NUVEEN PREMIUM INCOME MUNICIPAL FUND INC
Form DEF 14A
July 02, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.   )

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement.

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).**

x Definitive Proxy Statement.

¨ Definitive Additional Materials.

¨ Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

Nuveen Premium Income Municipal Fund, Inc. (NPI)

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Notice of Annual Meeting

of Shareholders

July 31, 2012

333 West Wacker Drive

Chicago, Illinois 60606

(800) 257-8787

July 2, 2012

Nuveen Municipal Value Fund, Inc. (NUV)

Nuveen Municipal Value Fund 2 (NUW)

Nuveen Municipal Income Fund, Inc. (NMI)

Nuveen Enhanced Municipal Value Fund (NEV)

Nuveen Premium Income Municipal Fund, Inc. (NPI)

Nuveen Performance Plus Municipal Fund, Inc. (NPP)

Nuveen Municipal Advantage Fund, Inc. (NMA)

Nuveen Municipal Market Opportunity Fund, Inc. (NMO)

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 Premier Municipal Opportunity Fund, Inc. (NIF)

Nuveen Premium Income Municipal Fund 2, Inc. (NPM)

Nuveen Premium Income Municipal Fund 4, Inc. (NPT)

Nuveen Dividend Advantage Municipal Fund (NAD, NAD PrC)

Nuveen Dividend Advantage Municipal Fund 2 (NXZ)

Nuveen Dividend Advantage Municipal Fund 3 (NZF, NZF PrC)

Nuveen Municipal High Income Opportunity Fund (NMZ)

Nuveen Municipal High Income Opportunity Fund 2 (NMD)

Nuveen Dividend Advantage Municipal Income Fund (NVG, NVG PrC)

Nuveen Municipal Opportunity Fund, Inc. (NIO)

Nuveen Premium Income Municipal Opportunity Fund (NPX)

Nuveen Quality Municipal Fund, Inc. (NQI)

Nuveen AMT-Free Municipal Income Fund (NEA, NEA PrC)

Nuveen Select Maturities Municipal Fund (NIM)

Nuveen Select Tax-Free Income Portfolio (NXP)

Nuveen Select Tax-Free Income Portfolio 2 (NXQ)

Nuveen Select Tax-Free Income Portfolio 3 (NXR)

Nuveen California Select Tax-Free Income Portfolio (NXC)

Nuveen New York Select Tax-Free Income Portfolio (NXN)

Nuveen Build America Bond Fund (NBB)

Nuveen Build America Bond Opportunity Fund (NBD)

To the Shareholders of the Above Funds:

Notice is hereby given that the Annual Meeting of Shareholders (the Annual Meeting) of Nuveen Municipal Value Fund, Inc. (Municipal Value), Nuveen Municipal Income Fund, Inc. (Municipal Income), Nuveen Premium Income Municipal Fund, Inc. (Premium Income), Nuveen Performance Plus Municipal Fund, Inc. (Performance Plus), Nuveen Municipal Advantage Fund, Inc. (Municipal Advantage), Nuveen Municipal Market Opportunity Fund, Inc. (Municipal Market Opportunity), Nuveen Investment Quality Municipal Fund, Inc. (Investment Quality), Nuveen Select Quality Municipal Fund, Inc. (Select Quality), Nuveen Quality Income Municipal Fund, Inc. (Quality Income), Nuveen Municipal Opportunity Fund, Inc. (Municipal Opportunity), Nuveen Quality Municipal Fund, Inc. (Quality Municipal), Nuveen Premier Municipal Income Fund, Inc. (Premier Municipal), Nuveen Premier Municipal Opportunity Fund, Inc. (Premier Municipal Opportunity), Nuveen Premium Income Municipal Fund 2, Inc. (Premium Income 2), Nuveen Premium Income Municipal Fund 4, Inc. (Premium Income 4), each a **Minnesota Corporation** (each a Minnesota Fund and collectively, the Minnesota Funds), and Nuveen Enhanced Municipal Value Fund (Enhanced Value), Nuveen Dividend Advantage Municipal Fund (Dividend Advantage), Nuveen Dividend Advantage Municipal Income Fund (Dividend Advantage Municipal), Nuveen Premium Income Municipal Opportunity Fund (Premium Income Municipal), Nuveen AMT-Free Municipal Income Fund (AMT-Free Municipal), Nuveen Dividend Advantage Municipal Fund 2 (Dividend Advantage 2), Nuveen Dividend Advantage Municipal Fund 3 (Dividend Advantage 3), Nuveen Municipal High Income Opportunity Fund (Municipal High Income), Nuveen Municipal High Income Opportunity Fund 2 (Municipal High Income 2), Nuveen Municipal Value Fund 2 (Municipal Value 2), Nuveen Select Maturities Municipal Fund (Select Maturities), Nuveen Select Tax-Free Income Portfolio (Select Portfolio), Nuveen Select Tax-Free Income Portfolio 2 (Select Portfolio 2), Nuveen Select Tax-Free Income Portfolio 3 (Select Portfolio 3), Nuveen California Select Tax-Free Income Portfolio (California Portfolio), Nuveen New York Select Tax-Free Income Portfolio (New York Portfolio) and Nuveen Build America Bond Fund (Build America) and Nuveen Build America Bond Opportunity Fund (Build America Bond), each a **Massachusetts Business Trust** (individually, a Fund and collectively, the Funds), will be held in the Lobby Conference Room, Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois, on Tuesday, July 31, 2012, at 10:30 a.m., Central time, for the following purposes and to transact such other business, if any, as may properly come before the Annual Meeting:

Matters to Be Voted on by Shareholders:

1. To elect Members to the Board of Directors/Trustees (each a Board and each Director or Trustee a Board Member) of each Fund as outlined below:

   a. For each Minnesota Fund, except Municipal Value and Municipal Income, to elect ten (10) Board Members:

      (i) eight (8) Board Members to be elected by the holders of Common Shares and Variable Rate Demand Preferred Shares for Municipal Advantage, Municipal Market Opportunity, Investment Quality, Select Quality, Quality Income, Premier Municipal, Premier Municipal Opportunity, Premium Income 2, Premium Income 4 and Municipal Opportunity, and Variable Rate MuniFund Term Preferred Shares for Premium Income, Performance Plus and Quality Municipal (collectively, Preferred Shares), voting together as a single class; and

(ii) two (2) Board Members to be elected by the holders of Preferred Shares only, voting separately as a single class.

b. For Municipal Value, to elect three (3) Board Members.

c. For Municipal Income, to elect three (3) Board Members.

d. For each Massachusetts Business Trust, except Enhanced Value, Municipal Value 2, Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio, New York Portfolio, Build America, Build America Bond, Municipal High Income and Municipal High Income 2, to elect four (4) Board Members:

(i) two (2) Board Members to be elected by the holders of Common Shares and Municipal Fund Term Preferred Shares for Dividend Advantage, Dividend Advantage 3, Dividend Advantage Municipal and AMT-Free Municipal, and Variable Rate Demand Preferred Shares for Dividend Advantage 2 and Premium Income Municipal (also referred to, collectively, as Preferred Shares), voting together as a single class; and

(ii) two (2) Board Members to be elected by the holders of Preferred Shares only, voting separately as a single class.

e. For Enhanced Value, Municipal Value 2, Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio, New York Portfolio, Build America, Build America Bond, Municipal High Income and Municipal High Income 2, to elect three (3) Board Members.

2. To transact such other business as may properly come before the Annual Meeting.

Shareholders of record at the close of business on June 1, 2012 are entitled to notice of and to vote at the Annual Meeting.

All shareholders are cordially invited to attend the Annual Meeting. In order to avoid delay and additional expense and to assure that your shares are represented, please vote as promptly as possible, regardless of whether or not you plan to attend the Annual Meeting. You may vote by mail, telephone or over the Internet. To vote by mail, please mark, sign, date and mail the enclosed proxy card. No postage is required if mailed in the United States. To vote by telephone, please call the toll-free number located on your proxy card and follow the recorded instructions, using your proxy card as a guide. To vote over the Internet, go to the Internet address provided on your proxy card and follow the instructions, using your proxy card as a guide.

Kevin J. McCarthy

Vice President and Secretary

333 West Wacker Drive

Chicago, Illinois 60606

(800) 257-8787

Joint Proxy Statement

July 2, 2012

This Joint Proxy Statement is first being mailed to shareholders on or about July 3, 2012.

Nuveen Municipal Value Fund, Inc. (NUV)

Nuveen Municipal Value Fund 2 (NUW)

Nuveen Municipal Income Fund, Inc. (NMI)

Nuveen Enhanced Municipal Value Fund (NEV)

Nuveen Premium Income Municipal Fund, Inc. (NPI)

Nuveen Performance Plus Municipal Fund, Inc. (NPP)

Nuveen Municipal Advantage Fund, Inc. (NMA)

Nuveen Municipal Market Opportunity Fund, Inc. (NMO)

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 Premier Municipal Opportunity Fund, Inc. (NIF)

Nuveen Premium Income Municipal Fund 2, Inc. (NPM)

Nuveen Premium Income Municipal Fund 4, Inc. (NPT)

Nuveen Dividend Advantage Municipal Fund (NAD, NAD PrC)

Nuveen Dividend Advantage Municipal Fund 2 (NXZ)

Nuveen Dividend Advantage Municipal Fund 3 (NZF, NZF PrC)

Nuveen Municipal High Income Opportunity Fund (NMZ)

Nuveen Municipal High Income Opportunity Fund 2 (NMD)

Nuveen Dividend Advantage Municipal Income Fund (NVG, NVG PrC)

Nuveen Municipal Opportunity Fund, Inc. (NIO)

Nuveen Premium Income Municipal Opportunity Fund (NPX)

Nuveen Quality Municipal Fund, Inc. (NQI)

Nuveen AMT-Free Municipal Income Fund (NEA, NEA PrC)

Nuveen Select Maturities Municipal Fund (NIM)

Nuveen Select Tax-Free Income Portfolio (NXP)

Nuveen Select Tax-Free Income Portfolio 2 (NXQ)

Nuveen Select Tax-Free Income Portfolio 3 (NXR)

Nuveen California Select Tax-Free Income Portfolio (NXC)

Nuveen New York Select Tax-Free Income Portfolio (NXN)

Nuveen Build America Bond Fund (NBB)

Nuveen Build America Bond Opportunity Fund (NBD)

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General Information

This Joint Proxy Statement is furnished in connection with the solicitation by the Board of Directors or Trustees (each a Board and collectively, the Boards, and each Director or Trustee, a Board Member and collectively, the Board Members) of Nuveen Municipal Value Fund, Inc. (Municipal Value), Nuveen Municipal Income Fund, Inc. (Municipal Income), Nuveen Premium Income Municipal Fund, Inc. (Premium Income), Nuveen Performance Plus Municipal Fund, Inc. (Performance Plus), Nuveen Municipal Advantage Fund, Inc. (Municipal Advantage), Nuveen Municipal Market Opportunity Fund, Inc. (Municipal Market Opportunity), Nuveen Investment Quality Municipal Fund, Inc. (Investment Quality), Nuveen Select Quality Municipal Fund, Inc. (Select Quality), Nuveen Quality Income Municipal Fund, Inc. (Quality Income), Nuveen Municipal Opportunity Fund, Inc. (Municipal Opportunity), Nuveen Quality Municipal Fund, Inc. (Quality Municipal), Nuveen Premier Municipal Income Fund, Inc. (Premier Municipal), Nuveen Premier Municipal Opportunity Fund, Inc. (Premier Municipal Opportunity), Nuveen Premium Income Municipal Fund 2, Inc. (Premium Income 2), Nuveen Premium Income Municipal Fund 4, Inc. (Premium Income 4), each a **Minnesota Corporation** (each referred to herein as a Minnesota Fund and collectively, the Minnesota Funds), and Nuveen Enhanced Municipal Value Fund (Enhanced Value), Nuveen Dividend Advantage Municipal Fund (Dividend Advantage), Nuveen Dividend Advantage Municipal Income Fund (Dividend Advantage Municipal), Nuveen Premium Income Municipal Opportunity Fund (Premium Income Municipal), Nuveen AMT-Free Municipal Income Fund (AMT-Free Municipal), Nuveen Dividend Advantage Municipal Fund 2 (Dividend Advantage 2), Nuveen Dividend Advantage Municipal Fund 3 (Dividend Advantage 3), Nuveen Municipal High Income Opportunity Fund (Municipal High Income), Nuveen Municipal High Income Opportunity Fund 2 (Municipal High Income 2), Nuveen Municipal Value Fund 2 (Municipal Value 2), Nuveen Select Maturities Municipal Fund (Select Maturities), Nuveen Select Tax-Free Income Portfolio (Select Portfolio), Nuveen Select Tax-Free Income Portfolio 2 (Select Portfolio 2), Nuveen Select Tax-Free Income Portfolio 3 (Select Portfolio 3), Nuveen California Select Tax-Free Income Portfolio (California Portfolio), Nuveen New York Select Tax-Free Income Portfolio (New York Portfolio), Nuveen Build America Bond Fund (Build America) and Nuveen Build America Bond Opportunity Fund (Build America Bond), each a **Massachusetts Business Trust** (each referred to herein as a Massachusetts Fund and collectively, the Massachusetts Funds) (the Massachusetts Funds and Minnesota Funds are each, a Fund and collectively, the Funds), of proxies to be voted at the Annual Meeting of Shareholders to be held in the Lobby Conference Room, Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois, on Tuesday, July 31, 2012, at 10:30 a.m., Central time (for each Fund, an Annual Meeting and collectively, the Annual Meetings), and at any and all adjournments thereof.

On the matters coming before each Annual Meeting as to which a choice has been specified by shareholders on the proxy, the shares will be voted accordingly. If a proxy is returned and no choice is specified, the shares will be voted FOR the election of the nominees as listed in this Joint Proxy Statement. Shareholders of a Fund who execute proxies may revoke them at any time before they are voted by filing with that Fund a written notice of revocation, by delivering a duly executed proxy bearing a later date, or by attending the Annual Meeting and voting in person. Merely attending the Annual Meeting, however, will not revoke any previously submitted proxy.

The Board of each Fund has determined that the use of this Joint Proxy Statement for each Annual Meeting is in the best interest of each Fund and its shareholders in light of the similar matters being considered and voted on by the shareholders.

The following table indicates which shareholders are solicited with respect to each matter:

Matter		Common Shares	Preferred Shares[1]
1(a)(i)	For each Minnesota Fund (except Municipal Value and Municipal Income), election of eight (8) Board Members by all shareholders.	X	X
1(a)(ii)	For each Minnesota Fund (except Municipal Value and Municipal Income), election of two (2) Board Members by Preferred Shares only.	N/A	X
1(b)	For Municipal Value, election of three (3) Board Members by all shareholders.	X	N/A
1(c)	For Municipal Income, election of three (3) Board Members by all shareholders.	X	N/A
1(d)(i)	For each Massachusetts Fund (except Enhanced Value, Municipal Value 2, Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio, New York Portfolio, Build America, Build America Bond, Municipal High Income and Municipal High Income 2), election of two (2) Board Members by all shareholders.	X	X
1(d)(ii)	For each Massachusetts Fund (except Enhanced Value, Municipal Value 2, Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio, New York Portfolio, Build America, Build America Bond, Municipal High Income and Municipal High Income 2), election of two (2) Board Members by Preferred Shares only.	N/A	X
1(e)	For Enhanced Value, Municipal Value 2, Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio, New York Portfolio, Build America, Build America Bond, Municipal High Income and Municipal High Income 2, election of three (3) Board Members by all shareholders.	X	N/A

(1) Variable Rate Demand Preferred Shares for Municipal Advantage, Municipal Market Opportunity, Investment Quality, Select Quality, Quality Income, Premier Municipal, Premier Municipal Opportunity, Premium Income 2, Premium Income 4, Dividend Advantage 2, Municipal Opportunity and Premium Income Municipal; Variable Rate MuniFund Term Preferred Shares and/or Municipal Fund Term Preferred Shares for Premium Income, Performance Plus, Quality Municipal, Dividend Advantage, Dividend Advantage 3, Dividend Advantage Municipal and AMT-Free Municipal are collectively referred to as Preferred Shares. Municipal High Income, Municipal High Income 2, Municipal Value, Municipal Value 2, Municipal Income, Enhanced Value, Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio, New York Portfolio, Build America and Build America Bond do not currently have Preferred Shares outstanding.

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A quorum of shareholders is required to take action at each Annual Meeting. A majority of the shares entitled to vote at each Annual Meeting, represented in person or by proxy, will constitute a quorum of shareholders at that Annual Meeting, except that for the election of the two Board Member nominees to be elected by holders of Preferred Shares of each Fund (except Municipal Value, Municipal Value 2, Municipal Income, Enhanced Value, Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio, New York Portfolio, Build America, Build America Bond, Municipal High Income and Municipal High Income 2), 33 1/3% of the Preferred Shares entitled to vote and represented in person or by proxy will constitute a quorum. Votes cast by proxy or in person at each Annual Meeting will be tabulated by the inspectors of election appointed for that Annual Meeting. The inspectors of election will determine whether or not a quorum is present at the Annual Meeting. The inspectors of election will treat abstentions and broker non-votes (i.e., shares held by brokers or nominees, typically in street name, as to which (i) instructions have not been received from the beneficial owners or persons entitled to vote and (ii) the broker or nominee does not have discretionary voting power on a particular matter) as present for purposes of determining a quorum.

For each Fund, the affirmative vote of a plurality of the shares present and entitled to vote at the Annual Meeting will be required to elect the Board Members of that Fund. For purposes of determining the approval of the proposal to elect nominees for each Fund, abstentions and broker non-votes will have no effect on the election of Board Members.

Variable Rate Demand Preferred Shares held in street name as to which voting instructions have not been received from the beneficial owners or persons entitled to vote as of one business day before the Annual Meeting, or, if adjourned, one business day before the day to which the Annual Meeting is adjourned, and that would otherwise be treated as broker non-votes may, pursuant to Rule 452 of the New York Stock Exchange, be voted by the broker on the proposal in the same proportion as the votes cast by all holders of Variable Rate Demand Preferred Shares as a class who have voted on the proposal or in the same proportion as the votes cast by all holders of Preferred Shares of the Fund who have voted on that item. Rule 452 permits proportionate voting of Variable Rate Demand Preferred Shares with respect to a particular item if, among other things, (i) a minimum of 30% of the Variable Rate Demand Preferred Shares or shares of a series of Variable Rate Demand Preferred Shares outstanding has been voted by the holders of such shares with respect to such item and (ii) less than 10% of the Variable Rate Demand Preferred Shares or shares of a series of Variable Rate Demand Preferred Shares outstanding has been voted by the holders of such shares against such item. For the purpose of meeting the 30% test, abstentions will be treated as shares voted and, for the purpose of meeting the 10% test, abstentions will not be treated as shares voted against the item.

