, we do not view these bonds as good investment opportunities for the tax-exempt Nuveen municipal closed-end funds.

What key strategies were used to manage these Funds?

As previously mentioned, the supply of tax-exempt municipal bonds declined nationally during this period, due largely to the continued issuance of taxable municipal bonds under the Build America Bond program. In this environment of constrained issuance of tax-exempt municipal bonds, we continued to take a bottom-up approach to discovering undervalued sectors and individual credits with the potential to perform well over the long term. In NQM, our focus was on increasing our exposure to hospitals and to lower-rated and non-rated bonds, primarily credits rated BBB, in order to take advantage of wider credit spreads. In NQS and NQU, we also worked to increase our health care exposure, evaluating each opportunity in this sector on the basis of its individual merits. In general, our criteria focused on determining the top hospitals in their service areas with strong management and reasonable debt levels. In NPF, we found value in several areas of the market, including health care, tax-supported sectors and other essential services such as toll roads and airports. For the most part, our purchases in this Fund were rated AA, A, and—to a lesser degree—BBB with maturities of at least 20 years.

In NMZ and NMD, our primary emphasis continued to be on fundamental credit analysis of individual opportunities, which we believe is critical in the high-yield segment of the market. We also focused on looking for bonds with the ability to add diversification to our portfolios. In NMZ, our overall theme was adding high-yield bonds rated BBB, BB, and—in some cases—A with attractive credit spreads and credit stories that we believed would improve over the long term. Among the bonds we purchased during this period were Texas tollroad credits, project finance bonds for the new Brooklyn sports arena that will serve as the home of the New Jersey Nets, bonds issued for Kent Denver private school in Colorado and Clifton Uplift Education charter school in Texas, and special tax district credits for the Harbor Point project near Stamford, Connecticut and Plaza Metropolitan, a Colorado mall. In NMD, we found attractive opportunities to increase the Fund's exposure to charter schools and industrial development revenue (IDR) bonds, also known as corporate-backed municipal bonds.

Some of our investment activity during this period resulted from opportunities created by the provisions of the Build America Bond program. For example, tax-exempt supply was more plentiful in the health care sector because, as 501(c)(3) (nonprofit) organizations, hospitals generally do not qualify for the Build America Bond program and must continue to issue bonds in the tax-exempt municipal market. Supply in the health care sector was also boosted in the early part of the period by hospitals issuing fixed rate bonds in order to refinance and retire outstanding debt that had initially been issued as variable rate debt. Bonds with proceeds earmarked for refundings, working capital, and private activities also are not covered by the Build America Bond program, and this resulted in attractive opportunities in various other sectors of the market.

The impact of the Build America Bond program also was evident in the area of longer-term issuance, as municipal issuers sought to take full advantage of the attractive financing terms offered by these bonds. Approximately 70% of Build America Bonds were issued with maturities of at least 30 years. Even though this significantly reduced the availability of tax-exempt credits with longer maturities and made locating appropriate longer bonds more challenging, we continued to find good opportunities to purchase attractive longer-term bonds for these Funds.

Cash for new purchases during this period was generated primarily by the proceeds from called and maturing bonds and sinking fund payments, which we worked to redeploy to keep the Funds fully invested. NQS and NQU, in particular, had good cash flow from a number of bond calls. In NMZ and NMD, we did some selective selling based on Nuveen's analysis of the credit quality, yield, sector and issuer exposure, relative value and potential for price appreciation provided by an individual credit. On the whole, however, active selling was minimal in these six Funds, as the bonds in our portfolios generally offered higher yields than those available in the current marketplace.

As of October 31, 2010, all six of these Funds continued to use inverse floating rate securities.1 We employ inverse floaters as a form of leverage for a variety of reasons, including duration management, income enhancement and total return enhancement. NMZ and NMD also invested in additional types of derivative instruments2 designed to help shorten duration and moderate interest rate risk. As of October 31, 2010, the derivatives remained in place in these two Funds.

1 An inverse floating rate security, also known as an inverse floater, is a financial instrument designed to pay long-term interest at a rate that varies inversely with a short-term interest rate index. For the Nuveen Funds, the index typically used is the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index, (previously referred to as the Bond Market Association Index or BMA). Inverse floaters, including those inverse floating rate securities in which the Funds invested during this reporting period, are further defined within the Notes to Financial Statements and Glossary of Terms Used in this Report sections of this report.