Those persons who were shareholders of record at the close of business on June 1, 2012 will be entitled to one vote for each share held and a proportionate fractional vote for each fractional share held. As of June 1, 2012, the shares of the Funds were issued and outstanding as follows:

Fund	Ticker Symbol*	Common Shares	Preferred Shares
Municipal Value	NUV	200,709,651	N/A
Municipal Value 2	NUW	12,966,176	N/A
Municipal Income	NMI	8,247,368	N/A

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Fund	Ticker Symbol*	Common Shares	Preferred Shares	
Enhanced Value	NEV	19,281,252	N/A	
Premium Income	NPI	63,966,288	VMTP Series 1	4,024
Performance Plus	NPP	59,971,481	VMTP Series 1	4,217
Municipal Advantage	NMA	43,697,408	VRDP Series 1	2,968
Municipal Market Opportunity	NMO	45,874,035	VRDP Series 1	3,509
Investment Quality	NQM	35,907,559	VRDP Series 1	2,118
Select Quality	NQS	34,442,114	VRDP Series 1	2,525
Quality Income	NQU	54,366,717	VRDP Series 1	3,884
Premier Municipal	NPF	19,888,518	VRDP Series 1	1,277
Premier Municipal Opportunity	NIF	19,517,334	VRDP Series 1	1,309
Premium Income 2	NPM	70,692,851	VRDP Series 1	4,895
Premium Income 4	NPT	43,288,550	VRDP Series 1	2,622
Dividend Advantage	NAD	39,296,352	VMTP Series 1	1,204
			MTP PrC	14,430,000
Dividend Advantage 2	NXZ	29,475,052	VRDP Series 1	1,960
Dividend Advantage 3	NZF	40,400,028	VMTP Series 1	1,692
			MTP PrC	7,000,000
Municipal High Income	NMZ	28,484,823	N/A	
Municipal High Income 2	NMD	18,028,815	N/A	
Dividend Advantage Municipal	NVG	29,802,900	VMTP Series 1	925
			MTP PrC	10,800,000
Municipal Opportunity	NIO	95,610,971	VRDP Series 1	6,672
Premium Income Municipal	NPX	37,353,512	VRDP Series 1	2,190
Quality Municipal	NQI	38,452,882	VMTP Series 1	2,404
AMT-Free Municipal	NEA	22,241,117	VMTP Series 2	676
			MTP PrC	8,300,000
Select Maturities	NIM	12,432,571	N/A	
Select Portfolio	NXP	16,546,317	N/A	
Select Portfolio 2	NXQ	17,700,713	N/A	
Select Portfolio 3	NXR	13,033,296	N/A	
California Portfolio	NXC	6,267,289	N/A	
New York Portfolio	NXN	3,917,198	N/A	
Build America	NBB	26,461,985	N/A	
Build America Bond	NBD	7,205,250	N/A	

* The Common Shares of all of the Funds are listed on the New York Stock Exchange, except NEA, NVG, NXZ, NZF and NMZ, which are listed on the NYSE Amex. The Municipal Fund Term Preferred Shares of NAD, NZF, NVG and NEA are listed on the New York Stock Exchange.

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1. Election of Board Members
Minnesota Corporations

At the Annual Meeting of each Minnesota Corporation, Board Members are to be elected to serve until the next annual meeting or until their successors shall have been duly elected and qualified. Under the terms of each Minnesota Corporation s organizational documents (except Municipal Value and Municipal Income), under normal circumstances, holders of Preferred Shares are entitled to elect two (2) Board Members, and the remaining Board Members are to be elected by holders of Common Shares and Preferred Shares, voting together as a single class. Pursuant to the organizational documents of Municipal Value and Municipal Income, each Board is divided into three classes, with each class being elected to serve until the third succeeding annual meeting subsequent to their election or thereafter in each case when their respective successors are duly elected and qualified. For Municipal Value and Municipal Income, three (3) Board Members are nominated to be elected at this Annual Meeting.

a. **For each Minnesota Corporation, except Municipal Value and Municipal Income:**

(i) eight (8) Board Members are to be elected by holders of Common Shares and Preferred Shares, voting together as a single class. Board Members Amboian, Bremner, Evans, Kundert, Stockdale, Stone, Stringer and Toth are nominees for election by all shareholders.

(ii) two (2) Board Members are to be elected by holders of Preferred Shares, each series voting together as a single class. Board Members Hunter and Schneider are nominees for election by holders of Preferred Shares.

b. **For Municipal Value:** three (3) Board Members are to be elected by all shareholders.

Board Members Bremner, Evans and Schneider have been designated as Class III Board Members and as nominees for Board Members for a term expiring at the annual meeting of shareholders in 2015 or until their successors have been duly elected and qualified. Board Members Amboian, Hunter, Kundert, Schneider, Stockdale, Stone, Stringer and Toth are current and continuing Board Members. Board Members Hunter, Stockdale, Stone and Stringer have been designated as Class I Board Members for a term expiring at the annual meeting of shareholders in 2013 or until their successors have been duly elected and qualified. Board Members Amboian, Kundert and Toth have been designated as Class II Board Members for a term expiring at the annual meeting of shareholders in 2014 or until their successors have been duly elected and qualified.

c. **For Municipal Income:** three (3) Board Members are to be elected by all shareholders.

Board Members Bremner, Evans and Schneider have been designated as Class II Board Members and as nominees for Board Members for a term expiring at the annual meeting of shareholders in 2015 or until their successors have been duly elected and qualified. Board Members Amboian, Hunter, Kundert, Schneider, Stockdale, Stone, Stringer and Toth are current and continuing Board Members. Board Members Hunter, Stockdale, Stone and Stringer have been designated as Class III

Board Members for a term expiring at the annual meeting of shareholders in 2013 or until their successors have been duly elected and qualified. Board Members Amboian, Kundert and Toth have been designated as Class I Board Members for a term expiring at the annual meeting of shareholders in 2014 or until their successors have been duly elected and qualified.

Massachusetts Business Trusts

Pursuant to the organizational documents of each Massachusetts Business Trust, each Board is divided into three classes, Class I, Class II and Class III, to be elected by the holders of the outstanding Common Shares and any outstanding Preferred Shares, voting together as a single class to serve until the third succeeding annual meeting subsequent to their election or thereafter, in each case until their successors have been duly elected and qualified. For each Massachusetts Business Trust, except Enhanced Value, Municipal Value 2, Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio, New York Portfolio, Build America, Build America Bond, Municipal High Income and Municipal High Income 2, under normal circumstances, holders of Preferred Shares are entitled to elect two (2) Board Members. The Board Members elected by holders of Preferred Shares will be elected to serve until the next annual meeting or until their successors shall have been duly elected and qualified.

d. **For each Massachusetts Business Trust, except Enhanced Value, Municipal Value 2, Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio, New York Portfolio, Build America, Build America Bond, Municipal High Income and Municipal High Income 2:**

(i) two (2) Board Members are to be elected by holders of Common Shares and Preferred Shares, voting together as a single class. Board Members Bremner and Evans have been designated as Class III Board Members and as nominees for Board Members for a term expiring at the annual meeting of shareholders in 2015 or until their successors have been duly elected and qualified. Board Members Amboian, Kundert, Stockdale, Stone, Stringer and Toth are current and continuing Board Members. Board Members Stockdale, Stone and Stringer have been designated as Class I Board Members for a term expiring at the annual meeting of shareholders in 2013 or until their successors have been duly elected and qualified. Board Members Amboian, Kundert and Toth have been designated as Class II Board Members for a term expiring at the annual meeting of shareholders in 2014 or until their successors have been duly elected and qualified.

(ii) two (2) Board Members are to be elected by holders of Preferred Shares, voting separately as a single class. Board Members Hunter and Schneider are nominees for election by holders of Preferred Shares for a term expiring at the next annual meeting or until their successors have been duly elected and qualified.

e. **For Enhanced Value, Municipal Value 2, Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio, New York Portfolio, Build America, Build America Bond, Municipal High Income and Municipal High Income 2:**

three (3) Board Members are to be elected by all shareholders. Board Members Bremner, Evans and Schneider have been designated as Class III Board Members and as nominees for Board Members for a term expiring at the annual meeting of shareholders in 2015 or until their successors have been duly elected and qualified. Board Members Amboian, Hunter, Kundert, Stockdale, Stone, Stringer and Toth are current and continuing Board Members. Board Members Hunter, Stockdale, Stone and Stringer have been designated as Class I Board Members for a term expiring at the annual meeting of shareholders in 2013 or until their successors have been duly elected and qualified. Board Members Amboian, Kundert and Toth have been designated as Class II Board Members for a term expiring at the annual meeting of shareholders in 2014 or until their successors have been duly elected and qualified.

It is the intention of the persons named in the enclosed proxy to vote the shares represented thereby for the election of the nominees listed in the table below unless the proxy is marked otherwise. Each of the nominees has agreed to serve as a Board Member of each Fund if elected. However, should any nominee become unable or unwilling to accept nomination for election, the proxies will be voted for substitute nominees, if any, designated by that Fund s present Board.

For each Minnesota Corporation, except for Municipal Value and Municipal Income, each Board Member was last elected to each Fund s Board at the annual meeting of shareholders held on July 25, 2011 and adjourned to August 31, 2011.

For Municipal Value, Board Members Amboian, Kundert and Toth were last elected as Class II Board Members at the annual meeting of shareholders held on July 25, 2011. Board Members Hunter, Stockdale and Stone were last elected as Class I Board Members at the annual meeting of shareholders held on July 27, 2010.

For Municipal Income, Board Members Amboian, Kundert and Toth were last elected as Class I Board Members at the annual meeting of shareholders held on July 25, 2011 and adjourned to August 31, 2011. Board Members Hunter, Stockdale and Stone were last elected as Class III Board Members at the annual meeting of shareholders held on July 27, 2010.

For each Massachusetts Business Trust, except Enhanced Value, Municipal Value 2, Build America, Build America Bond, Municipal High Income and Municipal High Income 2, Board Members Amboian, Kundert and Toth were last elected as Class II Board Members and Board Members Hunter and Schneider were last elected to each Fund s Board by the holders of Preferred Shares at the annual meeting of shareholders held on July 25, 2011 and adjourned to August 31, 2011. Board Members Stockdale and Stone were last elected to each Fund s Board as Class I Board Members at the annual meeting of shareholders held on July 27, 2010.

For Enhanced Value, Municipal Value 2, Build America, Municipal High Income and Municipal High Income 2, Board Members Amboian, Kundert and Toth were last elected as Class II Board Members at the annual meeting of shareholders held on July 25, 2011.

For Enhanced Value, Municipal Value 2, Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio, New York Portfolio and Municipal High Income 2, Board Members Hunter, Stockdale and Stone were last elected as Class I Board Members at the annual meeting of shareholders held on July 27, 2010.

For Build America, each Board Member except for Board Member Amboian, Kundert, Stringer and Toth, was elected by the initial shareholder of the Fund, the Adviser, on March 16, 2010.

On January 1, 2011, Ms. Stringer was appointed as a Board Member for each Fund and designated as a Class I Board Member with respect to each Massachusetts Business Trust except Build America Bond and Municipal Value and as a Class III Board Member for Municipal Income.

For Build America Bond, each Board Member was elected by the initial shareholder of the Fund, the Adviser, on February 25, 2010.

Other than Mr. Amboian (for all Funds), all Board Member nominees are not interested persons, as defined in the 1940 Act, of the Funds or of the Adviser and have never been an employee or director of Nuveen Investments, Inc. (Nuveen), the Adviser s parent company, or any affiliate. Accordingly, such Board Members are deemed Independent Board Members.

The Board unanimously recommends that shareholders vote FOR the election of the nominees named below.

Board Nominees/Board Members

Name, Address and Birth Dates	Position(s) Held with Fund	Term of Office and Length of Time Served[1]	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held by Board Member During the Past Five Years
Nominees/Board Members who are not interested persons of the Funds					
Robert P. Bremner c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (8/22/40)	Chairman of the Board, Board Member	Term: Annual or Class III Board Member until 2012[2] Length of Service: Since 1996; Chairman of the Board since 2008; Lead Independent Director (2005-2008)	Private Investor and Management Consultant; Treasurer and Director, Humanities Council of Washington D.C.; Board Member, Investment Company s Independent Directors Council.	231	None

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Name, Address and Birth Dates	Position(s) Held with Fund	Term of Office and Length of Time Served[1]	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held by Board Member During the Past Five Years
Jack B. Evans c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (10/22/48)	Board Member	Term: Annual or Class III Board Member until 2012[2] Length of Service: Since 1999	President, The Hall-Perrine Foundation, a private philanthropic corporation (since 1996); Member of the Board of Regents for the State of Iowa University System; Director, Source Media Group; Life Trustee of Coe College and Iowa College Foundation; formerly, Director, Alliant Energy; formerly, Director, Federal Reserve Bank of Chicago; formerly, President and Chief Operating Officer, SCI Financial Group, Inc. (a regional financial services firm).	231	Director and Chairman, United Fire Group, a Publicly held company
William C. Hunter c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (3/6/48)	Board Member	Term: Annual or Class II Board Member until 2013[2] Length of Service: Since 2004	Dean (since 2006) and Professor of Finance, Tippie College of Business, University of Iowa; Director (since 2005) and President (since July 2012), Beta Gamma Sigma International, Inc., the International Business Honor Society; Director (since 2009) of Wellmark, Inc.; formerly, Director (1997-2007), Credit Research Center at Georgetown University; formerly, Dean and Distinguished Professor of Finance, School of Business at the University of Connecticut (2003-2006); previously, Senior Vice President and Director of Research at the Federal Reserve Bank of Chicago (1995-2003).	231	Director of Xerox Corporation (since 2004)

Name, Address and Birth Dates	Position(s) Held with Fund	Term of Office and Length of Time Served[1]	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held by Board Member During the Past Five Years
David J. Kundert c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (10/28/42)	Board Member	Term: Annual or Class II Board Member until 2014[2] Length of Service: Since 2005	Director, Northwestern Mutual Wealth Management Company; retired (since 2004) as Chairman, JPMorgan Fleming Asset Management, President and CEO, Banc One Investment Advisors Corporation, and President, One Group Mutual Funds; prior thereto, Executive Vice President, Bank One Corporation and Chairman and CEO, Banc One Investment Management Group; Member, Board of Regents, Luther College; Member of the Wisconsin Bar Association; Member of Board of Directors, Friends of Boerner Botanical Gardens; Member of Board of Directors and Chair of Investment Committee, Greater Milwaukee Foundation.	231	None
William J. Schneider[4] c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (9/24/44)	Board Member	Term: Annual or Class III Board Member until 2012[2] Length of Service: Since 1996	Chairman of Miller-Valentine Partners Ltd., a real estate investment company; Member, Mid-America Health System Board; Member, University of Dayton Business School Advisory Council; formerly, Senior Partner and Chief Operating Officer (retired, 2004) of Miller-Valentine Group; formerly, Member, Dayton Philharmonic Orchestra Association; formerly, Director, Dayton Development Coalition; formerly, Member, Business Advisory Council, Cleveland Federal Reserve Bank.	231	None

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Name, Address and Birth Dates	Position(s) Held with Fund	Term of Office and Length of Time Served(1)	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held by Board Member During the Past Five Years
Judith M. Stockdale c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (12/29/47)	Board Member	Term: Annual or Class I Board Member until 2013(2) Length of Service: Since 1997	Executive Director, Gaylord and Dorothy Donnelley Foundation (since 1994); prior thereto, Executive Director, Great Lakes Protection Fund (from 1990 to 1994).	231	None
Carole E. Stone c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (6/28/47)	Board Member	Term: Annual or Class I Board Member until 2013(2) Length of Service: Since 2007	Director, C2 Options Exchange, Incorporated (since 2009); formerly, Commissioner, New York State Commission on Public Authority Reform (2005-2010); formerly, Chair, New York Racing Association Oversight Board (2005-2007).	231	Director, Chicago Board Options Exchange (since 2006)
Virginia L. Stringer 333 West Wacker Drive Chicago, IL 60606 (8/16/44)	Board Member	Term: Annual or Class I Board Member until 2013(2) Length of Service: Since 2011	Board Member, Mutual Fund Directors Forum; former member, Governing Board, Investment Company Institute s Independent Directors Council; former Owner and President, Strategic Management Resources, Inc. a management consulting firm; previously, held several executive positions in general management, marketing and human resources at IBM and The Pillsbury Company.	231	Previously, Independent Director (1987-2010) and Chair First American Fund Complex (1997-2010)

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Name, Address and Birth Dates	Position(s) Held with Fund	Term of Office and Length of Time Served[1]	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held by Board Member During the Past Five Years
Terence J. Toth[5] c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (9/29/59)	Board Member	Term: Annual or Class II Board Member until 2014[2] Length of Service: Since 2008	Director, Legal & General Investment Management America, Inc. (since 2008); Managing Partner, Promus Capital (since 2008); formerly, CEO and President, Northern Trust Global Investments (2004-2007); Executive Vice President, Quantitative Management & Securities Lending (2000-2004); prior thereto, various positions with Northern Trust Company (since 1994); Member: Goodman Theatre Board (since 2004); Chicago Fellowship Board (since 2005), Catalyst Schools of Chicago Board (since 2008) and Mather Foundation Board (since 2012), and a member of its investment committee; formerly Member: Northern Trust Mutual Funds Board (2005-2007), Northern Trust Global Investments Board (2004-2007), Northern Trust Japan Board (2004-2007), Northern Trust Securities Inc. Board (2003-2007) and Northern Trust Hong Kong Board (1997-2004).	231	None

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Name, Address and Birth Dates	Position(s) Held with Fund	Term of Office and Length of Time Served[1]	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member	Other Directorships Held by Board Member During the Past Five Years
Nominee/Board Member who is an interested person of the Fund					
John P. Amboian[3] c/o Nuveen Investments, Inc. 333 West Wacker Drive Chicago, IL 60606 (6/14/61)	Board Member	Term: Annual or Class II Board Member until 2014[2] Length of Service: Since 2008	Chief Executive Officer and Chairman (since 2007) and Director (since 1999), formerly President (1999-2007) of Nuveen Investments, Inc.; Chief Executive Officer (since 2007) of Nuveen Investments Advisors, Inc.; Director (since 1998) formerly, Chief Executive Officer (2007-2010) of Nuveen Fund Advisors, Inc.	231	None

(1) Length of Time Served indicates the year in which the individual became a Board Member of a fund in the Nuveen fund complex.

(2) For Municipal Value, Municipal Value 2, Enhanced Value, Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio, New York Portfolio, Build America, Build America Bond, Municipal High Income and Municipal High Income 2, Board Member Hunter serves as a Class I Board Member and Board Member Schneider serves as a Class III Board Member. For Municipal Income, Board Members Amboian, Kundert and Toth serve as Class I Board Members; Board Members Bremner, Evans and Schneider serve as Class II Board Members; and, Board Members Hunter, Stockdale, Stone and Stringer serve as Class III Board Members.

(3) Interested person as defined in the 1940 Act, by reason of his positions with Nuveen Investments, Inc. and certain of its subsidiaries.

(4) Mr. Schneider is one of several owners and managing members in two limited liability companies and a general partner and one member of the governing body of a general partnership, each engaged in real estate ownership activities. In connection with their ordinary course of investment activities, court appointed receivers have been named for certain individual properties owned by such entities. The individual properties for which a receiver has been appointed represent an immaterial portion of the portfolio assets owned by these entities.

(5) Mr. Toth serves as a director on the Board of Directors of the Mather Foundation (the Foundation) and is a member of its investment committee. The Foundation is the parent of the Mather LifeWays organization, a non-profit charitable organization. Prior to Mr. Toth joining the Board of the Foundation, the Foundation selected Gresham Investment Management (Gresham), an affiliate of Nuveen Fund Advisors, Inc., to manage a portion of the Foundation s investment portfolio, and pursuant to this selection, the Foundation has invested that portion of its investment portfolio in a private commodity pool managed by Gresham.

The dollar range of equity securities beneficially owned by each Board Member in each Fund and all Nuveen funds overseen by the Board Member as of January 31, 2012 is set forth in Appendix A. The number of shares of each Fund beneficially owned by each Board Member and by the Board Members and officers of the Funds as a group as of January 31, 2012 is set forth in Appendix A. On January 31, 2012, Board Members and executive officers as a group beneficially owned approximately 1,300,000 shares of all funds managed by the Adviser, Nuveen Fund Advisors, Inc. (including shares held by the Board Members through the Deferred Compensation Plan for Independent Board Members and by executive officers in Nuveen s 401(k)/profit sharing plan). As of June 1, 2012, each Board Member s individual beneficial shareholdings of each Fund constituted less than 1% of the outstanding shares of each Fund. As of June 1, 2012, the Board Members and executive officers as a group beneficially owned less than 1% of the outstanding shares of each Fund. As of June 1, 2012, no shareholder beneficially owned more than 5% of any class of shares of any Fund, except as provided in Appendix B.

Compensation

Prior to January 1, 2012, each Independent Board Member received a $120,000 annual retainer plus (a) a fee of $4,500 per day for attendance in person or by telephone at regularly scheduled meetings of the Board; (b) a fee of $3,000 per meeting for attendance in person or by telephone at special, non-regularly scheduled Board meetings where in-person attendance was required and $2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance was not required; (c) a fee of $2,500 per meeting for attendance in person or by telephone at Audit Committee meetings where in-person attendance was required and $2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance was not required; (d) a fee of $2,500 per meeting for attendance in person or by telephone at Compliance, Risk Management and Regulatory Oversight Committee meetings where in-person attendance was required and $2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance was not required; (e) a fee of $1,000 per meeting for attendance in person or by telephone at Dividend Committee meetings; and (f) a fee of $500 per meeting for attendance in person or by telephone at all other committee meetings ($1,000 for shareholder meetings) where in-person attendance was required and $250 per meeting for attendance by telephone or in person at such committee meetings (excluding shareholder meetings) where in-person attendance was not required, and $100 per meeting when the Executive Committee acted as pricing committee for IPOs, plus, in each case, expenses incurred in attending such meetings, provided that no fees were received for meetings held on days on which regularly scheduled Board meetings were held. In addition to the payments described above, the Chairman of the Board received $75,000, the chairpersons of the Audit Committee, the Dividend Committee and the Compliance, Risk Management and Regulatory Oversight Committee received $10,000 each and the chairperson of the Nominating and Governance Committee received $5,000 as additional retainers. Independent Board Members also received a fee of $3,000 per day for site visits to entities that provided services to the Nuveen Funds on days on which no Board meeting was held. When ad hoc committees were organized, the Nominating and Governance Committee at the time of formation determined compensation to be paid to the members of such committee; however, in general, such fees were $1,000 per meeting for attendance in person or by telephone at ad hoc committee meetings where in-person attendance was required and $500 per meeting for attendance by telephone or in person at such meetings where in-person attendance was not required. The annual retainer, fees and expenses were allocated among the Nuveen Funds on the basis of relative net assets, although management might have, in its discretion, established a minimum amount to be allocated to each fund.

Effective January 1, 2012, each Independent Board Member receives a $130,000 annual retainer plus (a) a fee of $4,500 per day for attendance in person or by telephone at regularly scheduled meetings of the Board; (b) a fee of $3,000 per meeting for attendance in person or by telephone at special, non-regularly scheduled Board meetings where in-person attendance is required and $2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required; (c) a fee of $2,500 per meeting for attendance in person or by telephone at Audit Committee meetings where in-person attendance is required and $2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required; (d) a fee of $2,500 per meeting for attendance in person or by telephone at Compliance, Risk Management and Regulatory Oversight Committee meetings where in-person attendance is required and $2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required; (e) a fee of $1,000 per meeting for attendance in person or by telephone at Dividend Committee meetings; (f) a fee of $500 per meeting for attendance in person or by telephone at all other committee meetings ($1,000 for shareholder meetings) where in-person attendance is required and $250 per meeting for attendance by telephone or in person at such committee meetings (excluding shareholder meetings) where in-person attendance is not required, and $100 per meeting when the Executive Committee acts as pricing committee for IPOs, plus, in each case, expenses incurred in attending such meetings, provided that no fees are received for meetings held on days on which regularly scheduled Board meetings are held; and (g) a fee of $2,500 per meeting for attendance in person or by telephone at Closed-End Funds Committee meetings where in-person attendance is required and $2,000 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required; provided that no fees are received for meetings held on days on which regularly scheduled Board meetings are held. In addition to the payments described above, the Chairman of the Board receives $75,000, the chairpersons of the Audit Committee, the Dividend Committee, the Compliance, Risk Management and Regulatory Oversight Committee and the Closed-End Funds Committee receive $12,500 each and the chairperson of the Nominating and Governance Committee receives $5,000 as additional retainers. Independent Board Members also receive a fee of $3,000 per day for site visits to entities that provide services to the Nuveen Funds on days on which no Board meeting is held. When ad hoc committees are organized, the Nominating and Governance Committee will at the time of formation determine compensation to be paid to the members of such committee; however, in general, such fees will be $1,000 per meeting for attendance in person or by telephone at ad hoc committee meetings where in-person attendance is required and $500 per meeting for attendance by telephone or in person at such meetings where in-person attendance is not required. The annual retainer, fees and expenses are allocated among the Nuveen Funds on the basis of relative net assets, although management may, in its discretion, establish a minimum amount to be allocated to each fund.

The boards of certain Nuveen funds (the Participating Funds) established a Deferred Compensation Plan for Independent Board Members (Deferred Compensation Plan). Under the Deferred Compensation Plan, Independent Board Members of the Participating Funds may defer receipt of all, or a portion, of the compensation they earn for their services to the Participating Funds, in lieu of receiving current payments of such compensation. Any deferred amount is treated as though an equivalent dollar amount had been invested in shares of one or more eligible Nuveen funds.

The Funds have no employees. The officers of the Funds and the Board Member who is not an Independent Board Member serve without any compensation from the Funds.

The table below shows, for each Independent Board Member, the aggregate compensation paid by each Fund to each Board Member nominee for its last fiscal year.

Aggregate Compensation from the Funds[1]

	Robert P. Bremner	Jack B. Evans	William C. Hunter	David J. Kundert	William J. Schneider	Judith M. Stockdale	Carole E. Stone	Virginia L. Stringer	Terence J. Toth
Municipal Value	$ 6,539	$ 4,993	$ 4,522	$ 5,081	$ 5,106	$ 4,817	$ 4,872	$ 3,365	$ 5,101
Municipal Value 2	716	548	497	561	563	531	533	368	559
Municipal Income	302	231	209	236	237	224	224	155	235
Enhanced Value	914	698	633	711	714	674	681	469	713
Premium Income	4,902	3,798	3,388	3,833	3,832	3,695	3,746	2,397	3,792
Performance Plus	4,807	3,728	3,405	3,738	3,764	3,626	3,645	2,410	3,693
Municipal Advantage	3,505	2,740	2,447	2,761	2,765	2,652	2,704	1,751	2,737
Municipal Market Opportunity	3,619	2,832	2,589	2,835	2,860	2,740	2,772	1,851	2,807
Investment Quality	2,805	2,162	1,929	2,183	2,181	2,117	2,133	1,367	2,159
Select Quality	3,185	2,104	1,921	2,542	2,124	2,059	2,519	1,358	2,546
Quality Income	4,549	3,478	3,106	3,505	3,509	3,464	3,433	2,222	3,474
Premier Municipal	1,579	1,209	1,079	1,220	1,220	1,194	1,192	764	1,207
Premier Municipal Opportunity	1,619	1,246	1,113	1,255	1,257	1,230	1,230	797	1,244
Premium Income 2	5,752	4,455	3,975	4,497	4,496	4,336	4,395	2,815	4,449
Premium Income 4	3,062	2,396	2,190	2,399	2,419	2,318	2,345	1,569	2,374
Dividend Advantage	3,144	2,457	2,195	2,477	2,480	2,379	2,425	1,569	2,455
Dividend Advantage 2	2,373	1,854	1,657	1,869	1,872	1,795	1,830	1,183	1,852
Dividend Advantage 3	3,284	2,462	2,200	2,482	2,485	2,517	2,431	1,574	2,459
Municipal High Income	1,457	1,135	1,009	1,145	1,147	1,097	1,120	702	1,133
Municipal High Income 2	868	681	624	687	692	663	664	444	674
Dividend Advantage Municipal	2,515	1,939	1,733	1,954	1,957	1,913	1,914	1,241	1,937
Municipal Opportunity	7,923	6,153	5,497	6,201	6,209	6,005	6,073	3,939	6,147
Premium Income Municipal	2,674	2,092	1,912	2,094	2,112	2,024	2,047	1,371	2,073
Quality Municipal	2,937	2,269	2,024	2,290	2,289	2,215	2,238	1,435	2,266
AMT-Free Municipal	1,830	1,431	1,278	1,441	1,444	1,385	1,412	916	1,429

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Aggregate Compensation from the Funds(1)

	Robert P. Bremner	Jack B. Evans	William C. Hunter	David J. Kundert	William J. Schneider	Judith M. Stockdale	Carole E. Stone	Virginia L. Stringer	Terence J. Toth
Select Maturities	$ 445	$ 336	$ 308	$ 346	$ 346	$ 333	$ 334	$ 308	$ 344
Select Portfolio	805	613	585	647	625	614	602	557	622
Select Portfolio 2	822	626	598	660	638	627	615	569	635
Select Portfolio 3	631	481	459	507	490	481	472	437	487
California Portfolio	309	235	225	248	240	235	231	214	238
New York Portfolio	194	148	141	156	151	148	145	134	150
Build America	2,134	1,653	1,591	1,692	1,665	1,657	1,624	1,511	1,673
Build America Bond	528	398	366	411	410	395	395	366	408
Total Compensation from Nuveen Funds Paid to Board Members/Nominees	329,731	260,124	218,576	244,966	259,415	248,033	245,650	175,000	263,891

(1) Includes deferred fees. Pursuant to a deferred compensation agreement with certain of the Funds, deferred amounts are treated as though an equivalent dollar amount has been invested in shares of one or more eligible Nuveen funds. Total deferred fees for the Funds (including the return from the assumed investment in the eligible Nuveen funds) payable are:

Deferred Fees

	Robert P. Bremner	Jack B. Evans	William C. Hunter	David J. Kundert	William J. Schneider	Judith M. Stockdale	Carole E. Stone	Virginia L. Stringer	Terence J. Toth
Municipal Value	$ 974	$ 1,235	$ 4,522	$ 5,081	$ 1,314	$ 2,570			$ 250
Municipal Value 2									
Municipal Income									
Enhanced Value	136	173	633	711	186	359			35
Premium Income	730	939	3,388	3,833	1,178	1,961			212
Performance Plus	716	923	3,405	3,738	1,096	1,929			190
Municipal Advantage	522	677	2,447	2,761	833	1,408			150
Municipal Market Opportunity	539	700	2,589	2,835	818	1,457			142
Investment Quality	418	535	1,929	2,183	668	1,124			120

Deferred Fees

	Robert P. Bremner	Jack B. Evans	William C. Hunter	David J. Kundert	William J. Schneider	Judith M. Stockdale	Carole E. Stone	Virginia L. Stringer	Terence J. Toth
Select Quality	$ 472	$ 521	$ 1,921	$ 2,542	$ 620	$ 1,095			$ 107
Quality Income	677	859	3,106	3,505	1,057	1,835			190
Premier Municipal	235	299	1,079	1,220	374	634			67
Premier Municipal Opportunity	241	308	1,113	1,255	378	652			68
Premium Income 2	857	1,102	3,975	4,497	1,379	2,302			248
Premium Income 4	456	592	2,190	2,399	688	1,233			119
Dividend Advantage	468	607	2,195	2,477	748	1,263			134
Dividend Advantage 2	353	458	1,657	1,869	566	953			102
Dividend Advantage 3	489	608	2,200	2,482	747	1,333			134
Municipal High Income	217	280	1,009	1,145	368	581			66
Municipal High Income 2									
Dividend Advantage Municipal	375	479	1,733	1,954	587	1,017			105
Municipal Opportunity	1,179	1,520	5,497	6,201	1,862	3,186			335
Premium Income Municipal	398	517	1,912	2,094	599	1,077			104
Quality Municipal	437	561	2,024	2,290	699	1,176			126
AMT-Free Municipal	272	353	1,278	1,441	433	735			78
Select Maturities									
Select Portfolio	121	158	585	647		343			
Select Portfolio 2	124	161	598	660		350			
Select Portfolio 3	95	124	459	507		269			
California Portfolio	47	61	225	248		132			
New York Portfolio	29	38	141	156		83			
Build America	322	427	1,591	1,692		927			
Build America Bond									

Board Leadership Structure and Risk Oversight

The Board of each Fund (collectively, the Board) oversees the operations and management of the Fund, including the duties performed for the Funds by the Adviser. The Board has adopted a unitary board structure. A unitary board consists of one group of directors who serve on the board of every fund in the complex. In adopting a unitary board structure, the Board Members seek to provide effective governance through establishing a board, the overall composition of which will, as a body, possess the appropriate skills, independence and experience to oversee the Funds business. With this overall framework in mind, when the Board, through its Nominating and Governance Committee discussed below, seeks nominees for the Board, the Board Members consider, not only the candidate s particular background, skills and experience, among other things, but also whether such background, skills and experience enhance the Board s diversity and at the same time complement the Board given its current composition and the mix of skills and experiences of the incumbent Board Members. The Nominating and Governance Committee believes that the Board generally benefits from diversity of background, experience and views among its members, and considers this a factor in evaluating the composition of the Board, but has not adopted any specific policy on diversity or any particular definition of diversity.

The Board believes the unitary board structure enhances good and effective governance, particularly given the nature of the structure of the investment company complex. Funds in the same complex generally are served by the same service providers and personnel and are governed by the same regulatory scheme which raises common issues that must be addressed by the Board Members across the fund complex (such as compliance, valuation, liquidity, brokerage, trade allocation or risk management). The Board believes it is more efficient to have a single board review and oversee common policies and procedures which increases the Board s knowledge and expertise with respect to the many aspects of fund operations that are complex-wide in nature. The unitary structure also enhances the Board s influence and oversight over the Adviser and other service providers.

In an effort to enhance the independence of the Board, the Board also has a Chairman that is an Independent Board Member. The Board recognizes that a chairman can perform an important role in setting the agenda for the Board, establishing the boardroom culture, establishing a point person on behalf of the Board for fund management, and reinforcing the Board s focus on the long-term interests of shareholders. The Board recognizes that a chairman may be able to better perform these functions without any conflicts of interests arising from a position with fund management. Accordingly, the Board Members have elected Robert P. Bremner as the independent Chairman of the Board. Specific responsibilities of the Chairman include: (i) presiding at all meetings of the Board and of the shareholders; (ii) seeing that all orders and resolutions of the Board Members are carried into effect; and (iii) maintaining records of and, whenever necessary, certifying all proceedings of the Board Members and the shareholders.

Although the Board has direct responsibility over various matters (such as advisory contracts, underwriting contracts and Fund performance), the Board also exercises certain of its oversight responsibilities through several committees that it has established and which report back to the full Board. The Board believes that a committee structure is an effective means to permit Board Members to focus on particular operations or issues affecting the Funds, including risk oversight. More specifically, with respect to risk oversight, the Board has delegated matters relating to valuation and compliance to certain committees (as summarized below) as well as certain aspects of investment risk. In addition, the Board believes that the periodic rotation of Board Members among the different committees allows the Board Members to gain additional and different perspectives of a Fund s operations. The Board has established six standing committees: the Executive Committee, the Dividend Committee, the Audit Committee, the Compliance, Risk Management and Regulatory Oversight Committee, the Nominating and Governance Committee and the Closed-End Funds Committee. The Board may also from time to time create ad hoc committees to focus on particular issues as the need arises. The membership and functions of the standing committees are summarized below.

The Executive Committee, which meets between regular meetings of the Board, is authorized to exercise all of the powers of the Board. The members of the Executive Committee are Robert P. Bremner, Chair, Judith M. Stockdale and John P. Amboian. The number of Executive Committee meetings of each Fund held during its last fiscal year is shown in Appendix C.

The Dividend Committee is authorized to declare distributions on each Fund s shares including, but not limited to, regular and special dividends, capital gains and ordinary income distributions. The members of the Dividend Committee are Jack B. Evans, Chair, Judith M. Stockdale and Terence J. Toth. The number of Dividend Committee meetings of each Fund held during its last fiscal year is shown in Appendix C.

The Board has an Audit Committee, in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the 1934 Act), that is composed of Independent Board Members who are also independent as that term is defined in the listing standards pertaining to closed-end funds of the New York Stock Exchange, NYSE Amex or NASDAQ Stock Market, LLC, as applicable. The Audit Committee assists the Board in the oversight and monitoring of the accounting and reporting policies, processes and practices of the Funds, and the audits of the financial statements of the Funds; the quality and integrity of the financial statements of the Funds; the Funds compliance with legal and regulatory requirements relating to the Funds financial statements; the independent auditors qualifications, performance and independence; and the pricing procedures of the Funds and the internal valuation group of Nuveen. It is the responsibility of the Audit Committee to select, evaluate and replace any independent auditors (subject only to Board and, if applicable, shareholder ratification) and to determine their compensation. The Audit Committee is also responsible for, among other things, overseeing the valuation of securities comprising the Funds portfolios. Subject to the Board s general supervision of such actions, the Audit Committee addresses any valuation issues, oversees the Funds pricing procedures and actions taken by Nuveen s internal valuation group which provides regular reports to the committee, reviews any issues relating to the valuation of the Funds securities brought to its attention and considers the risks to the Funds in assessing the possible resolutions to these matters. The Audit Committee may also consider any financial risk exposures for the Funds in conjunction with performing its functions.

To fulfill its oversight duties, the Audit Committee receives annual and semi-annual reports and has regular meetings with the external auditors for the Funds and the internal audit group at Nuveen. The Audit Committee also may review in a general manner the processes the Board or other Board committees have in place with respect to risk assessment and risk management as well as compliance with legal and regulatory matters relating to the Funds financial statements. The Audit Committee operates under a written Audit Committee Charter adopted and approved by the Board, which Charter conforms to the listing standards of the

New York Stock Exchange, NYSE Amex or NASDAQ Stock Market, LLC, as applicable. Members of the Audit Committee are independent (as set forth in the Charter) and free of any relationship that, in the opinion of the Board Members, would interfere with their exercise of independent judgment as an Audit Committee member. The members of the Audit Committee are Robert P. Bremner, David J. Kundert, Chair, William J. Schneider, Carole E. Stone and Terence J. Toth, each of whom is an Independent Board Member of the Funds. A copy of the Audit Committee Charter is attached as Appendix D. The number of Audit Committee meetings of each Fund held during its last fiscal year is shown in Appendix C.

The Compliance, Risk Management and Regulatory Oversight Committee (the Compliance Committee) is responsible for the oversight of compliance issues, risk management and other regulatory matters affecting the Funds that are not otherwise under or within the jurisdiction of the other committees. The Board has adopted and periodically reviews policies and procedures designed to address the Funds compliance and risk matters. As part of its duties, the Compliance Committee reviews the policies and procedures relating to compliance matters and recommends modifications thereto as necessary or appropriate to the full Board; develops new policies and procedures as new regulatory matters affecting the Funds arise from time to time; evaluates or considers any comments or reports from examinations from regulatory authorities and responses thereto; and performs any special reviews, investigations or other oversight responsibilities relating to risk management, compliance and/or regulatory matters as requested by the Board.

In addition, the Compliance Committee is responsible for risk oversight, including, but not limited to, the oversight of risks related to investments and operations. Such risks include, among other things, exposures to particular issuers, market sectors, or types of securities; risks related to product structure elements, such as leverage; and techniques that may be used to address those risks, such as hedging and swaps. In assessing issues brought to the Compliance Committee s attention or in reviewing a particular policy, procedure, investment technique or strategy, the Compliance Committee evaluates the risks to the Funds in adopting a particular approach or resolution compared to the anticipated benefits to the Funds and their shareholders. In fulfilling its obligations, the Compliance Committee meets on a quarterly basis, and at least once a year in person. The Compliance Committee receives written and oral reports from the Funds Chief Compliance Officer (CCO) and meets privately with the CCO at each of its quarterly meetings. The CCO also provides an annual report to the full Board regarding the operations of the Funds and other service providers compliance programs as well as any recommendations for modifications thereto. The Compliance Committee also receives reports from the investment services group of Nuveen regarding various investment risks. Notwithstanding the foregoing, the full Board also participates in discussions with management regarding certain matters relating to investment risk, such as the use of leverage and hedging. The investment services group therefore also reports to the full Board at its quarterly meetings regarding, among other things, Fund performance and the various drivers of such performance. Accordingly, the Board directly and/or in conjunction with the Compliance Committee oversees matters relating to investment risks. Matters not addressed at the committee level are addressed directly by the full Board. The Compliance Committee operates under a written charter adopted and approved by the Board. The members of the Compliance Committee are Jack B. Evans, William C. Hunter, William J. Schneider, Judith M. Stockdale, Chair, and Virginia L. Stringer. The number of Compliance Committee meetings of each Fund held during its last fiscal year is shown in Appendix C.

The Nominating and Governance Committee is responsible for seeking, identifying and recommending to the Board qualified candidates for election or appointment to the Board. In addition, the Nominating and Governance Committee oversees matters of corporate governance, including the evaluation of Board performance and processes, the assignment and rotation of committee members, and the establishment of corporate governance guidelines and procedures, to the extent necessary or desirable, and matters related thereto. Although the unitary and committee structure has been developed over the years and the Nominating and Governance Committee believes the structure has provided efficient and effective governance, the committee recognizes that as demands on the Board evolve over time (such as through an increase in the number of funds overseen or an increase in the complexity of the issues raised), the committee must continue to evaluate the Board and committee structures and their processes and modify the foregoing as may be necessary or appropriate to continue to provide effective governance. Accordingly, the Nominating and Governance Committee has a separate meeting each year to, among other things, review the Board and committee structures, their performance and functions, and recommend any modifications thereto or alternative structures or processes that would enhance the Board s governance over the Funds business.