Each Fund may invest in derivative instruments such as forwards, futures, options, and swap transactions. For additional information on the derivative instruments in which each Fund was invested during and at the end of the reporting period, see the Portfolio of Investments, Financial Statements, and Notes to Financial Statements sections of this report.

How did the Funds perform?

Individual results for these Funds, as well as relevant index and peer group information, are presented in the accompanying table.

Average Annual Total Returns on Common Share Net Asset Value
For periods ended 10/31/10

Fund	1-Year	5-Year	10-Year
NQM	12.85%	5.53%	6.57%
NQS	12.38%	5.35%	6.73%
NQU	10.56%	5.08%	6.33%
NPF	12.65%	4.99%	6.21%
Standard & Poor's (S&P) National Municipal Bond Index3	8.06%	4.98%	5.58%
Lipper General Leveraged Municipal Debt Funds Average4	13.81%	4.87%	6.36%
NMZ	18.18%	3.46%	N/A
NMD	19.12%	N/A	N/A
Standard & Poor's (S&P) High-Yield Municipal Bond Index5	13.70%	3.63%	5.46%
Lipper High-Yield Municipal Debt Funds Average4	15.20%	4.52%	5.59%

For the twelve months ended October 31, 2010, the total returns on common share net asset value (NAV) for NQM, NQS, NQU and NPF exceeded the return for the Standard & Poor's (S&P) National Municipal Bond Index. These four Funds lagged the average return for the Lipper General Leveraged Municipal Debt Funds Average. For this same period, both NMZ and NMD outperformed the return for the Standard & Poor's (S&P) High-Yield Municipal Bond Index as well as the average return for the Lipper High-Yield Municipal Debt Funds Average.

Key management factors that influenced the Funds' returns during this period included duration and yield curve positioning, the use of derivatives, credit exposure, and sector allocation. In addition, the use of structural leverage was an important positive factor affecting the Funds' performances over this period. The impact of structural leverage is discussed in more detail on page seven.

During this period, municipal bonds with longer maturities generally outperformed those with shorter maturities, with credits at the longest end of the municipal yield curve posting the strongest returns. The outperformance of longer term bonds was due in part to the decline in interest rates, particularly in the intermediate and longer segments of the curve. The scarcity of tax-exempt bonds with longer maturities also drove up the prices of these bonds. Overall, duration and yield curve positioning were positive contributors to the performance of these six Funds. In particular, both NMZ and NMD benefited from their heavier exposures to the outperforming longer end of the yield curve, with NMD having the longer duration of the two.

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares.
For additional information, see the individual Performance Overview for your Fund in this report.

3 The Standard & Poor's (S&P) National Municipal Bond Index is an unleveraged, market value-weighted index designed to measure the performance of the tax-exempt, investment-grade U.S. municipal bond market. This index does not reflect any initial or ongoing expenses and is not available for direct investment.

4 The Lipper General Leveraged Municipal Debt Funds Average is calculated using the returns of all closed-end funds in this category for each period as follows: 1-year, 46 funds; 5-year, 44 funds; and 10-year, 30 funds. The Lipper High-Yield Municipal Debt Funds Average is calculated using the returns of all closed-end funds in this category for each period as follows: 1-year, 15 funds; 5-year, 14 funds; and 10-year, 11 funds. Fund and Lipper returns assume reinvestment of dividends. Lipper returns account for the effects of management fees and assume reinvestment of dividends, but do not reflect any applicable sales charges. The Lipper averages are not available for direct investment.

5 The Standard & Poor's (S&P) High-Yield Municipal Bond Index comprises all of the bonds in the S&P National Municipal Bond Index that are non-rated or rated BB+ by S&P and/or Ba1 by Moody's or lower. The index does not contain bonds that are pre-refunded or escrowed to maturity. This index does not reflect any initial or ongoing expenses and is not available for direct investment.

As mentioned earlier, our duration strategies in NMZ and NMD included using derivative positions to synthetically reduce duration in these two Funds and moderate their interest rate risk. During this period, these derivatives performed poorly and had a slightly negative impact on the Funds' otherwise strong total return performance for the period.