In addition, the Nominating and Governance Committee, among other things, makes recommendations concerning the continuing education of Board Members; monitors performance of legal counsel and other service providers; establishes and monitors a process by which security holders are able to communicate in writing with Board Members; and periodically reviews and makes recommendations about any appropriate changes to Board Member compensation. In the event of a vacancy on the Board, the Nominating and Governance Committee receives suggestions from various sources, including shareholders, as to suitable candidates. Suggestions should be sent in writing to Lorna Ferguson, Manager of Fund Board Relations, Nuveen, 333 West Wacker Drive, Chicago, IL 60606. The Nominating and Governance Committee sets appropriate standards and requirements for nominations for new Board Members and each nominee is evaluated using the same standards. However, the Nominating and Governance Committee reserves the right to interview any and all candidates and to make the final selection of any new Board Members. In considering a candidate s qualifications, each candidate must meet certain basic requirements, including relevant skills and experience, time availability (including the time requirements for due diligence site visits to internal and external sub-advisers and service providers) and, if qualifying as an Independent Board Member candidate, independence from the Adviser, sub-advisers, underwriters or other service providers, including any affiliates of these entities. These skill and experience requirements may vary depending on the current composition of the Board, since the goal is to ensure an appropriate range of skills, diversity and experience, in the aggregate. Accordingly, the particular factors considered and weight given to these factors will depend on the composition of the Board and the skills and backgrounds of the incumbent Board Member at the time of consideration of the nominees. All candidates, however, must meet high expectations of personal integrity, independence, governance experience and professional competence. All candidates must be willing to be critical within the Board and with management and yet maintain a collegial and collaborative manner toward other Board Members. The Nominating and Governance Committee operates under a written charter adopted and approved by the Board, a copy of which is available on the Funds website at www.nuveen.com/CEF/Info/Shareholder/, and is composed entirely of Independent Board Members who are also independent as defined by New York Stock Exchange, NYSE Amex or NASDAQ Stock Market, LLC listing standards, as applicable. Accordingly, the members of the Nominating and Governance Committee are

Robert P. Bremner, Chair, Jack B. Evans, William C. Hunter, David J. Kundert, William J. Schneider, Judith M. Stockdale, Carole E. Stone, Virginia L. Stringer and Terence J. Toth. The number of Nominating and Governance Committee meetings of each Fund held during its last fiscal year is shown in Appendix C.

Effective January 1, 2012, the Board approved the creation of the Closed-End Funds Committee. The Closed-End Funds Committee is responsible for assisting the Board in the oversight and monitoring of the Nuveen Funds that are registered as closed-end investment companies (Closed-End Funds). The committee may review and evaluate matters related to the formation and the initial presentation to the Board of any new Closed-End Fund and may review and evaluate any matters relating to any existing Closed-End Fund. The committee operates under a written charter adopted and approved by the Board. The members of the Closed-End Funds Committee are Robert P. Bremner, Jack B. Evans, William C. Hunter, William J. Schneider, Chair, and Carole E. Stone. The number of Closed-End Funds Committee meetings of each Fund held during its last fiscal year is shown in Appendix C.

The number of regular quarterly meetings and special meetings held by the Board of each Fund during the Fund s last fiscal year is shown in Appendix C. During the last fiscal year, each Board Member attended 75% or more of each Fund s Board meetings and the committee meetings (if a member thereof) held during the period for which such Board Member was a Board Member. The policy of the Board relating to attendance by Board Members at annual meetings of the Funds and the number of Board Members who attended the last annual meeting of shareholders of each Fund is posted on the Funds website at www.nuveen.com/CEF/Shareholder/.

Board Diversification and Board Member Qualifications. In determining that a particular Board member was qualified to serve on the Board, the Board considers each Board Member s background, skills, experience and other attributes in light of the composition of the Board with no particular factor controlling. The Board believes that Board Members need to have the ability to critically review, evaluate, question and discuss information provided to them, and to interact effectively with Fund management, service providers and counsel, in order to exercise effective business judgment in the performance of their duties, and the Board believes each Board Member satisfies this standard. An effective Board Member may achieve this ability through his or her educational background; business, professional training or practice; public service or academic positions; experience from service as a board member or executive of investment funds, public companies or significant private or not-for-profit entities or other organizations; and or/other life experiences. Accordingly, set forth below is a summary of the experiences, qualifications, attributes, and skills that led to the conclusion, as of the date of this document, that each Board Member should continue to serve in that capacity. References to the experiences, qualifications, attributes and skills of Board Members are pursuant to requirements of the Securities and Exchange Commission, do not constitute holding out the Board or any Board Member as having any special expertise or experience and shall not impose any greater responsibility or liability on any such person or on the Board by reason thereof.

John P. Amboian

Mr. Amboian, an interested Board Member of the Funds, joined Nuveen in June 1995 and became Chief Executive Officer in July 2007 and Chairman in November 2007. Prior to this, since 1999, he served as President with responsibility for the firm s product, marketing, sales, operations and administrative activities. Mr. Amboian initially served Nuveen as Executive Vice President and Chief Financial Officer. Prior to joining Nuveen, Mr. Amboian held key management positions with two consumer product firms affiliated with the Phillip Morris Companies. He served as Senior Vice President of Finance, Strategy and Systems at Miller Brewing Company. Mr. Amboian began his career in corporate and international finance at Kraft Foods, Inc., where he eventually served as Treasurer. He received a Bachelor s degree in economics and a Masters of Business Administration (MBA) from the University of Chicago. Mr. Amboian serves on the Board of Directors of Nuveen and is a Board Member or Trustee of the Investment Company Institute Board of Governors, Boys and Girls Clubs of Chicago, Children s Memorial Hospital and Foundation, the Council on the Graduate School of Business (University of Chicago), and the North Shore Country Day School Foundation. He is also a member of the Civic Committee of the Commercial Club of Chicago and the Economic Club of Chicago.

Robert P. Bremner

Mr. Bremner, the Board s Independent Chairman, is a private investor and management consultant in Washington, D.C. His biography of William McChesney Martin, Jr., a former chairman of the Federal Reserve Board, was published by Yale University Press in November 2004. From 1994 to 1997, he was a Senior Vice President at Samuels International Associates, an international consulting firm specializing in governmental policies, where he served in a part-time capacity. Previously, Mr. Bremner was a partner in the LBK Investors Partnership and was chairman and majority stockholder with ITC Investors Inc., both private investment firms. He currently serves on the Board and as Treasurer of the Humanities Council of Washington D.C. and is a Board Member of the Independent Directors Council affiliated with the Investment Company Institute. From 1984 to 1996, Mr. Bremner was an independent Trustee of the Flagship Funds, a group of municipal open-end funds. He began his career at the World Bank in Washington D.C. He graduated with a Bachelor of Science degree from Yale University and received his MBA from Harvard University.

Jack B. Evans

President of the Hall-Perrine Foundation, a private philanthropic corporation, since 1996, Mr. Evans was formerly President and Chief Operating Officer of the SCI Financial Group, Inc., a regional financial services firm headquartered in Cedar Rapids, Iowa. Formerly, he was a member of the Board of the Federal Reserve Bank of Chicago as well as a Director of Alliant Energy. Mr. Evans is Chairman of the Board of United Fire Group, sits on the Board of the Source Media Group, is a Member of the Board of Regents for the State of Iowa University System and is a Life Trustee of Coe College. He has a Bachelor of Arts degree from Coe College and an MBA from the University of Iowa.

William C. Hunter

Mr. Hunter was appointed Dean of the Henry B. Tippie College of Business at the University of Iowa effective July 1, 2006. He had been Dean and Distinguished Professor of Finance at the University of Connecticut School of Business since June 2003. From 1995 to 2003, he was the Senior Vice President and Director of Research at the Federal Reserve Bank of Chicago. While there he served as the Bank s Chief Economist and was an Associate Economist on the Federal Reserve System s Federal Open Market Committee (FOMC). In addition to serving as a Vice President in charge of financial markets and basic research at the Federal Reserve Bank in Atlanta, he held faculty positions at Emory University, Atlanta University, the University of Georgia and Northwestern University. A past Director of the Credit Research Center at Georgetown University and past President of the Financial Management Association International, he has consulted with numerous foreign central banks and official agencies in Western Europe, Central and Eastern Europe, Asia, Central America and South America. From 1990 to 1995, he was a U.S. Treasury Advisor to Central and Eastern Europe. He has been a Director of the Xerox Corporation since 2004. He is Director and President-Elect of Beta Gamma Sigma, Inc., the International Business Honor Society.

David J. Kundert

Mr. Kundert retired in 2004 as Chairman of JPMorgan Fleming Asset Management, as President and CEO of Banc One Investment Advisors Corporation, and as President of One Group Mutual Funds. Prior to the merger between Bank One Corporation and JPMorgan Chase and Co., he was Executive Vice President, Bank One Corporation and, since 1995, the Chairman and CEO, Banc One Investment Management Group. From 1988 to 1992, he was President and CEO of Bank One Wisconsin Trust Company. Currently, Mr. Kundert is a Director of the Northwestern Mutual Wealth Management Company. He started his career as an attorney for Northwestern Mutual Life Insurance Company. Mr. Kundert has served on the Board of Governors of the Investment Company Institute and is currently a member of the Wisconsin Bar Association. He is on the Board of the Greater Milwaukee Foundation and chairs its Investment Committee. He received his Bachelor of Arts degree from Luther College, and his Juris Doctor from Valparaiso University.

William J. Schneider

Mr. Schneider is currently Chairman, formerly Senior Partner and Chief Operating Officer (retired, December 2004) of Miller-Valentine Partners Ltd., a real estate investment company. He was formerly a Director and Past Chair of the Dayton Development Coalition. He was formerly a member of the Community Advisory Board of the National City Bank in Dayton as well as a former member of the Business Advisory Council of the Cleveland Federal Reserve Bank. Mr. Schneider is a member of the Business Advisory Council for the University of Dayton College of Business. Mr. Schneider was an independent Trustee of the Flagship Funds, a group of municipal open-end funds. He also served as Chair of the Miami Valley Hospital and as Chair of the Finance Committee of its parent holding company. Mr. Schneider has a Bachelor of Science in Community Planning from the University of Cincinnati and a Masters of Public Administration from the University of Dayton.

Judith M. Stockdale

Ms. Stockdale is currently Executive Director of the Gaylord and Dorothy Donnelley Foundation, a private foundation working in land conservation and artistic vitality in the Chicago region and the Lowcountry of South Carolina. Her previous positions include Executive Director of the Great Lakes Protection Fund, Executive Director of Openlands, and

Senior Staff Associate at the Chicago Community Trust. She has served on the Boards of the Land Trust Alliance, the National Zoological Park, the Governor s Science Advisory Council (Illinois), the Nancy Ryerson Ranney Leadership Grants Program, Friends of Ryerson Woods and the Donors Forum. Ms. Stockdale, a native of the United Kingdom, has a Bachelor of Science degree in geography from the University of Durham (UK) and a Master of Forest Science degree from Yale University.

Carole E. Stone

Ms. Stone retired from the New York State Division of the Budget in 2004, having served as its Director for nearly five years and as Deputy Director from 1995 through 1999. Ms. Stone is currently on the Board of Directors of the Chicago Board Options Exchange, CBOE Holdings, Inc. and C2 Options Exchange, Incorporated. She has also served as the Chair of the New York Racing Association Oversight Board, as Chair of the Public Authorities Control Board, as a Commissioner on the New York State Commission on Public Authority Reform and as a member of the Boards of Directors of several New York State public authorities. Ms. Stone has a Bachelor of Arts from Skidmore College in Business Administration.

Virginia L. Stringer

Ms. Stringer served as the independent chair of the Board of the First American Funds from 1997 to 2010, having joined that Board in 1987. Ms. Stringer serves on the board of the Mutual Fund Directors Forum. She is a recipient of the Outstanding Corporate Director award from Twin Cities Business Monthly and the Minnesota Chapter of the National Association of Corporate Directors. Ms. Stringer is the past board chair of the Oak Leaf Trust, director of the Saint Paul Riverfront Corporation and also served as President of the Minneapolis Club s Governing Board. She is a director and former board chair of the Minnesota Opera and a Life Trustee and former board of the Voyageur Outward Bound School. She also served as a trustee of Outward Bound USA. She was appointed by the Governor of Minnesota to the Board on Judicial Standards and also served on a Minnesota Supreme Court Judicial Advisory Committee to reform the state s judicial disciplinary process. She is a member of the International Women s Forum and attended the London Business School as an International Business Fellow. Ms. Stringer also served as board chair of the Human Resource Planning Society, the Minnesota Women s Campaign Fund and the Minnesota Women s Economic Roundtable. Ms. Stringer is the retired founder of Strategic Management Resources, a consulting practice focused on corporate governance, strategy and leadership. She has twenty five years of corporate experience having held executive positions in general management, marketing and human resources with IBM and the Pillsbury Company.

Terence J. Toth

Mr. Toth has served as a Director of Legal & General Investment Management America, Inc. since 2008 and as a Managing Partner at Promus Capital (since 2008). From 2004 to 2007, he was Chief Executive Officer and President of Northern Trust Global Investments, and Executive Vice President of Quantitative Management & Securities Lending from 2000 to 2004. He also formerly served on the Board of the Northern Trust Mutual Funds. He joined Northern Trust in 1994 after serving as Managing Director and Head of Global Securities Lending at Bankers

Trust (1986 to 1994) and Head of Government Trading and Cash Collateral Investment at Northern Trust from 1982 to 1986. He currently serves on the Boards of the Goodman Theatre, Chicago Fellowship and the Mather Foundation. Mr. Toth is Chairman of the Board of Catalyst Schools of Chicago. Mr. Toth graduated with a Bachelor of Science degree from the University of Illinois, and received his MBA from New York University. In 2005, he graduated from the CEO Perspectives Program at Northwestern University.

Board Member Terms. For each Minnesota Fund except Municipal Value and Municipal Income, all Board Members are elected annually. For each Massachusetts Fund, and Municipal Value and Municipal Income, shareholders will be asked to elect Board Members as each Board Member s term expires, and with respect to Board Members elected by holders of Common Shares such Board Member shall be elected for a term expiring at the time of the third succeeding annual meeting subsequent to their election or thereafter in each case when their respective successors are duly elected and qualified. These provisions could delay for up to two years the replacement of a majority of the Board.

The Officers

The following table sets forth information with respect to each officer of the Funds. Officers receive no compensation from the Funds. The officers are elected by the Board on an annual basis to serve until successors are elected and qualified.

Name, Address and Birth Date	Position(s) Held with Fund	Term of Office and Length of Time Served[1]	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
Gifford R. Zimmerman 333 West Wacker Drive Chicago, IL 60606 (9/9/56)	Chief Administrative Officer	Term: Annual Length of Service: Since 1988	Managing Director (since 2002), Assistant Secretary and Associate General Counsel of Nuveen Securities, LLC; Managing Director (since 2002), Assistant Secretary (since 1997) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director (since 2004) and Assistant Secretary (since 1994) of Nuveen Investments, Inc.; Managing Director, Assistant Secretary and Associate General Counsel of Nuveen Asset Management, LLC (since 2011); Vice President and Assistant Secretary of NWQ Investment Management Company, LLC and Nuveen Investments Advisers Inc. (since 2002); Managing Director, Associate General Counsel and Assistant Secretary of Symphony Asset Management LLC (since 2003); Vice President and Assistant Secretary of Santa Barbara Asset Management, LLC (since 2006), and Nuveen HydePark Group, LLC and Nuveen Investment Solutions, Inc. (since 2007) and of Winslow Capital Management, Inc. (since 2010); Chief Administrative Officer and Chief Compliance Officer (since 2010) of Nuveen Commodities Asset Management, LLC; Chartered Financial Analyst.	231

Name, Address and Birth Date	Position(s) Held with Fund	Term of Office and Length of Time Served[1]	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
William Adams IV 333 West Wacker Drive Chicago, IL 60606 (6/9/55)	Vice President	Term: Annual Length of Service: Since 2007	Senior Executive Vice President, Global Structured Products, formerly, Executive Vice President (1999-2010) of Nuveen Securities, LLC; Co-President of Nuveen Fund Advisors, Inc. (since 2011); President and principal executive officer (since August 2011), formerly, Managing Director (2010-2011) of Nuveen Commodities Asset Management, LLC.	131
Cedric H. Antosiewicz 333 West Wacker Drive Chicago, IL 60606 (1/11/62)	Vice President	Term: Annual Length of Service: Since 2007	Managing Director (since 2004) of Nuveen Securities LLC.	131
Margo L. Cook 333 West Wacker Drive Chicago, IL 60606 (4/11/64)	Vice President	Term: Annual Length of Service: Since 2009	Executive Vice President (since 2008) of Nuveen Investments, Inc. and of Nuveen Fund Advisors (since 2011); previously, Head of Institutional Asset Management (2007-2008) of Bear Stearns Asset Management; Head of Institutional Asset Mgt. (1986-2007) of Bank of NY Mellon; Chartered Financial Analyst.	231
Lorna C. Ferguson 333 West Wacker Drive Chicago, IL 60606 (10/24/45)	Vice President	Term: Annual Length of Service: Since 1998	Managing Director (since 2004) of Nuveen Securities, LLC; Managing Director (since 2005) of Nuveen Fund Advisors, Inc.	231
Stephen D. Foy 333 West Wacker Drive Chicago, IL 60606 (5/31/54)	Vice President and Controller	Term: Annual Length of Service: Since 1993	Senior Vice President (since 2010); formerly, Vice President (1993-2010) and Funds Controller (since 1998) of Nuveen Securities, LLC; Vice President (2005-2010) of Nuveen Fund Advisors, Inc.; Certified Public Accountant.	231

Name, Address and Birth Date	Position(s) Held with Fund	Term of Office and Length of Time Served(1)	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
Scott S. Grace 333 West Wacker Drive Chicago, IL 60606 (8/20/70)	Vice President and Treasurer	Term: Annual Length of Service: Since 2009	Managing Director, Corporate Finance & Development, Treasurer (since September 2009) of Nuveen Securities, LLC; Managing Director and Treasurer of Nuveen Investment Solutions, Inc., Nuveen Investments Advisers, Inc., Nuveen Investments Holdings, Inc. and of Nuveen Fund Advisors, Inc. and Nuveen Asset Management, LLC (since 2011); Vice President and Treasurer of NWQ Investment Management Company, LLC, Tradewinds Global Investors, LLC, Symphony Asset Management LLC and Winslow Capital Management, Inc.; Vice President of Santa Barbara Asset Management, LLC; formerly, Treasurer (2006-2009), Senior Vice President (2008-2009), previously, Vice President (2006-2008) of Janus Capital Group, Inc.; formerly, Senior Associate in Morgan Stanley s Global Financial Services Group (2000-2003); Chartered Accountant Designation.	231
Walter M. Kelly 333 West Wacker Drive Chicago, IL 60606 (2/24/70)	Chief Compliance Officer and Vice President	Term: Annual Length of Service: Since 2003	Senior Vice President (since 2008), formerly, Vice President, of Nuveen Securities, LLC; Senior Vice President (since 2008) and Assistant Secretary (since 2003), of Nuveen Fund Advisors.	231
Tina M. Lazar 333 West Wacker Drive Chicago, IL 60606 (8/27/61)	Vice President	Term: Annual Length of Service: Since 2002	Senior Vice President (since 2009), formerly, Vice President of Nuveen Securities, LLC (1999-2009); Senior Vice President (since 2010), formerly, Vice President (2005-2010) of Nuveen Fund Advisors, Inc.	231

Name, Address and Birth Date	Position(s) Held with Fund	Term of Office and Length of Time Served[1]	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Served by Officer
Kevin J. McCarthy 333 West Wacker Drive Chicago, IL 60606 (3/26/66)	Vice President and Secretary	Term: Annual Length of Service: Since 2007	Managing Director (since 2008), formerly, Vice President (2007-2008) of Nuveen Securities, LLC; Managing Director (since 2008), Assistant Secretary (since 2007) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Asset Management, LLC; Vice President and Assistant Secretary of Nuveen Investment Advisers Inc., NWQ Investment Management Company, LLC, NWQ Holdings, LLC, Symphony Asset Management LLC, Santa Barbara Asset Management, LLC, Nuveen HydePark Group, LLC, Nuveen Investment Solutions, Inc. and of Winslow Capital Management, Inc. (since 2010); Vice President and Secretary (since 2010) of Nuveen Commodities Asset Management, LLC; prior thereto, Partner, Bell, Boyd & Lloyd LLP (1997-2007).	231
Kathleen L. Prudhomme 901 Marquette Avenue Minneapolis, MN 55402 (3/30/53)	Vice President and Assistant Secretary	Term: Annual Length of Service: Since 2011	Managing Director and Assistant Secretary of Nuveen Securities, LLC (since 2011); Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Asset Management, LLC; formerly, Secretary of FASF (2004-2010); prior thereto, Assistant Secretary of FASF (1998-2004); Deputy General Counsel, FAF Advisors, Inc. (1998-2010).	231

(1) Length of Time Served indicates the year the individual became an officer of a fund in the Nuveen fund complex.