Credit exposure also played a role in performance during the period. The demand for municipal bonds increased during this period driven by a variety of factors, including concerns about potential tax increases, the need to rebalance portfolio allocations and a growing appetite for higher yields and additional risk. At the same time, the supply of new tax-exempt municipal paper declined, due largely to Build America Bond issuance. As investors bid up municipal bond prices, bonds rated BBB or below generally outperformed those rated AAA. All of these Funds, especially NMZ and NMD, benefited from their allocations to lower-rated bonds. This was offset to a slight degree in NQU by a heavier weighting (27%) in bonds rated AAA, compared with AAA weightings of 16% to 21% in NQM, NQS and NPF. In contrast, NMZ and NMD each held only 1-2% of their portfolios in AAA rated bonds.

Holdings that generally made positive contributions to the Funds' returns during this period included IDR and health care bonds. Revenue bonds as a whole performed well, with transportation, housing, leasing and special tax credits among the other sectors that outperformed the general municipal market. NQM, NQS, NQU and NPF all had substantial weightings in health care and transportation and NMZ and NMD also had good exposure to health care and IDRs. Relatively strong holdings of bonds issued for charter schools also resulted in significant positive contributions in NMZ and NMD. Zero coupon bonds and credits backed by the 1998 master tobacco settlement agreement also were among the strongest performers. As of October 31, 2010, these Funds held approximately 3% to 6% of their portfolios in lower-rated tobacco bonds, which had a meaningful and beneficial impact on their investment performance.

NMZ and NMD also held some individual bonds that made significant positive contributions to the Funds' returns. In NMZ, these included two IDR holdings: Stillwater Mining Company in Montana, which benefited from higher commodity prices, and Westlake Chemical Corporation in Louisiana, which experienced increased demand. In adding bonds issued for community development districts (CDDs), NMZ focuses on selecting those that differentiate themselves through attributes such as stronger tax receipts. During this period, we saw strong performance from two of those CDDs—Beacon Lakes and Westchester, both in Florida—as their quality improved. A health care holding in NMZ—the nonprofit Detroit Medical Center in Michigan—also appreciated in value following the announcement that it will be acquired by the private, for-profit Vanguard Health Systems hospital network. NMD held health care bonds for South Miami Baptist Health in Florida that performed well as did credits issued for Summit Academy charter school in Utah.

In contrast, pre-refunded bonds, which are often backed by U.S. Treasury securities trailed the general municipal market during this period. While these securities continued to provide attractive tax-free income, their muted investment performance was attributed primarily to their shorter effective maturities and higher credit quality. Although allocations of pre-refunded bonds fell in NQM, NQS, NQU and NPF over the past twelve months due to calls, these four Funds continued to hold substantial amounts of these bonds, which detracted from the Funds' performance but, nonetheless, still play an important investment role in the Funds' portfolios. As of October 31, 2010, NQU continued to hold the heaviest weighting of pre-refunded bonds. (As shorter duration, higher quality bonds, pre-refunded bonds generally do not fit the profiles of longer-term, higher-yielding Funds such as NMZ and NMD, these two Funds had virtually no exposure to pre-refunded bonds). Among the revenue sectors, resource recovery trailed the overall municipal market by the widest margin, and water and sewer bonds turned in a relatively weaker performance. General obligation and other tax-supported bonds also struggled to keep pace with the municipal market return for the twelve months.

In addition, some of the Funds had a few holdings that became distressed during this period and detracted from their performance. Both NMZ and NMD held bonds issued by Western Reserve Port Authority for Central Waste Inc., an Ohio solid waste facility that encountered environmental problems. NMZ also held EnerTech Regional Biosolids Project bonds, a "green" facility in California that had difficulty generating sufficient volume. Another distressed holding in NMD was the Lancaster County, South Carolina, special assessment issue for the Edgewater II Improvement District. NQM also had one distressed holding: bonds issued by St. Joseph County, Indiana, for Madison Center, a mental health facility that experienced a decrease in utilization. As of October 31, 2010, we continued to hold all of these bonds in our portfolios while the issuers work through their difficulties in the anticipation of a possible recovery.

IMPACT OF THE FUNDS' LEVERAGE STRATEGIES ON PERFORMANCE

One important factor impacting the returns of most of these Funds relative to the comparative indexes was the Funds' use of financial leverage. The Funds use leverage because their managers believe that, over time, leveraging provides opportunities for additional income and total return for common shareholders. However, use of leverage also can expose common shareholders to additional volatility. For example, as the prices of securities held by a Fund decline, the negative impact of these valuation changes on common share net asset value and common shareholder total return is magnified by the use of leverage. Conversely, leverage may enhance common share returns during periods when the prices of securities held by a Fund generally are rising. Leverage made a positive contribution to the performance of these Funds over this reporting period.

RECENT DEVELOPMENTS REGARDING THE FUNDS' LEVERAGED CAPITAL STRUCTURE

Shortly after their inceptions, each of the Funds (with the exception of NMD) issued auction rate preferred shares (ARPS) to create financial leverage. As noted in past shareholder reports, the ARPS issued by many closed-end funds, including these Funds, have been hampered by a lack of liquidity since February 2008. Since that time, more ARPS have been submitted for sale in each of their regularly scheduled auctions than there have been offers to buy. In fact, offers to buy have been almost completely non-existent since late February 2008. This means that these auctions have "failed to clear," and that many, or all, of the ARPS shareholders who wanted to sell their shares in these auctions were unable to do so. This lack of liquidity in ARPS did not lower the credit quality of these shares, and ARPS shareholders unable to sell their shares continued to receive distributions at the "maximum rate" applicable to failed auctions, as calculated in accordance with the pre-established terms of the ARPS. In the recent market, with short-term rates at multigenerational lows, those maximum rates also have been low.

One continuing implication for common shareholders from the auction failures is that each Fund's cost of leverage likely has been incrementally higher at times than it otherwise might have been had the auctions continued to be successful. As a result, each Fund's common share earnings likely have been incrementally lower at times than they otherwise might have been.

As noted in past shareholder reports, the Nuveen funds' Board of Directors/Trustees authorized several methods that can be used separately or in combination to refinance a portion of the Nuveen funds' outstanding ARPS. Some funds have utilized tender option bonds (TOBs), also known as inverse floating rate securities, for leverage purposes. The amount of TOBs that a fund may use varies according to the composition of each fund's portfolio. Some funds have a greater ability to use TOBs than others. Some funds have issued Variable Rate Demand Preferred (VRDP) Shares, a floating rate form of preferred stock. Some funds have issued MuniFund Term Preferred (MTP) Shares, a fixed rate form of preferred stock with a mandatory redemption period of five years.

While all these efforts have reduced the total amount of outstanding ARPS issued by the Nuveen funds, the funds cannot provide any assurance on when the remaining outstanding ARPS might be redeemed.

During 2010 and as of the time this report was prepared, 36 Nuveen leveraged closed-end funds (including NQM, NPF, and NMZ), received a demand letter from a law firm on behalf of purported holders of common shares of each such fund, alleging that Nuveen and the funds' officers and Board of Directors/ Trustees breached their fiduciary duties related to the redemption at par of the funds' ARPS. In response, the Board established an ad hoc Demand Committee consisting of certain of its disinterested and independent Board members to investigate the claims. The Demand Committee retained independent counsel to assist it in conducting an extensive investigation. Based upon its investigation, the Demand Committee found that it was not in the best interests of each fund or its shareholders to take the actions suggested in the demand letters, and recommended that the full Board reject the demands made in the demand letters. After reviewing the findings and recommendation of the Demand Committee, the full Board of each fund unanimously adopted the Demand Committee's recommendation.

Subsequently, 26 of the funds that received demand letters (including NQM, NPF, and NMZ) were named as nominal defendants in a putative shareholder derivative action complaint captioned Safier and Smith v. Nuveen Asset Management, et al. that was filed in the Circuit Court of Cook County, Illinois, Chancery Division (the "Cook County Chancery Court") on July 27, 2010. Three additional funds were named as nominal defendants in a similar complaint captioned Curbow v. Nuveen Asset Management, et al. filed in the Cook County Chancery Court on August 12, 2010, and three additional funds were named as nominal defendants in a similar complaint captioned Beidler v. Nuveen Asset Management, et al. filed in the Cook County Chancery Court on September 21, 2010 (collectively, the "Complaints"). The Complaints, filed on behalf of purported holders of each fund's common shares, also name Nuveen Asset Management as a defendant, together with current and former Officers and interested Director/Trustees of each of the funds (together with the nominal defendants, collectively, the "Defendants"). The Complaints contain the same basic allegations contained in the demand letters. The suits seek a declaration that the Defendants have breached their fiduciary duties, an order directing the Defendants not to redeem any ARPS at their liquidation value using fund assets, indeterminate monetary damages in favor of the funds and an award of plaintiffs' costs and disbursements in pursuing the action. Nuveen Asset Management believes that the Complaints are without merit, and intends to defend vigorously against these charges.