Audit Committee Report

The Audit Committee of each Board is responsible for the oversight and monitoring of (1) the accounting and reporting policies, processes and practices, and the audit of the financial statements, of each Fund, (2) the quality and integrity of the Funds financial statements and (3) the independent registered public accounting firm s qualifications, performance and independence. In its oversight capacity, the committee reviews each Fund s annual financial statements with both management and the independent registered public accounting firm and the committee meets periodically with the independent registered public accounting firm and internal auditors to consider their evaluation of each Fund s financial and internal controls. The committee also selects, retains, evaluates and may replace each Fund s independent registered public accounting firm. The committee is currently composed of five Independent Board Members and operates under a written charter adopted and approved by each Board. Each committee member meets the independence and experience requirements, as applicable, of the New York Stock Exchange, NYSE Amex, NASDAQ Stock Market LLC, Section 10A of the 1934 Act and the rules and regulations of the SEC.

The committee, in discharging its duties, has met with and held discussions with management and each Fund s independent registered public accounting firm. The committee has also reviewed and discussed the audited financial statements with management. Management has represented to the independent registered public accounting firm that each Fund s financial statements were prepared in accordance with generally accepted accounting principles. The committee has also discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards (SAS) No. 114, (The Auditor s Communication With Those Charged With Governance), which supersedes SAS No. 61 (Communication with Audit Committees). Each Fund s independent registered public accounting firm provided to the committee the written disclosure required by Public Company Accounting Oversight Board Rule 3526 (Communications with Audit Committees Concerning Independence), and the committee discussed with representatives of the independent registered public accounting firm their firm s independence. As provided in the Audit Committee Charter, it is not the committee s responsibility to determine, and the considerations and discussions referenced above do not ensure, that each Fund s financial statements are complete and accurate and presented in accordance with generally accepted accounting principles.

Based on the committee s review and discussions with management and the independent registered public accounting firm, the representations of management and the report of the independent registered public accounting firm to the committee, the committee has recommended that the audited financial statements be included in each Fund s Annual Report.

The current members of the committee are:

Robert P. Bremner

David J. Kundert

William J. Schneider

Carole E. Stone

Terence J. Toth

Audit and Related Fees. The following tables provide the aggregate fees billed during each Fund s last two fiscal years by each Fund s independent registered public accounting firm for engagements directly related to the operations and financial reporting of each Fund including those relating (i) to each Fund for services provided to the Fund and (ii) to the Adviser and certain entities controlling, controlled by, or under common control with the Adviser that provide ongoing services to each Fund (Adviser Entities).

	Audit Fees		Audit Related Fees				Tax Fees				All Other Fees			
	Fund(1)		Fund(2)		Adviser and Adviser Entities		Fund(3)		Adviser and Adviser Entities		Fund(4)		Adviser and Adviser Entities	
	Fiscal Year Ended 2010	Fiscal Year Ended 2011	Fiscal Year Ended 2010	Fiscal Year Ended 2011	Fiscal Year Ended 2010	Fiscal Year Ended 2011	Fiscal Year Ended 2010	Fiscal Year Ended 2011	Fiscal Year Ended 2010	Fiscal Year Ended 2011	Fiscal Year Ended 2010	Fiscal Year Ended 2011	Fiscal Year Ended 2010	Fiscal Year Ended 2011
Municipal Value	$ 70,119	$ 18,200	$ 0	$ 15,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 10,000	$ 0	$ 0
Municipal Value 2	14,119	18,200	0	0	0	0	0	0	0	0	0	0	0	0
Municipal Income	10,151	18,200	0	0	0	0	0	0	0	0	0	0	0	0
Enhanced Value	16,261	18,200	10,000	0	0	0	0	0	0	0	0	0	0	0
Premium Income	50,154	18,200	0	1,500	0	0	0	0	0	0	3,400	1,700	0	0
Performance Plus	50,714	18,200	0	1,500	0	0	0	0	0	0	3,400	1,700	0	0
Municipal Advantage	37,449	18,200	2,000	0	0	0	0	0	0	0	1,700	0	0	0
Municipal Market Opportunity	39,691	18,200	1,500	0	0	0	0	0	0	0	1,700	0	0	0
Investment Quality	31,638	18,200	0	1,500	0	0	0	0	0	0	3,400	2,550	0	0
Select Quality	31,783	18,200	0	1,500	0	0	0	0	0	0	3,400	2,550	0	0
Quality Income	46,077	18,200	0	1,500	0	0	0	0	0	0	3,400	850	0	0
Premier Municipal	20,883	18,200	0	1,500	0	0	0	0	0	0	3,400	2,550	0	0
Premier Municipal Opportunity	21,011	18,200	0	0	0	0	0	0	0	0	3,400	850	0	0
Premium Income 2	57,383	18,200	4,200	1,500	0	0	0	0	0	0	3,400	2,550	0	0
Premium Income 4	34,236	18,200	2,000	0	0	0	0	0	0	0	1,700	0	0	0
Dividend Advantage	34,459	18,200	12,500	1,500	0	0	0	0	0	0	850	0	0	0
Dividend Advantage 2	28,125	18,200	1,500	0	0	0	0	0	0	0	0	0	0	0
Dividend Advantage 3	34,405	18,200	6,250	7,750	0	0	0	0	0	0	850	0	0	0

(1) Audit Fees are the aggregate fees billed for professional services for the audit of the Fund s annual financial statements and services provided in connection with statutory and regulatory filings or engagements.

(2) Audit Related Fees are the aggregate fees billed for assurance and related services reasonably related to the performance of audit or review of financial statements and are not reported under Audit Fees.

(3) Tax Fees are the aggregate fees billed for professional services for tax advice, tax compliance, and tax planning.

(4) All Other Fees are the aggregate fees billed for products and services for agreed-upon procedures engagements performed for leveraged Funds.

	Audit Fees		**Audit Related Fees**				**Tax Fees**				**All Other Fees**			
	Fund[1]		**Fund[2]**		**Adviser and Adviser Entities**		**Fund[3]**		**Adviser and Adviser Entities**		**Fund[4]**		**Adviser and Adviser Entities**	
	Fiscal Year Ended 2010	**Fiscal Year Ended 2011**	**Fiscal Year Ended 2010**	**Fiscal Year Ended 2011**	**Fiscal Year Ended 2010**	**Fiscal Year Ended 2011**	**Fiscal Year Ended 2010**	**Fiscal Year Ended 2011**	**Fiscal Year Ended 2010**	**Fiscal Year Ended 2011**	**Fiscal Year Ended 2010**	**Fiscal Year Ended 2011**	**Fiscal Year Ended 2010**	**Fiscal Year Ended 2011**
Municipal High Income	$ 20,345	$ 18,200	$ 8,000	$ 10,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 850	$ 850	$ 0	$ 0
Municipal High Income 2	14,718	18,200	30,000	15,000	0	0	0	0	0	0	0	0	0	0
Dividend Advantage Municipal	28,671	18,200	20,000	1,500	0	0	0	0	0	0	850	0	0	0
Municipal Opportunity	75,634	18,200	3,150	0	0	0	0	0	0	0	3,400	850	0	0
Premium Income Municipal	30,859	18,200	1,500	0	0	0	0	0	0	0	0	0	0	0
Quality Municipal	33,215	18,200	0	1,500	0	0	0	0	0	0	3,400	1,700	0	0
AMT-Free Municipal	23,048	18,200	23,150	1,500	0	0	0	0	0	0	850	0	0	0

(1) Audit Fees are the aggregate fees billed for professional services for the audit of the Fund s annual financial statements and services provided in connection with statutory and regulatory filings or engagements.

(2) Audit Related Fees are the aggregate fees billed for assurance and related services reasonably related to the performance of audit or review of financial statements and are not reported under Audit Fees.

(3) Tax Fees are the aggregate fees billed for professional services for tax advice, tax compliance, and tax planning.

(4) All Other Fees are the aggregate fees billed for products and services for agreed-upon procedures engagements performed for leveraged Funds.

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	Audit Fees		Audit Related Fees				Tax Fees				All Other Fees			
	Fund(1)		Fund(2)		Adviser and Adviser Entities		Fund(3)		Adviser and Adviser Entities		Fund(4)		Adviser and Adviser Entities	
	Fiscal Year Ended 2011	Fiscal Year Ended 2012	Fiscal Year Ended 2011	Fiscal Year Ended 2012	Fiscal Year Ended 2011	Fiscal Year Ended 2012	Fiscal Year Ended 2011	Fiscal Year Ended 2012	Fiscal Year Ended 2011	Fiscal Year Ended 2012	Fiscal Year Ended 2011	Fiscal Year Ended 2012	Fiscal Year Ended 2011	Fiscal Year Ended 2012
Select Maturities	$ 18,200	$ 16,200	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Select Portfolio	18,200	16,200	0	0	0	0	0	0	0	0	0	0	0	0
Select Portfolio 2	18,200	16,200	0	0	0	0	0	0	0	0	0	0	0	0
Select Portfolio 3	18,200	16,200	0	0	0	0	0	0	0	0	0	0	0	0
California Portfolio	18,200	16,200	0	0	0	0	0	0	0	0	0	0	0	0
New York Portfolio	18,200	16,200	0	0	0	0	0	0	0	0	0	0	0	0
Build America(5)	18,200	21,200	6,000	0	0	0	0	0	0	0	0	0	0	0
Build America Bond(6)	18,200	21,200	0	0	0	0	0	0	0	0	0	0	0	0

(1) Audit Fees are the aggregate fees billed for professional services for the audit of the Fund s annual financial statements and services provided in connection with statutory and regulatory filings or engagements.

(2) Audit Related Fees are the aggregate fees billed for assurance and related services reasonably related to the performance of audit or review of financial statements and are not reported under Audit Fees.

(3) Tax Fees are the aggregate fees billed for professional services for tax advice, tax compliance, and tax planning.

(4) All Other Fees are the aggregate fees billed for products and services for agreed-upon procedures engagements performed for leveraged Funds.

(5) The Fund commenced operations on April 27, 2010.

(6) The Fund commenced operations on November 23, 2010.

Non-Audit Fees. The following tables provide the aggregate non-audit fees billed by each Fund s independent registered accounting firm for services rendered to each Fund, the Adviser and the Adviser Entities during each Fund s last two fiscal years.

	Total Non-Audit Fees Billed to Fund		Total Non-Audit Fees Billed to Advisers and Adviser Entities (Engagements Related Directly to the Operations and Financial Reporting of Fund)		Total Non-Audit Fees Billed to Advisers and Adviser Entities (All Other Engagements)		Total	
	Fiscal Year Ended 2010	Fiscal Year Ended 2011	Fiscal Year Ended 2010	Fiscal Year Ended 2011	Fiscal Year Ended 2010	Fiscal Year Ended 2011	Fiscal Year Ended 2010	Fiscal Year Ended 2011
Municipal Value	$ 0	$ 10,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 10,000
Municipal Value 2	0	0	0	0	0	0	0	0
Municipal Income	0	0	0	0	0	0	0	0
Enhanced Value	0	0	0	0	0	0	0	0
Premium Income	3,400	1,700	0	0	0	0	3,400	1,700
Performance Plus	3,400	1,700	0	0	0	0	3,400	1,700
Municipal Advantage	1,700	0	0	0	0	0	1,700	0
Municipal Market Opportunity	1,700	0	0	0	0	0	1,700	0
Investment Quality	3,400	2,550	0	0	0	0	3,400	2,550
Select Quality	3,400	2,550	0	0	0	0	3,400	2,550
Quality Income	3,400	850	0	0	0	0	3,400	850
Premier Municipal	3,400	2,550	0	0	0	0	3,400	2,550
Premier Municipal Opportunity	3,400	850	0	0	0	0	3,400	850
Premium Income 2	3,400	2,550	0	0	0	0	3,400	2,550
Premium Income 4	1,700	0	0	0	0	0	1,700	0
Dividend Advantage	850	0	0	0	0	0	850	0
Dividend Advantage 2	0	0	0	0	0	0	0	0
Dividend Advantage 3	850	0	0	0	0	0	850	0
Municipal High Income	850	850	0	0	0	0	850	850
Municipal High Income 2	0	0	0	0	0	0	0	0
Dividend Advantage Municipal	850	0	0	0	0	0	850	0
Municipal Opportunity	3,400	850	0	0	0	0	3,400	850
Premium Income Municipal	0	0	0	0	0	0	0	0
Quality Municipal	3,400	1,700	0	0	0	0	3,400	1,700
AMT-Free Municipal	850	0	0	0	0	0	850	0

	Total Non-Audit Fees Billed to Fund		Total Non-Audit Fees Billed to Adviser and Adviser Entities (Engagements Related Directly to the Operations and Financial Reporting of Fund)		Total Non-Audit Fees Billed to Advisers and Adviser Entities (All Other Engagements)		Total	
	Fund		Fund		Fund		Total	
	Fiscal Year Ended 2011	Fiscal Year Ended 2012	Fiscal Year Ended 2011	Fiscal Year Ended 2012	Fiscal Year Ended 2011	Fiscal Year Ended 2012	Fiscal Year Ended 2011	Fiscal Year Ended 2012
Select Maturities	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Select Portfolio	0	0	0	0	0	0	0	0
Select Portfolio 2	0	0	0	0	0	0	0	0
Select Portfolio 3	0	0	0	0	0	0	0	0
California Portfolio	0	0	0	0	0	0	0	0
New York Portfolio	0	0	0	0	0	0	0	0
Build America(1)	0	0	0	0	0	0	0	0
Build America Bond(2)	0	0	0	0	0	0	0	0

(1) The Fund commenced operations on April 27, 2010.

(2) The Fund commenced operations on November 23, 2010.

Audit Committee Pre-Approval Policies and Procedures. Generally, the Audit Committee must approve each Fund s independent registered public accounting firm s engagements (i) with the Fund for audit or non-audit services and (ii) with the Adviser and Adviser Entities for non-audit services if the engagement relates directly to the operations and financial reporting of the Fund. Regarding tax and research projects conducted by the independent registered public accounting firm for each Fund and the Adviser and Adviser Entities (with respect to the operations and financial reporting of each Fund), such engagements will be (i) pre-approved by the audit committee if they are expected to be for amounts greater than $10,000; (ii) reported to the Audit Committee Chairman for his/her verbal approval prior to engagement if they are expected to be for amounts under $10,000 but greater than $5,000; and (iii) reported to the Audit Committee at the next Audit Committee meeting if they are expected to be for an amount under $5,000.

The Audit Committee has approved in advance all audit services and non-audit services that the independent registered public accounting firm provided to each Fund and to the Adviser and Adviser Entities (with respect to the operations and financial reporting of each Fund). None of the services rendered by the independent registered public accounting firm to each Fund or the Adviser or Adviser Entities were pre-approved by the Audit Committee pursuant to the pre-approval exception under Rule 2.01(c)(7)(i)(C) or Rule 2.01(c)(7)(ii) of Regulation S-X.

Additional Information

Appointment of the Independent Registered Public Accounting Firm

Each Board has appointed Ernst & Young LLP as independent registered public accounting firm to audit the books and records of each Fund for its current fiscal year. A representative of Ernst & Young LLP will be present at the Annual Meetings to make a statement, if such representative so desires, and to respond to shareholders questions. Ernst & Young LLP has informed each Fund that it has no direct or indirect material financial interest in the Funds, Nuveen, the Adviser or any other investment company sponsored by Nuveen.

Section 16(a) Beneficial Interest Reporting Compliance

Section 30(h) of the 1940 Act and Section 16(a) of the 1934 Act require Board Members and officers, the Adviser, affiliated persons of the Adviser and persons who own more than 10% of a registered class of a Fund s equity securities to file forms reporting their affiliation with that Fund and reports of ownership and changes in ownership of that Fund s shares with the SEC and the New York Stock Exchange or NYSE Amex, as applicable. These persons and entities are required by SEC regulation to furnish the Funds with copies of all Section 16(a) forms they file. Based on a review of these forms furnished to each Fund, each Fund believes that its Board Members and officers, the Adviser and affiliated persons of the Adviser have complied with all applicable Section 16(a) filing requirements during its last fiscal year. To the knowledge of management of the Funds, no shareholder of a Fund owns more than 10% of a registered class of a Fund s equity securities, except as provided in Appendix B.

Information About the Adviser

The Adviser, located at 333 West Wacker Drive, Chicago, Illinois 60606, serves as investment adviser and manager for each Fund. The Adviser is a wholly-owned subsidiary of Nuveen.

Nuveen is a wholly-owned subsidiary of Windy City, a corporation formed by investors led by Madison Dearborn Partners, LLC (MDP), a private equity investment firm based in Chicago, Illinois. Windy City is controlled by MDP on behalf of the Madison Dearborn Capital Partner V funds.

Shareholder Proposals

To be considered for presentation at the annual meeting of shareholders of the Funds to be held in 2013, a shareholder proposal submitted pursuant to Rule 14a-8 of the 1934 Act must be received at the offices of that Fund, 333 West Wacker Drive, Chicago, Illinois 60606, not later than March 5, 2013. A shareholder wishing to provide notice in the manner prescribed by Rule 14a-4(c)(1) of a proposal submitted outside of the process of Rule 14a-8 must, pursuant to each Fund s By-Laws, submit such written notice to the Fund not later than May 19, 2013 or prior to May 4, 2013. Timely submission of a proposal does not mean that such proposal will be included in a proxy statement.

Shareholder Communications

Fund shareholders who want to communicate with the Board or any individual Board Member should write to the attention of Lorna Ferguson, Manager of Fund Board Relations, Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606. The letter should indicate that you are a Fund shareholder and note the Fund or Funds that you own. If the communication is intended for a specific Board Member and so indicates it will be sent only to that Board Member. If a communication does not indicate a specific Board Member and it will be sent to the Independent Chairman and the outside counsel to the Independent Board Members for further distribution as deemed appropriate by such persons.

Expenses of Proxy Solicitation

The cost of preparing, printing and mailing the enclosed proxy, accompanying notice and proxy statement and all other costs in connection with the solicitation of proxies will be paid by the Funds pro rata based on the number of shareholder accounts. Additional solicitation may be made by letter or telephone by officers or employees of Nuveen or the Adviser, or by dealers and their representatives. Any additional costs of solicitation will be paid by the Fund that requires additional solicitation.

Fiscal Year

The fiscal year end for each Fund (except Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio, New York Portfolio, Build America and Build America Bond) is October 31. The fiscal year end for Build America, Build America Bond, Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio and New York Portfolio is March 31.

Annual Report Delivery

Annual reports will be sent to shareholders of record of each Fund following each Fund s fiscal year end. Each Fund will furnish, without charge, a copy of its annual report and/or semi-annual report as available upon request. Such written or oral requests should be directed to such Fund at 333 West Wacker Drive, Chicago, Illinois 60606 or by calling 1-800-257-8787.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on July 31, 2012.

Each Fund s Proxy Statement is available at www.nuveen.com/CEF/Info/Shareholder/Proxy-statements.aspx. For more information, shareholders may also contact the applicable Fund at the address and phone number set forth above.

Please note that only one annual report or proxy statement may be delivered to two or more shareholders of a Fund who share an address, unless the Fund has received instructions to the contrary. To request a separate copy of an annual report or proxy statement, or for instructions as to how to request a separate copy of such documents or as to how to request a single copy if multiple copies of such documents are received, shareholders should contact the applicable Fund at the address and phone number set forth above.