As of October 31, 2010, the amounts of ARPS redeemed by the Funds are as shown in the accompanying table.

Fund	Auction Rate Preferred Shares Redeemed	% of Original Auction Rate Preferred Shares
NQM	$ 90,300,000	30.0%
NQS	$ 27,725,000	9.9%
NQU	$ 65,125,000	14.4%
NPF	$ 38,150,000	23.1%
NMZ	$ 60,000,000	38.7%

VRDP

Subsequent to the reporting period, NQU issued $388.4 million of VRDP to redeem at par the Fund's outstanding ARPS. As noted previously, VRDP is a newly-developed instrument that essentially replaces all or a portion of the ARPS used as leverage and potentially could be used to refinance all or a portion of the ARPS of other Funds. VRDP shares include a liquidity feature that allows holders of VRDP to have their shares purchased by a liquidity provider in the event that sell orders have not been matched with purchase orders and successfully settled in a remarketing. Dividends will be set weekly at a rate established by the remarketing agent. VRDP is offered only to qualified institutional buyers, defined pursuant to Rule 144A under the Securities Act of 1933. VRDPs offer interest rates that are reset frequently on a regular schedule and generally reflect current short-term municipal market interest rates. Immediately following its VRDP issuance, NQU noticed for redemption at par its remaining $386.875 millon ARPS using the VRDP proceeds.

As of October 31, 2010, 83 out of the 84 Nuveen closed-end municipal funds that had issued ARPS have redeemed at par all or a portion of these shares. These redemptions bring the total amount of Nuveen's municipal closed-end funds' ARPS redemptions to approximately $5.7 billion of the approximately $11.0 billion outstanding.

For up-to-date information, please visit the Nuveen CEF Auction Rate Preferred Resource Center at: http://www.nuveen.com/arps.

Common Share Dividend

and Share Price Information

During the twelve-month reporting period ended October 31, 2010, NQM, NQS, NQU and NPF each had two monthly dividend increases. The dividends of NMZ and NMD remained stable throughout the reporting period.

Due to normal portfolio activity, common shareholders of the following Funds received capital gains or net ordinary income distributions at the end of December 2009 as follows:

Fund	Long-Term Capital Gains (per share)	Short-Term Capital Gains and/or Ordinary Income (per share)
NQS	$ 0.0152	—
NQU	—	$ 0.0015
NMZ	—	$ 0.0043
NMD	—	$ 0.0037

All of the Funds in this report seek to pay stable dividends at rates that reflect each Fund's past results and projected future performance. During certain periods, 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 October 31, 2010, NQM, NQS, NQU, NPF, and NMZ had positive UNII balances for both tax and financial reporting purposes, while NMD had a positive UNII balance for tax purposes and a negative UNII balance for financial reporting purposes.

COMMON SHARE REPURCHASES AND SHARE PRICE INFORMATION

As of October 31, 2010, and since the inception of the Funds' repurchase program, NPF has cumulatively repurchased and retired its outstanding common shares as shown in the accompanying table. Since the inception of the Funds' repurchase program, NQM, NQS, NQU, NMZ and NMD have not repurchased any of their outstanding common shares.

Fund	Common Shares Repurchased and Retired	% of Outstanding Common Shares
NPF	202,500	1.0%

During the twelve-month reporting period, NPF did not repurchase any of its outstanding common shares.

10 Nuveen Investments

SHELF EQUITY PROGRAMS

During the twelve-month reporting period, a registration statement filed by NMZ with the Securities and Exchange Commission (SEC) to issue an additional 2.5 million common shares through a shelf offering became effective. On October 30, 2009, NMD filed a registration statement with the SEC authorizing the Fund to issue 1.6 million common shares through a shelf offering. During the twelve-month reporting period, a registration statement filed by NMD with the SEC to issue additional common shares, for a total of 1.9 million common shares, through a shelf offering became effective. Under these equity shelf programs, the Funds, subject to market conditions, may raise additional capital from time to time in varying amounts and offering methods at a net price at or above each Fund's NAV per common share.

As of October 31, 2010, NMZ and NMD had cumulatively sold 3,246,966 and 1,142,865 common shares, respectively, through their shelf equity programs.

During the twelve-month reporting period, NMZ and NMD sold common shares through their shelf equity programs at an average premium to NAV per common share as shown in the accompanying table.

Fund	Common Shares Sold through Shelf Offering	Premium to NAV per Share Sold
NMZ	852,801	8.72%
NMD	1,142,865	6.19%

As of October 31, 2010, the Funds' common share prices were trading at (+) premiums or (-) discounts to their common share NAVs as shown in the accompanying table.

Fund	10/31/10 (+)Premium/(-) Discount	12-Month Average (+)Premium/(-) Discount
NQM	-1.19%	-3.12%
NQS	+3.58%	+2.03%
NQU	-0.27%	-1.45%
NPF	-2.31%	-5.59%
NMZ	+6.76%	+9.18%
NMD	+5.62%	+6.46%

NQM Performance OVERVIEW

Nuveen Investment Quality Municipal Fund, Inc.

as of October 31, 2010

Fund Snapshot

Common Share Price	$	14.95
Common Share Net Asset Value (NAV)	$	15.13
Premium/(Discount) to NAV		-1.19%
Market Yield		6.30%
Taxable-Equivalent Yield1		8.75%
Net Assets Applicable to Common Shares ($000)	$	542,582
Average Effective Maturity on Securities (Years)		16.35
Leverage-Adjusted Duration		9.26

Average Annual Total Return
(Inception 6/21/90)

	On Share Price	On NAV
1-Year	21.33%	12.85%
5-Year	7.05%	5.53%
10-Year	8.16%	6.57%

States3
(as a % of total investments)

California	15.2%
New York	11.5%
Illinois	8.0%
Texas	7.5%
District of Columbia	4.8%
Florida	4.0%
Washington	3.9%
Michigan	3.3%
Wisconsin	2.8%
Massachusetts	2.6%
Minnesota	2.4%
Indiana	2.2%
Pennsylvania	2.0%
Georgia	2.0%
New Jersey	1.9%
Colorado	1.8%
Tennessee	1.7%
South Carolina	1.7%
Arizona	1.5%
Other	19.2%

Portfolio Composition3

(as a % of total investments)	
Health Care	19.7%
Tax Obligation/Limited	17.1%
U.S. Guaranteed	13.7%
Transportation	11.4%
Tax Obligation/General	11.0%
Water and Sewer	7.2%
Utilities	6.2%
Education and Civic Organizations	5.5%
Other	8.2%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

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%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

2 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

3 Holdings are subject to change.

NQS Performance OVERVIEW

Nuveen Select Quality Municipal Fund, Inc.
as of October 31, 2010

Fund Snapshot		
Common Share Price	$	15.35
Common Share Net Asset Value (NAV)	$	14.82
Premium/(Discount) to NAV		3.58%
Market Yield		6.72%
Taxable-Equivalent Yield1		9.33%
Net Assets Applicable to Common Shares ($000)	$	506,237
Average Effective Maturity on Securities (Years)		17.73
Leverage-Adjusted Duration		10.65

Average Annual Total Return
(Inception 3/21/91)

	On Share Price	On NAV
1-Year	19.50%	12.38%
5-Year	7.11%	5.35%
10-Year	8.43%	6.73%

States4
(as a % of total investments)

Illinois	14.0%
Texas	11.6%
Colorado	6.8%
California	6.1%
Michigan	5.3%
New Jersey	4.8%
South Carolina	4.5%
Ohio	3.6%
Tennessee	3.4%
Washington	3.2%
Indiana	2.5%
New York	2.3%
Arizona	2.1%
Florida	2.1%
New Mexico	1.9%
Puerto Rico	1.9%
Pennsylvania	1.9%
Nevada	1.9%
District of Columbia	1.8%
Other	18.3%

Portfolio Composition4
(as a % of total investments)

Health Care	19.4%
Transportation	13.8%
Tax Obligation/Limited	13.3%
U.S. Guaranteed	13.0%
Utilities	11.6%
Tax Obligation/General	10.9%
Consumer Staples	6.4%
Other	11.6%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

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%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

2 The Fund paid shareholders a capital gains distribution in December 2009 of $0.0152 per share.

3 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

4 Holdings are subject to change.

NQU Performance OVERVIEW

Nuveen Quality Income Municipal Fund, Inc.

as of October 31, 2010

Fund Snapshot		
Common Share Price	$	14.79
Common Share Net Asset Value (NAV)	$	14.83
Premium/(Discount) to NAV		-0.27%
Market Yield		6.41%
Taxable-Equivalent Yield1		8.90%
Net Assets Applicable to Common Shares ($000)	$	804,985
Average Effective Maturity on Securities (Years)		16.78
Leverage-Adjusted Duration		10.07