General

Management does not intend to present and does not have reason to believe that any other items of business will be presented at the Annual Meetings. However, if other matters are properly presented to the Annual Meetings for a vote, the proxies will be voted by the persons acting under the proxies upon such matters in accordance with their judgment of the best interests of the Fund.

A list of shareholders entitled to be present and to vote at each Annual Meeting will be available at the offices of the Funds, 333 West Wacker Drive, Chicago, Illinois, for inspection by any shareholder during regular business hours beginning ten days prior to the date of the Annual Meeting.

Failure of a quorum to be present at any Annual Meeting will necessitate adjournment and will subject that Fund to additional expense. The persons named in the enclosed proxy may also move for an adjournment of any Annual Meeting to permit further solicitation of proxies with respect to the proposal if they determine that adjournment and further solicitation is reasonable and in the best interests of the shareholders. Under each Fund s By-Laws, an adjournment of a meeting with respect to a matter requires the affirmative vote of a majority of the shares entitled to vote on the matter present in person or represented by proxy at the meeting.

IF YOU CANNOT BE PRESENT AT THE MEETING, YOU ARE REQUESTED TO FILL IN, SIGN AND RETURN THE ENCLOSED PROXY PROMPTLY. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.

Kevin J. McCarthy

Vice President and Secretary

July 2, 2012

APPENDIX A

Beneficial Ownership

The following table lists the dollar range of equity securities beneficially owned by each Board Member nominee in each Fund and in all Nuveen funds overseen by the Board Member nominee as of January 31, 2012.

Board Member Nominees	Municipal Value	Municipal Value 2	Municipal Income	Enhanced Value	Premium Income	Performance Plus	Municipal Advantage	Municipal Market Opportunity	Investment Quality	Select Quality	Quality Income	Premier Municipal	Premier Municipal Opportunity
Board Members/ Nominees who are not interested persons of the Funds													
Robert P. Bremner	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Jack B. Evans	0	0	0	0	0	0	0	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0	0	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0	0	0	0	0	0	0	0
William J. Schneider	0	50,001-100,000	0	0	0	0	0	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0	0	10,001-50,000	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0	0	0	0	0	0	0	0
Virginia L. Stringer	0	0	0	0	0	0	0	0	0	0	0	0	0
Terence J. Toth	0	0	0	0	0	0	0	0	0	0	0	0	0
Board Member/ Nominee who is an interested person of the Funds													
John P. Amboian	0	0	0	0	50,001-100,000	0	50,001-100,000	0	0	0	0	10,001-50,000	0

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Dollar Range of Equity Securities

Board Member Nominees	Dividend Advan tage 2	Dividend Advan tage 3	Muni cipal High Income	Muni cipal High Income 2	Dividend Advantage Municipal	Municipal Oppor tunity	Premium Income Muni cipal	Quality Muni cipal	AMT-Free Muni cipal	Select Matu rities	Select Portfolio	Select Portfolio 2	Select Portfolio 3	California Portfolio	New York Portfolio
Board Member/ Nominees who are not interested persons of the Funds															
Robert P. Bremner	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Jack B. Evans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
William J. Schneider	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Virginia L. Stringer	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Terence J. Toth	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Board Member/ Nominee who is an interested person of the Funds															
John P. Amboian	0	50,001-100,000	0	0	Over $100,000	0	50,001-100,000	0	Over 100,000	0	0	0	0	0	0

(1) The amounts reflect the aggregate dollar range of equity securities and the number of shares beneficially owned by the Board Member in the Funds and in all Nuveen funds overseen by the Board Member.

The following table sets forth, for each Board Member and Board Member Nominee and for the Board Members and Board Member Nominees and officers as a group, the amount of shares beneficially owned in each Fund as of January 31, 2012. The information as to beneficial ownership is based on statements furnished by each Board Member and officer.

Board Member Nominees	Fund Shares Owned By Board Members And Officers[(1)]												
	Municipal Value	Municipal Value 2	Municipal Income	Enhanced Value	Premium Income	Performance Plus	Municipal Advantage	Municipal Market Opportunity	Investment Quality	Select Quality	Quality Income	Premier Municipal	Premier Municipal Opportunity
Board Members/ Nominees who are not interested persons of the Funds													
Robert P. Bremner	0	0	0	0	0	0	0	0	0	0	0	0	0
Jack B. Evans	0	0	0	0	0	0	0	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0	0	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0	0	0	0	0	0	0	0
William J. Schneider	0	3,000	0	0	0	0	0	0	0	0	0	0	0
Judith M. Stockdale	0	0	0	0	0	0	0	1,145	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0	0	0	0	0	0	0	0
Virginia L. Stringer	0	0	0	0	0	0	0	0	0	0	0	0	0
Terence J. Toth	0	0	0	0	0	0	0	0	0	0	0	0	0
Board Member/ Nominee who is an interested person of the Funds													
John P. Amboian	0	0	0	0	5,000	0	4,000	0	0	0	0	2,500	0
All Board Members and Officers as a Group	23,283	3,000	0	0	12,000	2,500	5,447	2,624	0	0	0	2,505	0

(1) The numbers include share equivalents of certain Nuveen funds in which the Board Member is deemed to be invested pursuant to the Deferred Compensation Plan.

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Fund Shares Owned By Board Members And Officers[1]

Board Member Nominees	**Dividend Advan tage**	**Dividend Advan tage 2**	**Dividend Advan tage 3**	**Muni cipal High Income**	**Muni cipal High Income 2**	**Dividend Advan tage Muni cipal**	**Municipal Oppor tunity**	**Premium Income Municipal**	**Quality Muni cipal**	**AMT-Free Municipal**	**Select Matu rities**	**Select Portfolio**	**Select Portfolio 2**	**Select Portfolio 3**	**Califor Portfol**
Board Member/ Nominees who are not interested persons of the Funds															
Robert P. Bremner	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Jack B. Evans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
William C. Hunter	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
David J. Kundert	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
William J. Schneider.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Judith M. Stockdale	1,194	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Carole E. Stone	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Virginia L. Stringer	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Terence J. Toth	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Board Member/ Nominee who is an interested person of the Funds															
John P. Amboian	0	0	5,000	0	0	22,500[2]	0	5,000	0	22,500[2]	0	0	0	0	0
All Board Members and Officers as a Group	53,394	0	6,492	0	0	22,500	0	5,000	0	22,500	0	0	0	0	0

(1) The numbers include share equivalents of certain Nuveen funds in which the Board Member is deemed to be invested pursuant to the Deferred Compensation Plan.

(2) Shares owned are MuniFund Term Preferred.

APPENDIX B

List of Beneficial Owners Who Own More Than 5% of Any Class of Shares in Any Fund

The following chart lists each shareholder or group of shareholders who beneficially own more than 5% of any class of shares of any Fund*:

Fund and Class	Shareholder Name and Address	Amount of Shares Owned	Percentage Owned
Enhanced Value (NEV) Common Shares	First Trust Portfolios L.P.[(a)] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187 First Trust Advisors L.P.[(a)] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187 The Charger Corporation[(a)] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	1,892,915	9.8%
Municipal Advantage (NMA) Common Shares	First Trust Portfolios L.P.[(a)] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187 First Trust Advisors L.P.[(a)] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187 The Charger Corporation[(a)] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	2,239,758	5.2%
Municipal Market Opportunity (NMO) Common Shares	First Trust Portfolios L.P.[(a)] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187 First Trust Advisors L.P.[(a)] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187 The Charger Corporation[(a)] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	3,146,018	6.9%

Premier Municipal Opportunity (NIF) Common Shares	First Trust Portfolios L.P.[(a)] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187 First Trust Advisors L.P.[(a)] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187 The Charger Corporation[(a)] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	1,979,793	10.2%
Premium Income 4 (NPT) Common Shares	First Trust Portfolios L.P.[(a)] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	2,717,711	6.3%

Fund and Class	Shareholder Name and Address	Amount of Shares Owned	Percentage Owned
	First Trust Advisors L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
	The Charger Corporation[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
Dividend Advantage (NAD) MuniFund Term Preferred Shares	Karpus Management, Inc. d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, NY 14534	1,489,424	10.32%
Dividend Advantage 2 (NXZ) Common Shares	First Trust Portfolios L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	1,935,333	6.6%
	First Trust Advisors L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
	The Charger Corporation[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
Dividend Advantage 3 (NZF) Common Shares	First Trust Portfolios L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	4,068,537	10.1%
	First Trust Advisors L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
	The Charger Corporation[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
MuniFund Term Preferred Shares	Karpus Management, Inc. d/b/a Karpus Investment Management 183 Sully s Trail Pittsford, NY 14534	985,922	14.08%

Premium Income Municipal (NPX) Common Shares	First Trust Portfolios L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187 First Trust Advisors L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187 The Charger Corporation[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	3,275,291	8.8%
Quality Municipal (NQI) Common Shares	First Trust Portfolios L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187 First Trust Advisors L.P.[a] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	2,834,622	7.4%

Fund and Class	Shareholder Name and Address	Amount of Shares Owned	Percentage Owned
	The Charger Corporation[(a)] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
AMT-Free Municipal (NEA) Common Shares	First Trust Portfolios L.P.[(a)] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187	1,119,300	5.0%
	First Trust Advisors L.P.[(a)] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		
	The Charger Corporation[(a)] 120 East Liberty Drive, Suite 400 Wheaton, IL 60187		

* The information contained in this table is based on Schedule 13 filings made on or after December 1, 2011.

(a) First Trust Portfolios L.P., First Trust Advisors L.P. and The Charger Corporation filed Schedule 13 jointly and did not differentiate holdings as to each entity.

(b) Citigroup Global Markets Inc., Citigroup Financial Products Inc., Citigroup Global Markets Holdings Inc. and Citigroup Inc. filed Schedule 13D and/or 13G jointly and did not differentiate holdings as to each entity.

Variable Rate Demand Preferred Shares (VRDP Shares) are designed to be eligible for purchase by money market funds. Based on information provided by remarketing agents for the VRDP Shares, money market funds within certain fund complexes may hold, in the aggregate, greater than 5% of the outstanding VRDP Shares of one or more Funds, and individual money market funds within such complexes may beneficially own an indeterminable amount of VRDP Shares exceeding 5% of the outstanding VRDP Shares of one or more Funds. Information with respect to aggregate holdings of these VRDP Shares associated with fund complexes indentified by the remarketing agents, other than with respect to the Vanguard complex, including the number of VRDP Shares associated with the fund complex and percentage of total outstanding, is as follows: Dividend Advantage 2: Schwab (980 shares (50%)), Federated (980 shares (50%)); Investment Quality: Deutsche Bank (200 shares (9.4%)), Federated (150 shares (7.1%)), JPMorgan (803 shares (37.9%)), Morgan Stanley (200 shares (9.4%)), Northern Trust (400 shares (18.9%)), Schwab (365 shares (17.2%)); Municipal Advantage: Blackrock (153 shares (5.2%)), Federated (700 shares (23.6%)), Schwab (1,774 shares (59.8%)); Municipal Market Opportunity: Blackrock (39 shares (1.1%)), JPMorgan (1,145 shares (32.6%)), Goldman Sachs (525 shares (15%)), Schwab (800 shares (22.8%)), Federated (550 shares (15.7%)), Morgan Stanley (450 shares (12.8%)); Municipal Opportunity: Schwab (1,500 shares (22.5%)), Federated (300 shares (4.5%)), JPMorgan (1,500 shares (22.5%)), Bank of America (1,000 shares (15%)), Morgan Stanley (522 shares (7.8%)); Premier Municipal: Federated (50 shares (3.9%)), JPMorgan (967 shares (75.7%)), Morgan Stanley (120 shares (9.4%)), Schwab (140 shares (11%)); Premier Municipal Opportunity: Blackrock (139 shares (10.6%)), Schwab (240 shares (18.3%)), Federated (240 shares (18.3%)), JPMorgan (150 shares (11.5%)), Bank of America (150 shares (11.5%)), Morgan Stanley (150 shares (11.5%); Premium Income 2: Deutsche Bank (525 shares (10.7%)), Federated (300 shares (6.1%)), JPMorgan (900 shares (18.4%)), Morgan Stanley (1,450 shares (29.6%)), Northern Trust (850 shares (17.4%)), Schwab (870 shares (17.8%)); Premium Income 4: Federated (150 shares (5.7%)), Columbia (772 shares

(29.4%)); Premium Income Municipal: Schwab (1,195 shares (54.6%)), Federated (919 shares (42%)), Morgan Stanley (76 shares (3.5%)); Quality Income: Bank of America (884 shares (22.8%)), Federated (500 shares (12.9%)), Morgan Stanley (500 shares (12.9%)), Schwab (1,000 shares (25.8%)); Select Quality: Deutsche Bank (400 shares (15.8%)), Federated (150 shares (5.9%)), JPMorgan (350 shares (13.9%)), Morgan Stanley (230 shares (9.1%)), Northern Trust (500 shares (19.8%)), Schwab (895 shares (35.4%)). Information with respect to the holdings of VRDP Shares by funds in the Vanguard complex identified by Vanguard, including number of VRDP Shares held and percentage of total outstanding, is as follows: Municipal Advantage: Vanguard Tax-Exempt Money Market Fund (341 shares (11.5%)); Municipal Opportunity: Vanguard Tax-Exempt Money Market Fund (1,850 shares (27.7%)); Premier Municipal Opportunity: Vanguard Tax-Exempt Money Market Fund (240 shares (18.3%)); Premium Income 4: Vanguard Tax-Exempt Money Market Fund (1,700 shares (64.8%)); Quality Income: Vanguard Tax-Exempt Money Market Fund (1,000 shares (25.8%)).

APPENDIX C

NUMBER OF BOARD AND COMMITTEE MEETINGS

HELD DURING EACH FUND S LAST FISCAL YEAR

Fund	Regular Board Meeting	Special Board Meeting	Executive Committee Meeting	Dividend Committee Meeting	Compliance, Risk Management and Regulatory Oversight Committee Meeting	Audit Committee Meeting	Nominating and Governance Committee Meeting	Closed-End Funds Committee Meeting
Municipal Value	6	2	0	4	5	4	6	0
Municipal Value 2	6	2	0	4	5	4	6	0
Municipal Income	6	2	0	4	5	4	6	0
Enhanced Value	6	2	0	4	5	4	6	0
Premium Income	6	8	1	4	5	4	6	0
Performance Plus	6	8	1	4	5	4	6	0
Municipal Advantage	6	8	0	4	5	4	6	0
Municipal Market Opportunity	6	8	0	4	5	4	6	0
Investment Quality	6	8	1	4	5	4	6	0
Select Quality	6	8	1	4	5	4	6	0
Quality Income	6	8	1	4	5	4	6	0
Premier Municipal	6	8	1	4	5	4	6	0
Premium Income 2	6	8	1	4	5	4	6	0
Premium Income 4	6	8	0	4	5	4	6	0
Dividend Advantage	6	8	0	4	5	4	6	0
Dividend Advantage 2	6	8	1	4	5	4	6	0
Dividend Advantage 3	6	8	0	4	5	4	6	0
Municipal High Income	6	8	1	4	5	4	6	0
Municipal High Income 2	6	2	0	4	5	4	6	0
Dividend Advantage Municipal	6	2	0	4	5	4	6	0
Municipal Opportunity	6	8	1	4	5	4	6	0
Premium Income Municipal	6	8	1	4	5	4	6	0
Quality Municipal	6	8	0	4	5	4	6	0

Fund	Regular Board Meeting	Special Board Meeting	Executive Committee Meeting	Dividend Committee Meeting	Compliance, Risk Management and Regulatory Oversight Committee Meeting	Audit Committee Meeting	Nominating and Governance Committee Meeting	Closed-End Funds Committee Meeting
AMT-Free Municipal	6	8	1	4	5	4	6	0
Select Maturities	6	4	0	4	6	4	6	1
Select Portfolio	6	4	0	4	6	4	6	1
Select Portfolio 2	6	4	0	4	6	4	6	1
Select Portfolio 3	6	4	0	4	6	4	6	1
California Portfolio	6	4	0	4	6	4	6	1
New York Portfolio	6	4	0	4	6	4	6	1
Build America	6	4	0	4	6	4	6	1
Build America Bond	6	4	1	4	6	4	6	1

APPENDIX D

NUVEEN FUND BOARD

AUDIT COMMITTEE CHARTER

I. Organization and Membership

There shall be a committee of each Board of Directors/Trustees (the Board) of the Nuveen Management Investment Companies (the Funds or, individually, a Fund) to be known as the Audit Committee. The Audit Committee shall be comprised of at least three Directors/Trustees. Audit Committee members shall be independent of the Funds and free of any relationship that, in the opinion of the Directors/Trustees, would interfere with their exercise of independent judgment as an Audit Committee member. In particular, each member must meet the independence and experience requirements applicable to the Funds of the exchanges on which shares of the Funds are listed, Section 10A of the Securities Exchange Act of 1934 (the Exchange Act), and the rules and regulations of the Securities and Exchange Commission (the Commission). Each such member of the Audit Committee shall have a basic understanding of finance and accounting, be able to read and understand fundamental financial statements, and be financially literate, and at least one such member shall have accounting or related financial management expertise, in each case as determined by the Directors/Trustees, exercising their business judgment (this person may also serve as the Audit Committee s financial expert as defined by the Commission). The Board shall appoint the members and the Chairman of the Audit Committee, on the recommendation of the Nominating and Governance Committee. The Audit Committee shall meet periodically but in any event no less frequently than on a semi-annual basis. Except for the Funds, Audit Committee members shall not serve simultaneously on the audit committees of more than two other public companies.

II. Statement of Policy, Purpose and Processes

The Audit Committee shall assist the Board in oversight and monitoring of (1) the accounting and reporting policies, processes and practices, and the audits of the financial statements, of the Funds; (2) the quality and integrity of the financial statements of the Funds; (3) the Funds compliance with legal and regulatory requirements, (4) the independent auditors qualifications, performance and independence; and (5) oversight of the Pricing Procedures of the Funds and the Valuation Group. In exercising this oversight, the Audit Committee can request other committees of the Board to assume responsibility for some of the monitoring as long as the other committees are composed exclusively of independent directors.

In doing so, the Audit Committee shall seek to maintain free and open means of communication among the Directors/Trustees, the independent auditors, the internal auditors and the management of the Funds. The Audit Committee shall meet periodically with Fund management, the Funds internal auditor, and the Funds independent auditors, in separate executive sessions. The Audit Committee shall prepare reports of the Audit Committee as required by the Commission to be included in the Fund s annual proxy statements or otherwise.

The Audit Committee shall have the authority and resources in its discretion to retain special legal, accounting or other consultants to advise the Audit Committee and to otherwise discharge its responsibilities, including appropriate funding as determined by the Audit Committee for compensation to independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for a Fund, compensation to advisers employed by the Audit Committee, and ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties, as determined in its discretion. The Audit Committee may request any officer or employee of Nuveen Investments, Inc. (or its affiliates) (collectively, Nuveen) or the Funds independent auditors or outside counsel to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Funds independent auditors and internal auditors shall have unrestricted accessibility at any time to Committee members.

Responsibilities

Fund management has the primary responsibility to establish and maintain systems for accounting, reporting, disclosure and internal control.

The independent auditors have the primary responsibility to plan and implement an audit, with proper consideration given to the accounting, reporting and internal controls. Each independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Funds shall report directly to the Audit Committee. The independent auditors are ultimately accountable to the Board and the Audit Committee. It is the ultimate responsibility of the Audit Committee to select, appoint, retain, evaluate, oversee and replace any independent auditors and to determine their compensation, subject to ratification of the Board, if required. These Audit Committee responsibilities may not be delegated to any other Committee or the Board.

The Audit Committee is responsible for the following:

With respect to Fund financial statements:

1. Reviewing and discussing the annual audited financial statements and semi-annual financial statements with Fund management and the independent auditors including major issues regarding accounting and auditing principles and practices, and the Funds disclosures in its periodic reports under Management s Discussion and Analysis.

2. Requiring the independent auditors to deliver to the Chairman of the Audit Committee a timely report on any issues relating to the significant accounting policies, management judgments and accounting estimates or other matters that would need to be communicated under Statement on Auditing Standards (SAS) No. 90, Audit Committee Communications (which amended SAS No. 61, Communication with Audit Committees), that arise during the auditors review of the Funds financial statements, which information the Chairman shall further communicate to the other members of the Audit Committee, as deemed necessary or appropriate in the Chairman s judgment.

3. Discussing with management the Funds press releases regarding financial results and dividends, as well as financial information and earnings guidance provided to analysts and rating agencies. This discussion may be done generally, consisting of discussing the types of information to be disclosed and the types of presentations to be made. The Chairman of the Audit Committee shall be authorized to have these discussions with management on behalf of the Audit Committee.

4. Discussing with management and the independent auditors (a) significant financial reporting issues and judgments made in connection with the preparation and presentation of the Funds financial statements, including any significant changes in the Funds selection or application of accounting principles and any major issues as to the adequacy of the Funds internal controls and any special audit steps adopted in light of material control deficiencies; and (b) analyses prepared by Fund management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

5. Discussing with management and the independent auditors the effect of regulatory and accounting initiatives on the Funds financial statements.

6. Reviewing and discussing reports, both written and oral, from the independent auditors and/or Fund management regarding (a) all critical accounting policies and practices to be used; (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative treatments and disclosures, and the treatment preferred by the independent auditors; and (c) other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.

7. Discussing with Fund management the Funds major financial risk exposures and the steps management has taken to monitor and control these exposures, including the Funds risk assessment and risk management policies and guidelines. In fulfilling its obligations under this paragraph, the Audit Committee may review in a general manner the processes other Board committees have in place with respect to risk assessment and risk management.

8. Reviewing disclosures made to the Audit Committee by the Funds principal executive officer and principal financial officer during their certification process for the Funds periodic reports about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Funds internal controls. In fulfilling its obligations under this paragraph, the Audit Committee may review in a general manner the processes other Board committees have in place with respect to deficiencies in internal controls, material weaknesses, or any fraud associated with internal controls.

With respect to the independent auditors:

1. Selecting, appointing, retaining or replacing the independent auditors, subject, if applicable, only to Board and shareholder ratification; and compensating, evaluating and overseeing the work of the independent auditor (including the resolution of disagreements between Fund management and the independent auditor regarding financial reporting).

2. Meeting with the independent auditors and Fund management to review the scope, fees, audit plans and staffing for the audit, for the current year. At the conclusion of

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the audit, reviewing such audit results, including the independent auditors evaluation of the Funds financial and internal controls, any comments or recommendations of the independent auditors, any audit problems or difficulties and management s response, including any restrictions on the scope of the independent auditor s activities or on access to requested information, any significant disagreements with management, any accounting adjustments noted or proposed by the auditor but not made by the Fund, any communications between the audit team and the audit firm s national office regarding auditing or accounting issues presented by the engagement, any significant changes required from the originally planned audit programs and any adjustments to the financial statements recommended by the auditors.

3. Pre-approving all audit services and permitted non-audit services, and the terms thereof, to be performed for the Funds by their independent auditors, subject to the de minimis exceptions for non-audit services described in Section 10A of the Exchange Act that the Audit Committee approves prior to the completion of the audit, in accordance with any policies or procedures relating thereto as adopted by the Board or the Audit Committee. The Chairman of the Audit Committee shall be authorized to give pre-approvals of such non-audit services on behalf of the Audit Committee.

4. Obtaining and reviewing a report or reports from the independent auditors at least annually (including a formal written statement delineating all relationships between the auditors and the Funds consistent with Independent Standards Board Standard 1, as may be amended, restated, modified or replaced) regarding (a) the independent auditor s internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the firm; (c) any steps taken to deal with any such issues; and (d) all relationships between the independent auditor and the Funds and their affiliates, in order to assist the Audit committee in assessing the auditor s independence. After reviewing the foregoing report[s] and the independent auditor s work throughout the year, the Audit Committee shall be responsible for evaluating the qualifications, performance and independence of the independent auditor and their compliance with all applicable requirements for independence and peer review, and a review and evaluation of the lead partner, taking into account the opinions of Fund management and the internal auditors, and discussing such reports with the independent auditors. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.

5. Reviewing any reports from the independent auditors mandated by Section 10A(b) of the Exchange Act regarding any illegal act detected by the independent auditor (whether or not perceived to have a material effect on the Funds financial statements) and obtaining from the independent auditors any information about illegal acts in accordance with Section 10A(b).

6. Ensuring the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law, and further considering the rotation of the independent auditor firm itself.

7. Establishing and recommending to the Board for ratification policies for the Funds , Fund management or the Fund adviser s hiring of employees or former employees of the independent auditor who participated in the audits of the Funds.

8. Taking, or recommending that the Board take, appropriate action to oversee the independence of the outside auditor.

With respect to any internal auditor:

1. Reviewing the proposed programs of the internal auditor for the coming year. It is not the obligation or responsibility of the Audit Committee to confirm the independence of any Nuveen internal auditors performing services relating to the Funds or to approve any termination or replacement of the Nuveen Manager of Internal Audit.

2. Receiving a summary of findings from any completed internal audits pertaining to the Funds and a progress report on the proposed internal audit plan for the Funds, with explanations for significant deviations from the original plan.

With respect to pricing and valuation oversight:

1. The Board has responsibilities regarding the pricing of a Fund s securities under the 1940 Act. The Board has delegated this responsibility to the Committee to address valuation issues that arise between Board meetings, subject to the Board s general supervision of such actions. The Committee is primarily responsible for the oversight of the Pricing Procedures and actions taken by the internal Valuation Group (Valuation Matters). The Valuation Group will report on Valuation Matters to the Committee and/or the Board of Directors/Trustees, as appropriate.

2. Performing all duties assigned to it under the Funds Pricing Procedures, as such may be amended from time to time.

3. Periodically reviewing and making recommendations regarding modifications to the Pricing Procedures as well as consider recommendations by the Valuation Group regarding the Pricing Procedures.

4. Reviewing any issues relating to the valuation of a Fund s securities brought to the Committee s attention, including suspensions in pricing, pricing irregularities, price overrides, self-pricing, NAV errors and corrections thereto, and other pricing matters. In this regard, the Committee should consider the risks to the Funds in assessing the possible resolutions of these Valuation Matters.

5. Evaluating, as it deems necessary or appropriate, the performance of any pricing agent and recommend changes thereto to the full Board.

6. Reviewing any reports or comments from examinations by regulatory authorities relating to Valuation Matters of the Funds and consider management s responses to any such comments and, to the extent the Committee deems necessary or appropriate, propose to management and/or the full Board the modification of the Fund s policies and procedures relating to such matters. The Committee, if deemed necessary or desirable, may also meet with regulators.

7. Meeting with members of management of the Funds, outside counsel, or others in fulfilling its duties hereunder, including assessing the continued appropriateness and adequacy of the Pricing Procedures, eliciting any recommendations for improvements of such procedures or other Valuation Matters, and assessing the possible resolutions of issues regarding Valuation Matters brought to its attention.

8. Performing any special review, investigations or oversight responsibilities relating to Valuation as requested by the Board of Directors/Trustees.

9. Investigating or initiating an investigation of reports of improprieties or suspected improprieties in connection with the Fund s policies and procedures relating to Valuation Matters not otherwise assigned to another Board committee.

Other responsibilities:

1. Reviewing with counsel to the Funds, counsel to Nuveen, the Fund adviser s counsel and independent counsel to the Board legal matters that may have a material impact on the Fund s financial statements or compliance policies.

2. Receiving and reviewing periodic or special reports issued on exposure/controls, irregularities and control failures related to the Funds.

3. Reviewing with the independent auditors, with any internal auditor and with Fund management, the adequacy and effectiveness of the accounting and financial controls of the Funds, and eliciting any recommendations for the improvement of internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose payments, transactions or procedures that might be deemed illegal or otherwise improper.

4. Reviewing the reports of examinations by regulatory authorities as they relate to financial statement matters.

5. Discussing with management and the independent auditor any correspondence with regulators or governmental agencies that raises material issues regarding the Funds financial statements or accounting policies.

6. Obtaining reports from management with respect to the Funds policies and procedures regarding compliance with applicable laws and regulations.

7. Reporting regularly to the Board on the results of the activities of the Audit Committee, including any issues that arise with respect to the quality or integrity of the Funds financial statements, the Funds compliance with legal or regulatory requirements, the performance and independence of the Funds independent auditors, or the performance of the internal audit function.

8. Performing any special reviews, investigations or oversight responsibilities requested by the Board.

9. Reviewing and reassessing annually the adequacy of this charter and recommending to the Board approval of any proposed changes deemed necessary or advisable by the Audit Committee.

10. Undertaking an annual review of the performance of the Audit Committee.

11. Establishing procedures for the receipt, retention and treatment of complaints received by the Funds regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters by employees of Fund management, the investment adviser, administrator, principal underwriter, or any other provider of accounting related services for the Funds, as well as employees of the Funds.

Although the Audit Committee shall have the authority and responsibilities set forth in this Charter, it is not the responsibility of the Audit Committee to plan or conduct audits or to determine that the Funds financial statements are complete and accurate and are in accordance with generally accepted accounting principles. That is the responsibility of management and the independent auditors. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditors or to ensure compliance with laws and regulations.

Nuveen Investments

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Provide that a corporation's board of directors need not consider the interests of any particular group as dominant or controlling;

Provide that a corporation's directors, in order to satisfy the presumption that they have acted in the best interests of the corporation, need not satisfy any greater obligation or higher burden of proof with respect to actions relating to an acquisition or potential acquisition of control;

Provide that actions relating to acquisitions of control that are approved by a majority of "disinterested directors" are presumed to satisfy the directors' fiduciary duty, unless it is proven by clear and convincing evidence that the directors did not assent to such action in good faith after reasonable investigation; and

Provide that the fiduciary duty of a corporation's directors is solely to the corporation and may be enforced by the corporation or by a shareholder in a derivative action, but not by a shareholder directly.

Pennsylvania-chartered corporations may exempt themselves from these anti-takeover provisions. Our articles of incorporation do not provide for an exemption from any of these provisions.

Change in Control Regulations

Under applicable Federal Reserve regulations, any person, which includes an individual or an entity, acting directly or indirectly, or through or in concert with one more persons, must give the FRB at least 60 days prior written notice before acquiring control of a bank or bank holding company. Control is considered to exist when a person, among other things, acquires ownership, control, or power to vote 25 percent or more of the outstanding shares of any class of voting securities of institution or the ability to control the election of a majority of the directors of an institution. Moreover, control is presumed to have occurred, subject to rebuttal, upon the acquisition of more than 10 percent of any class of voting stock, or of more than 25 percent of any class of stock, of a bank or bank holding company, where certain enumerated control factors are also present in the acquisition.

Pennsylvania law has a similar statute except that control is considered to have been acquired when a person, among other things, has acquired more than 10 percent (or 5 percent in certain circumstances) of any class of the outstanding shares of an institution or corporation or the ability to control the election of a majority of the directors of an institution or corporation.

DESCRIPTION OF EMCLAIRE CAPITAL STOCK

General

We are authorized to issue 12,000,000 shares of common stock, $1.25 par value per share, and 3,000,000 shares of serial preferred stock, $1.00 par value per share. We currently expect to issue up to 200,000 shares of common stock in the offering. We will not issue any shares of preferred stock in the offering.

Each share of Emclaire common stock issued in the offering will have the same relative rights as, and will be identical in all respects to, all other shares of Emclaire common stock. Upon payment of the purchase price for the common stock, in accordance with the terms of the Plan of Conversion Merger, all of the shares of common stock will be duly authorized, fully paid and nonassessable.

The common stock of Emclaire represents nonwithdrawable capital, is not an account of any type, and is not insured by the Federal Deposit Insurance Corporation or any other government agency.

Common Stock

Voting Rights. Upon consummation of the offering and the conversion merger, the holders of shares of common stock of Emclaire will have exclusive voting rights in the Company. They will elect our board of directors and act on other matters as are required to be presented to them under Pennsylvania law or as are otherwise presented to them by the board of directors. Except as discussed in "Restrictions on Acquisition of Emclaire," each holder of shares of our common stock will be entitled to one vote per share and will not have any right to cumulate votes in the election of directors. If we issue any shares of preferred stock, holders of the preferred stock may also possess voting rights.

Dividends. We may pay dividends if, as and when declared by our board of directors. The payment of dividends is limited by law and applicable regulation. See "Stock and Dividend Information Dividend Policy." The holders of shares of our common stock will be entitled to receive and share equally in dividends declared by our board of directors. If we issue preferred stock, the holders of the preferred stock may have a priority over the holders of the common stock with respect to dividends.

Liquidation Rights. In the event of any liquidation, dissolution or winding up of the Bank, Emclaire, as the sole holder of the Bank's capital stock, would be entitled to receive all of the assets of the Bank available for distribution, after payment or provision for payment of all debts and liabilities of the Bank, including all deposit accounts and accrued interest, and after distribution of the balance in the liquidation account to Eligible Account Holders and Supplemental Eligible Account Holders.

In the event of any liquidation, dissolution or winding up of the Emclaire, the holders of shares of our common stock would be entitled to receive all of the assets of the Company available for distribution, after payment or provision for payment of all our debts and liabilities. If we issue preferred stock, the holders of the preferred stock may have a priority over the holders of the common stock upon liquidation or dissolution.

Preemptive Rights. Holders of shares of our common stock will not be entitled to preemptive rights with respect to any shares that may be issued. The common stock is not subject to redemption.

Preferred Stock

We will not issue any shares of preferred stock in the offering. We are authorized to issue up to 3,000,000 shares of serial preferred stock. Our board of directors has the authority to fix and determine the voting rights, designations, preferences and other special rights of the preferred stock. Our board of directors can, without shareholder approval, authorize shares of preferred stock to be issued with voting, dividend, liquidation and conversion rights that rank higher to the rights of the common stock. The issuance of preferred stock, therefore, could dilute the voting strength of the holders of the common stock and may assist management in impeding an unfriendly takeover or attempted change in control.

TRANSFER AGENT

The transfer agent and registrar for our common stock is Illinois Stock Transfer Company, Chicago, Illinois.

REGISTRATION REQUIREMENTS

Our common stock is registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. We are subject to the proxy solicitation rules, insider trading restrictions, periodic reporting and other requirements of the Exchange Act.

LEGAL AND TAX OPINIONS

The legality of the issuance of the common stock being offered and the federal income tax consequences of the conversion merger have been passed upon for us by Patton Boggs LLP, Washington, D.C. The Pennsylvania income tax consequences of the conversion merger have been passed upon for us by Crowe, Chizek and Company LLC. Certain matters will be passed upon for Elk County Savings and Loan Association by Elias, Matz, Tiernan & Herrick, L.L.P., Washington, D.C. and certain matters will be passed upon for Keefe, Bruyette & Woods, Inc. by Silver, Freedman & Taff, L.L.P., Washington, D.C.

EXPERTS

The consolidated financial statements of Emclaire Financial Corp. as of December 31, 2007 and 2006, and for each of the years in the three-year period ended December 31, 2007 included in this prospectus have been audited by Beard Miller Company LLP, independent registered public accounting firm, as stated in their report appearing elsewhere in this prospectus, and have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

RP Financial, LC. has consented to the publication herein of the summary of its report to Elk County setting forth its opinion as to the estimated pro forma market value of Elk County.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act of 1933, as amended, with respect to the shares of common stock offered in this prospectus. As permitted by the rules and regulations of the SEC, this prospectus does not contain all the information set forth in the registration statement. Such information can be examined without charge at the public reference facilities of the SEC located at 100 F Street, N.E., Washington, D.C. 20549, and copies of such material can be obtained from the SEC at prescribed rates. You may obtain information on the operation of the Public Reference Room by calling 1-800-SEC-0330.

The SEC also maintains a web site that contains reports, proxy and information statements and other information regarding registrants, including Emclaire, that file electronically with the SEC. The address for this web site is http://www.sec.gov. The statements contained in this prospectus as to the contents of any contract or other document filed as an exhibit to the registration statement are, of necessity, brief descriptions and are not necessarily complete; each such statement is qualified by reference to such contract or document.

A copy of the Agreement and the Plan of Conversion Merger is available without charge from Emclaire upon request.

Elk County has filed an application for conversion on Form AC with the Office of Thrift Supervision. This prospectus omits certain information contained in that application. The application may be examined at the principal office of the Office of Thrift Supervision, 1700 G Street, N.W., Washington, D.C. 20552, and at the Northeast Regional Office of the Office of Thrift Supervision located at Harborside Financial Center, Plaza 5, Suite 1600, Jersey City, New Jersey 07311.

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All schedules are omitted as the required information either is not applicable or is included in the consolidated financial statements or related notes.

Emclaire Financial Corp. and Subsidiary

Consolidated Balance Sheets

As of March 31, 2008 (Unaudited) and December 31, 2007

(Dollar amounts in thousands, except share data)

	March 31, 2008	December 31, 2007
Assets		
Cash and due from banks	$ 8,079	$ 10,288
Interest earning deposits with banks	6,825	195
Cash and cash equivalents	14,904	10,483
Securities available for sale, at fair value	55,078	51,919
Loans receivable, net of allowance for loan losses of $2,219 and $2,157	232,863	229,819
Federal bank stocks, at cost	2,697	2,662
Bank-owned life insurance	5,036	4,987
Accrued interest receivable	1,360	1,365
Premises and equipment, net	8,091	7,904
Goodwill	1,422	1,422
Prepaid expenses and other assets	1,071	1,159
Total Assets	$ 322,522	$ 311,720
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Non-interest bearing	$ 48,184	$ 47,111
Interest bearing	203,347	197,151
Total deposits	251,531	244,262
Short-term borrowed funds	8,757	5,400
Long-term borrowed funds	35,000	35,000
Accrued interest payable	780	771
Accrued expenses and other liabilities	1,368	1,584
Total Liabilities	297,436	287,017
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock, $1.00 par value, 3,000,000 shares authorized; none issued		
Common stock, $1.25 par value, 12,000,000 shares authorized; 1,395,852 shares issued; 1,267,835 shares outstanding	1,745	1,745
Additional paid-in capital	10,923	10,902
Treasury stock, at cost; 128,017 shares	(2,653)	(2,653)
Retained earnings	15,267	15,114
Accumulated other comprehensive loss	(196)	(405)
Total Stockholders' Equity	25,086	24,703
Total Liabilities and Stockholders' Equity	$ 322,522	$ 311,720
Common shares outstanding	1,267,835	1,267,835

See accompanying notes to consolidated financial statements.

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Emclaire Financial Corp. and Subsidiary

Consolidated Statements of Income
For the three months ended March 31, 2008 and 2007 (Unaudited)
(Dollar amounts in thousands, except per share data)

	For the three months ended March 31,	
	2008	**2007**
Interest and dividend income:		
Loans receivable, including fees	$ 3,928	$ 3,604
Securities:		
Taxable	378	364
Exempt from federal income tax	161	173
Federal bank stocks	30	50
Deposits with banks	23	121
Total interest and dividend income	4,520	4,312
Interest expense:		
Deposits	1,572	1,667
Borrowed funds	405	336
Total interest expense	1,977	2,003
Net interest income	2,543	2,309
Provision for loan losses	60	45
Net interest income after provision for loan losses	2,483	2,264
Noninterest income:		
Fees and service charges	358	326
Commissions on financial services	118	162
Net gain on available for sale securities		58
Net gain on sales of loans	14	
Earnings on bank-owned life insurance (BOLI)	56	53
Other	114	131
Total noninterest income	660	730
Noninterest expense:		
Compensation and employee benefits	1,417	1,306
Premises and equipment	420	400
Other	576	604
Total noninterest expense	2,413	2,310
Income before provision for income taxes	730	684
Provision for income taxes	171	133
Net income	$ 559	$ 551
Basic and diluted earnings per share	$ 0.44	$ 0.43

	For the three months ended March 31,	
Average common shares outstanding	1,267,835	1,267,835

See accompanying notes to consolidated financial statements.