Average Annual Total Return
(Inception 6/19/91)

	On Share Price	On NAV
1-Year	18.94%	10.56%
5-Year	6.63%	5.08%
10-Year	7.70%	6.33%

States4
(as a % of total investments)

California	10.9%
Texas	10.4%
Illinois	9.1%
Washington	6.0%
Puerto Rico	5.7%
New York	5.5%
South Carolina	5.3%
Nevada	4.5%
Colorado	4.0%
Ohio	3.9%
Pennsylvania	3.2%
New Jersey	3.2%
Louisiana	2.8%
Virginia	2.6%
Michigan	2.2%
North Carolina	2.1%
Other	18.6%

Portfolio Composition4
(as a % of total investments)

U.S. Guaranteed	25.1%

Transportation	13.4%
Health Care	13.1%
Tax Obligation/General	12.0%
Tax Obligation/Limited	11.4%
Utilities	10.4%
Consumer Staples	6.0%
Other	8.6%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

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%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

2 The Fund paid shareholders a net ordinary income distribution in December 2009 of $0.0015 per share.

3 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

4 Holdings are subject to change.

NPF	Nuveen Premier
Performance	Municipal Income
OVERVIEW	Fund, Inc.

as of October 31, 2010

Fund Snapshot		
Common Share Price	$	14.36
Common Share Net Asset Value (NAV)	$	14.70
Premium/(Discount) to NAV		-2.31%
Market Yield		6.06%
Taxable-Equivalent Yield1		8.42%
Net Assets Applicable to Common Shares ($000)	$	292,427
Average Effective Maturity on Securities (Years)		14.41
Leverage-Adjusted Duration		9.26

Average Annual Total Return
(Inception 12/19/91)

	On Share Price	On NAV
1-Year	23.21%	12.65%
5-Year	6.97%	4.99%
10-Year	6.96%	6.21%

States3
(as a % of total investments)

California	13.3%
New York	10.4%
Colorado	6.9%
Illinois	6.6%
South Carolina	5.0%
Texas	4.3%
Louisiana	4.1%
Wisconsin	3.7%
New Jersey	3.6%
Washington	3.5%
Arizona	3.4%
Minnesota	3.1%
Georgia	2.7%
North Carolina	2.7%
Massachusetts	2.6%
Michigan	2.5%
Indiana	2.1%
Other	19.5%

Portfolio Composition3
(as a % of total investments)

Tax Obligation/Limited	19.0%

Transportation	14.7%
Utilities	13.3%
U.S. Guaranteed	12.9%
Health Care	12.1%
Tax Obligation/General	9.1%
Water and Sewer	5.2%
Other	13.7%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

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%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

2 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

3 Holdings are subject to change.

NMZ Performance OVERVIEW

Nuveen Municipal High Income Opportunity Fund

as of October 31, 2010

Fund Snapshot		
Common Share Price	$	12.95
Common Share Net Asset Value (NAV)	$	12.13
Premium/(Discount) to NAV		6.76%
Market Yield		7.74%
Taxable-Equivalent Yield2		10.75%
Net Assets Applicable to Common Shares ($000)	$	324,450
Average Effective Maturity on Securities (Years)		21.90
Leverage-Adjusted Duration		10.70

Average Annual Total Return (Inception 11/19/03)

	On Share Price	On NAV
1-Year	17.90%	18.18%
5-Year	3.54%	3.46%
Since Inception	5.48%	5.54%

States5 (as a % of total investments)1

Florida	9.1%
California	8.4%
Texas	8.3%
Indiana	8.2%
Illinois	5.7%
Colorado	5.3%
Arizona	5.2%
Wisconsin	4.7%
Louisiana	3.7%
Michigan	3.5%
Ohio	3.2%
Tennessee	2.5%
Nebraska	2.5%
Washington	2.2%
Missouri	2.1%
Pennsylvania	2.0%
North Carolina	1.9%
New York	1.8%
Other	19.7%

Portfolio Composition5 (as a % of total investments)1

Health Care	21.5%

Tax Obligation/Limited	19.3%
Utilities	8.9%
Education and Civic Organizations	7.9%
Transportation	7.7%
Water and Sewer	6.9%
Housing/Multifamily	6.3%
Materials	5.3%
Consumer Staples	4.4%
Other	11.8%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

1 Excluding investments in derivatives.

2 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%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

3 The Fund paid shareholders a net ordinary income distribution in December 2009 of $0.0043 per share.

4 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

5 Holdings are subject to change.

NMD Performance OVERVIEW

Nuveen Municipal High Income Opportunity Fund 2

as of October 31, 2010

Fund Snapshot		
Common Share Price	$	12.59
Common Share Net Asset Value (NAV)	$	11.92
Premium/(Discount) to NAV		5.62%
Market Yield		7.63%
Taxable-Equivalent Yield2		10.60%
Net Assets Applicable to Common Shares ($000)	$	206,339
Average Effective Maturity on Securities (Years)		23.74
Modified Duration		9.54

Average Annual Total Return
(Inception 11/15/07)

	On Share Price	On NAV
1-Year	20.03%	19.12%
Since Inception	2.39%	2.32%

States5
(as a % of total investments)1

California	12.4%
Florida	10.3%
Illinois	10.3%
Texas	8.6%
Colorado	7.4%
Washington	5.2%
Arizona	4.2%
Indiana	3.2%
Louisiana	3.1%
Utah	3.0%
New Jersey	2.7%
Ohio	2.7%
Tennessee	2.5%
Missouri	2.4%
North Carolina	2.1%
Other	19.9%

Portfolio Composition5
(as a % of total investments)1

Health Care	22.7%
Tax Obligation/Limited	19.6%
Education and Civic Organizations	14.7%
Transportation	7.3%
Utilities	6.6%

Consumer Discretionary	5.8%
Materials	4.5%
Consumer Staples	4.4%
Other	14.4%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

1 Excluding investments in derivatives.

2 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%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

3 The Fund paid shareholders a net ordinary income distribution in December 2009 of $0.0037 per share.

4 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

5 Holdings are subject to change.

NQM
NQS
NQU

Shareholder Meeting Report

The annual meeting of shareholders was held on July 27, 2010, in the Lobby Conference Room, 333 West Wacker Drive, Chicago, IL 60606; at this meeting the shareholders were asked to vote on the election of Board Members.

	NQM		NQS		NQU	
	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class
Approval of the Board Members was reached as follows:						
John P. Amboian						
For	29,219,793	—	27,982,534	—	44,255,074	—
Withhold	612,314	—	619,689	—	1,009,422	—
Total	29,832,107	—	28,602,223	—	45,264,496	—
Robert P. Bremner						
For	29,175,190	—	27,965,591	—	44,205,201	—
Withhold	656,917	—	636,632	—	1,059,295	—
Total	29,832,107	—	28,602,223	—	45,264,496	—
Jack B. Evans						
For	29,192,942	—	27,960,007	—	44,217,214	—
Withhold	639,165	—	642,216	—	1,047,282	—
Total	29,832,107	—	28,602,223	—	45,264,496	—
William C. Hunter						
For	—	2,744	—	4,350	—	5,898
Withhold	—	441	—	525	—	1,481
Total	—	3,185	—	4,875	—	7,379
David J. Kundert						
For	29,174,997	—	27,964,113	—	44,206,174	—
Withhold	657,110	—	638,110	—	1,058,322	—
Total	29,832,107	—	28,602,223	—	45,264,496	—
William J. Schneider						
For	—	2,744	—	4,345	—	5,898
Withhold	—	441	—	530	—	1,481
Total	—	3,185	—	4,875	—	7,379
Judith M. Stockdale						
For	29,212,156	—	27,959,146	—	44,245,681	—
Withhold	619,951	—	643,077	—	1,018,815	—
Total	29,832,107	—	28,602,223	—	45,264,496	—
Carole E. Stone						
For	29,206,707	—	27,971,547	—	44,222,314	—

Withhold	625,400	—	630,676	—	1,042,182	—	
Total	29,832,107	—	28,602,223	—	45,264,496	—	
Terence J. Toth							
For	29,208,387	—	27,968,538	—	44,258,361	—	
Withhold	623,720	—	633,685	—	1,006,135	—	
Total	29,832,107	—	28,602,223	—	45,264,496	—	

NPF
NMZ
NMD

	NPF		NMZ		NMD
	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common Shares
Approval of the Board Members was reached					
as follows:					
John P. Amboian					
For	15,686,359	—	—	—	—
Withhold	648,693	—	—	—	—
Total					