Emclaire Financial Corp. and Subsidiary

Condensed Consolidated Statements of Cash Flows
For the three months ended March 31, 2008 and 2007 (Unaudited)
(Dollar amounts in thousands)

	For the three months ended March 31, 2008	For the three months ended March 31, 2007
Cash flows from operating activities		
Net income	$ 559	$ 551
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of premises and equipment	165	170
Provision for loan losses	60	45
Amortization of premiums and accretion of discounts, net	(35)	(2)
Amortization of mortgage servicing rights	5	4
Amortization of deferred loan costs	70	52
Realized gains on sales of available for sale securities, net		(58)
Net gains on sales of loans	(14)	
Originations of loans sold	(355)	(312)
Proceeds from the sale of loans	357	312
Stock compensation expense	20	
Earnings on bank owned life insurance, net	(49)	(47)
(Increase) decrease in accrued interest receivable	5	(102)
Increase in prepaid expenses and other assets	(25)	(191)
Increase (decrease) in accrued interest payable	9	(71)
Increase (decrease) in accrued expenses and other liabilities	(216)	435
Net cash provided by operating activities	556	786
Cash flows from investing activities		
Loan originations and principal collections, net	(3,164)	312
Available for sale securities:		
Sales		265
Maturities, repayments and calls	24,486	126
Purchases	(27,291)	(5,647)
(Purchase) redemption of federal bank stocks	(35)	8
Purchases of premises and equipment	(352)	(103)
Net cash used in investing activities	(6,356)	(5,039)
Cash flows from financing activities		
Net increase (decrease) in deposits	7,269	(1,021)
Net increase in short-term borrowed funds	3,357	
Dividends paid on common stock	(405)	(368)
Net cash provided by (used in) financing activities	10,221	(1,389)
Net increase (decrease) in cash and cash equivalents	4,421	(5,642)
Cash and cash equivalents at beginning of period	10,483	16,717
Cash and cash equivalents at end of period	$ 14,904	$ 11,075
Supplemental information:		
Interest paid	$ 1,968	$ 2,074

See accompanying notes to consolidated financial statements.

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Emclaire Financial Corp. and Subsidiary

Consolidated Statements of Changes in Stockholders' Equity
For the three months ended March 31, 2008 and 2007 (Unaudited)
(Dollar amounts in thousands, except per share data)

	For the three months ended March 31,	
	2008	**2007**
Balance at beginning of period	**$ 24,703**	**$ 23,917**
Net income	559	551
Other comprehensive income (loss):		
Change in net unrealized gains on available for sale securities, net of taxes	209	7
Less reclassification adjustment for gains included in net income, net of taxes		(38)
Other comprehensive income (loss)	209	(31)
Total comprehensive income	768	520
Stock compensation expense	20	
Dividends declared	(405)	(368)
Balance at end of period	**$ 25,086**	**$ 24,069**
Common cash dividend per share	$ 0.32	$ 0.29

See accompanying notes to consolidated financial statements.

Emclaire Financial Corp. and Subsidiary

Notes to Consolidated Financial Statements (Unaudited)

1. Nature of Operations and Basis of Presentation.

Emclaire Financial Corp. (the "Corporation") is a Pennsylvania company organized as the holding company of Farmers National Bank of Emlenton (the "Bank"). The Corporation provides a variety of financial services to individuals and businesses through its offices in western Pennsylvania. Its primary deposit products are checking, savings and certificate of deposit accounts and its primary lending products are residential and commercial mortgages, commercial business and consumer loans.

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiary, the Bank. All intercompany transactions and balances have been eliminated in preparing the consolidated financial statements.

The accompanying unaudited consolidated financial statements for the interim periods include all adjustments, consisting of normal recurring accruals, which are necessary, in the opinion of management, to fairly reflect the Corporation's consolidated financial position and results of operations. Additionally, these consolidated financial statements for the interim periods have been prepared in accordance with instructions for the Securities and Exchange Commission's Form 10-Q and therefore do not include all information or footnotes necessary for a complete presentation of financial condition, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America. For further information, refer to the audited consolidated financial statements and footnotes thereto for the year ended December 31, 2007, as contained in the Corporation's 2007 Annual Report of Form 10-K filed with the Securities and Exchange Commission. In addition, please refer to pages F-13 though F-45 for audited consolidated financial statements and footnotes for the year ended December 31, 2007.

The balance sheet at December 31, 2007 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles for complete financial statements.

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses. The results of operations for interim quarterly or year to date periods are not necessarily indicative of the results that may be expected for the entire year or any other period. Certain amounts previously reported may have been reclassified to conform to the current year's financial statement presentation.

2. Earnings per Common Share.

Basic earnings per common share (EPS) excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Corporation. Options on 85,000 shares of common stock were not included in computing diluted earnings per share because their effects were not dilutive.

Emclaire Financial Corp. and Subsidiary

Notes to Consolidated Financial Statements (Unaudited) (Continued)

3. Securities.

The Corporation's securities as of the respective dates are summarized as follows:

(Dollar amounts in thousands)	Amortized cost	Unrealized gains	Unrealized losses	Fair value
Available for sale:				
March 31, 2008:				
U.S. Government agencies and related entities	$ 16,496	$ 145	$	$ 16,642
Mortgage-backed securities	14,476	62	(6)	14,531
Municipal securities	13,686	669		14,354
Corporate securities	5,987		(1)	5,986
Equity securities	4,265		(701)	3,565
	$ 54,910	$ 876	$ (707)	$ 55,078
December 31, 2007:				
U.S. Government agencies and related entities	$ 29,356	$ 37	$ (59)	$ 29,334
Mortgage-backed securities	1,932		(48)	1,884
Municipal securities	13,685	566		14,251
Corporate securities	2,939			2,939
Equity securities	4,156		(645)	3,511
	$ 52,068	$ 603	$ (752)	$ 51,919

Management evaluates securities for other than temporary impairment at least on a quarterly basis, and more frequently when economic, market or other concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer and (3) the intent and ability of the Corporation to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Based on these considerations, the Corporation does not consider any investment to be other than temporarily impaired at March 31, 2008.

Emclaire Financial Corp. and Subsidiary

Notes to Consolidated Financial Statements (Unaudited) (Continued)

4. Loans Receivable.

The Corporation's loans receivable as of the respective dates are summarized as follows:

(Dollar amounts in thousands)	March 31, 2008	December 31, 2007
Mortgage loans on real estate:		
Residential first mortgages	$ 65,798	$ 65,706
Home equity loans and lines of credit	48,892	49,426
Commercial real estate	73,714	71,599
	188,404	186,731
Other loans:		
Commercial business	37,673	35,566
Consumer	9,005	9,679
	46,678	45,245
Total loans, gross	235,082	231,976
Less allowance for loan losses	2,219	2,157
Total loans, net	$ 232,863	$ 229,819

5. Deposits.

The Corporation's deposits as of the respective dates are summarized as follows:

(Dollar amounts in thousands) Type of accounts	March 31, 2008 Amount	%	December 31, 2007 Amount	%
Non-interest bearing deposits	$ 48,184	19.2%	$ 47,111	19.3%
Interest bearing demand deposits	86,345	34.3%	77,614	31.8%
Time deposits	117,002	46.5%	119,537	48.9%
	$ 251,531	100.0%	$ 244,262	100.0%

6. Guarantees.

The Corporation does not issue any guarantees that would require liability recognition or disclosure, other than its standby letters of credit. Standby letters of credit are conditional commitments issued by the Corporation to guarantee the performance of a customer to a third party. Of these letters of credit at March 31, 2008, $85,000 will expire within the next seventeen months, $848,000 will automatically renew within the next twelve months and $206,000 will automatically renew within thirteen to twenty-five months. The Corporation, generally, holds collateral and/or personal guarantees supporting these commitments. Management believes that the proceeds obtained through a liquidation of collateral and the enforcement of guarantees would be sufficient to cover the potential amount of future payments required under the corresponding guarantees. The credit risk involved in issuing letters of credit is essentially the same as those that are involved in extending loan facilities to customers. The current amount of the liability as of March 31, 2008 for guarantees under standby letters of credit issued is not material.

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Emclaire Financial Corp. and Subsidiary

Notes to Consolidated Financial Statements (Unaudited) (Continued)

7. Employee Benefit Plans.

The Corporation maintains a defined contribution 401(k) Plan. Eligible employees participate by providing tax-deferred contributions up to 20% of qualified compensation. Employee contributions are vested at all times. The Corporation provides a matching contribution of up to 4% of the participant's salary. Matching contributions for the three months ended March 31, 2008 and 2007 amounted to $37,000 and $33,000, respectively.

The Corporation provides pension benefits for eligible employees through a defined benefit pension plan. Substantially all full-time employees participate in the retirement plan on a non-contributing basis and are fully vested after five years of service.

The Corporation uses December 31 as the measurement date for its plans.

The components of the periodic pension cost are as follows:

	For the three months ended March 31,	
(Dollar amounts in thousands)	**2008**	**2007**
Service cost	$ 63	$ 57
Interest cost	71	65
Expected return on plan assets	(79)	(77)
Transition asset		(2)
Prior service costs	(8)	(8)
Recognized net actuarial (gain) loss	4	7
Net periodic pension cost	$ 51	$ 42

The expected rate of return on plan assets was 8.50% for the periods ended March 31, 2008 and 2007. The Corporation previously disclosed in its financial statements for the year ended December 31, 2007 that it expected to contribute $335,000 to its pension plan in 2008. As of March 31, 2008, there have been no contributions. The Corporation presently anticipates contributing $335,000 to its pension plan in 2008.

8. Stock Compensation Plans.

In May 2007, the Corporation adopted the 2007 Stock Incentive Plan and Trust. Under the Plan, the Corporation may grant options to its directors, officers and employees for up to 177,496 shares of common stock. Incentive stock options, non-incentive or compensatory stock options and share awards may be granted under the Plan. The exercise price of each option shall at least equal the market price of a share of common stock on the date of grant and have a contractual term of ten years. Options shall vest and become exercisable at the rate, to the extent and subject to such limitations as may be specified by the Corporation. Effective May 2007, the Corporation adopted SFAS No. 123(R), *Share-Based Payment,* which requires that compensation cost related to share-based payment transactions be recognized in the financial statements with measurement based upon the fair value of the equity or liability instruments issued. For the three-month period ended March 31, 2008, the Corporation recognized $20,000, net of taxes, in compensation expense for stock options.

Emclaire Financial Corp. and Subsidiary

Notes to Consolidated Financial Statements (Unaudited) (Continued)

8. Stock Compensation Plans. (Continued)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	For the three months ended March 31, 2008
Dividend yield	4.46%
Expected life	10 years
Expected volatility	14.09%
Risk-free interest rate	5.10%

The expected volatility is based on historical stock price fluctuations. The risk-free interest rates for periods within the contractual life of the awards are based on the U.S. Treasury yield curve in effect at the time of the grant. The expected life is based on the maximum term of the options. The dividend yield assumption is based on the Corporation's history and expectation of dividend payouts.

A summary of option activity under the Plan as of March 31, 2008, and changes during the period then ended is presented below:

	Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Weighted-Average Remaining Term (in years)
Outstanding at the beginning of the year	84,000	$ 26.00		9.2
Granted	1,000	25.90		9.9
Exercised				
Forfeited				
Outstanding as of March 31, 2008	85,000	$ 25.99	$	9.2
Exercisable as of March 31, 2008		$	$	

A summary of the status of the Corporation's nonvested shares as of March 31, 2008, and changes during the period then ended is presented below:

	Options	Weighted-Average Grant-date Fair Value
Nonvested at the beginning of the year	84,000	$ 3.39
Granted	1,000	3.09
Vested		
Forfeited		
Nonvested as of March 31, 2008	85,000	$ 3.39

As of March 31, 2008, there was $236,000 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the Plan. That cost is expected to be recognized over an average period of 2.2 years.

Emclaire Financial Corp. and Subsidiary

Notes to Consolidated Financial Statements (Unaudited) (Continued)

9. Fair Values of Financial Instruments.

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS 157), which defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. SFAS 157 applies to other accounting pronouncements that require or permit fair value measurements. The new guidance is effective for financial statements issued for fiscal years beginning after November 15, 2007, and for interim periods within those fiscal years. The Corporation adopted SFAS 157 effective January 1, 2008 for financial assets and liabilities that are measured and reported at fair value. There was no impact from the adoption of SFAS 157 on the amounts reported in the consolidated financial statements. The primary effect of SFAS 157 on the Corporation was to expand the required disclosures pertaining to the methods used to determine fair values.

SFAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under SFAS 157 are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported with little or no market activity).

An asset or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

For assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at March 31, 2008 are as follows:

(Dollar amounts in thousands) Description	March 31, 2008	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
Securities available for sale	$ 55,078	$ 3,565	$ 51,513	$

The Corporation's adoption of SFAS 157 applies only to its financial instruments required to be reported at fair value. The adoption does not apply to non-financial assets and non-financial liabilities until January 1, 2009 in accordance with FSP FAS 157-2. The following valuation technique was used to measure fair value of assets in the table above on a recurring basis as of March 31, 2008:

Available for sale securities Fair value on available for sale securities were based upon a market approach. Prices for securities that are fixed income instruments that are not quoted on an exchange, but are traded in active markets, are obtained through third party data service providers or dealer market participants which the Corporation has historically transacted both purchases and sales of investment securities. As of March 31, 2008, all fair values on available for sale securities were based

Emclaire Financial Corp. and Subsidiary

Notes to Consolidated Financial Statements (Unaudited) (Continued)

9. Fair Values of Financial Instruments. (Continued)

on prices obtained from these sources and were based on actual market quotations for each specific security.

10. Adoption of New Accounting Standards.

The Corporation adopted the Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS 157) effective January 1, 2008 for financial assets and liabilities that are measured and reported at fair value. There was no impact from the adoption of SFAS 157 on the amounts reported in the consolidated financial statements. The primary effect of SFAS 157 on the Corporation was to expand required disclosures pertaining to the methods used to determine fair values. See note 9 for further detail.

11. Effect of Recently Issued Accounting Standards.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115* (SFAS 159). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date. SFAS 159 is effective for the Corporation January 1, 2008. This new accounting pronouncement had no effect on the Corporation's consolidated financial statements as the Corporation elected not to adopt SFAS 159.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations* (SFAS 141R). SFAS 141R establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. SFAS 141R also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The guidance will become effective for fiscal years beginning after December 15, 2008. This new pronouncement will impact the Corporation's accounting for business combinations completed beginning January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interest in Consolidated Financial Statements An Amendment of ARB No. 51* (SFAS 160). SFAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The guidance will become effective for fiscal years beginning after December 15, 2008, which for the Corporation will be January 1, 2009. The Corporation believes that this new pronouncement will have an immaterial impact on its consolidated financial statements.

Consolidated Balance Sheets
(Dollar amounts in thousands, except share data)

	December 31, 2007	December 31, 2006
Assets		
Cash and due from banks	$ 10,288	$ 7,540
Interest earning deposits with banks	195	9,177
Total cash and cash equivalents	10,483	16,717
Securities available for sale, at fair value	51,919	51,774
Loans receivable, net of allowance for loan losses of $2,157 and $2,035	229,819	213,344
Federal bank stocks, at cost	2,662	2,217
Bank-owned life insurance	4,987	4,794
Accrued interest receivable	1,365	1,374
Premises and equipment, net	7,904	7,958
Goodwill	1,422	1,422
Prepaid expenses and other assets	1,159	960
Total Assets	**$ 311,720**	**$ 300,560**
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Non-interest bearing	$ 47,111	$ 44,045
Interest bearing	197,151	200,447
Total deposits	244,262	244,492
Borrowed funds:		
Short-term	5,400	
Long-term	35,000	30,000
Total borrowed funds	40,400	30,000
Accrued interest payable	771	825
Accrued expenses and other liabilities	1,584	1,326
Total Liabilities	287,017	276,643
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock, $1.00 par value, 3,000,000 shares authorized; none issued		
Common stock, $1.25 par value, 12,000,000 shares authorized; 1,395,852 shares issued, 1,267,835 shares outstanding	1,745	1,745
Additional paid-in capital	10,902	10,871
Treasury stock, at cost; 128,017 shares	(2,653)	(2,653)
Retained earnings	15,114	14,370
Accumulated other comprehensive loss	(405)	(416)
Total Stockholders' Equity	24,703	23,917

	December 31,	
Total Liabilities and Stockholders' Equity	**$ 311,720**	**$ 300,560**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income
(Dollar amounts in thousands, except share data)

	Year ended December 31, 2007	2006	2005
Interest and dividend income			
Loans receivable, including fees	$ 15,287	$ 13,856	$ 12,325
Securities:			
Taxable	1,571	1,481	1,714
Exempt from federal income tax	687	699	699
Federal bank stocks	144	94	58
Deposits with banks	166	129	81
Total interest and dividend income	17,855	16,259	14,877
Interest expense			
Deposits	6,440	5,967	4,894
Short-term borrowed funds	33	53	50
Long-term borrowed funds	1,413	948	629
Total interest expense	7,886	6,968	5,573
Net interest income	9,969	9,291	9,304
Provision for loan losses	256	358	205
Net interest income after provision for loan losses	9,713	8,933	9,099
Noninterest income			
Fees and service charges	1,549	1,484	1,420
Commissions on financial services	448	408	437
Net gain on sales of loans	33	58	5
Net gain on available for sale securities	207	400	857
Earnings on bank-owned life insurance	219	195	191
Other	487	389	407
Total noninterest income	2,943	2,934	3,317
Noninterest expense			
Compensation and employee benefits	5,090	5,632	5,107
Premises and equipment	1,589	1,637	1,611
Intangible amortization expense		7	31
Other	2,485	2,133	2,397
Total noninterest expense	9,164	9,409	9,146
Income before provision for income taxes	3,492	2,458	3,270
Provision for income taxes	795	492	697
Net income	**$ 2,697**	**$ 1,966**	**$ 2,573**
Earnings per share			
Basic	**$ 2.13**	**$ 1.55**	**$ 2.03**
Diluted	**$ 2.13**	**$ 1.55**	**$ 2.03**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Stockholders' Equity
(Dollar amounts in thousands, except share data)

	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance at January 1, 2005	**$ 1,745**	**$ 10,871**	**$ (2,653)**	**$ 12,398**	**$ 1,255**	**$ 23,616**
Comprehensive income:						
Net income				2,573		2,573
Change in net unrealized gains (losses) on securities available for sale, net of taxes of ($660)					(1,281)	(1,281)
Comprehensive income						1,292
Dividends declared, $1.02 per share				(1,293)		(1,293)
Balance at December 31, 2005	**1,745**	**10,871**	**(2,653)**	**13,678**	**(26)**	**23,615**
Cumulative effect of adjustments resulting from the adoption of SAB No. 108				120		120
Adjusted balance at December 31, 2005	**1,745**	**10,871**	**(2,653)**	**13,798**	**(26)**	**23,735**
Comprehensive income:						
Net income				1,966		1,966
Change in net unrealized losses on securities available for sale, net of taxes of ($14)					(30)	(30)
Comprehensive income						1,936
Adjustment to initially apply SFAS No. 158, net of taxes of ($185)					(360)	(360)
Dividends declared, $1.10 per share				(1,394)		(1,394)
Balance at December 31, 2006	**1,745**	**10,871**	**(2,653)**	**14,370**	**(416)**	**23,917**
Comprehensive income:						
Net income				2,697		2,697
Change in net unrealized losses on securities available for sale, net of taxes of ($22)					(43)	(43)
Change in funded status of defined benefit plan, net of taxes of $27					54	54
Comprehensive income						2,708
Stock compensation expense, net of taxes of $16		31				31
Dividends declared, $1.54 per share				(1,953)		(1,953)
Balance at December 31, 2007	**$ 1,745**	**$ 10,902**	**$ (2,653)**	**$ 15,114**	**$ (405)**	**$ 24,703**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows
(Dollar amounts in thousands)

	Year ended December 31,		
	2007	**2006**	**2005**
Cash flows from operating activities			
Net income	$ 2,697	$ 1,966	$ 2,573
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of premises and equipment	663	849	855
Provision for loan losses	256	358	205
Amortization of premiums and accretion of discounts, net	7	32	94
Amortization of intangible assets and mortgage servicing rights	17	14	37
Realized gain on sales of available for sale securities, net	(207)	(400)	(857)
Net gains on sales of loans	(33)	(58)	(5)
Originations of loans sold	(1,737)	(4,008)	
Proceeds from the sale of loans	1,756	3,998	
Stock compensation expense	31		
Proceeds from the sale of loans held for sale			546
Earnings on bank-owned life insurance, net	(193)	(171)	(175)
(Increase) decrease in accrued interest receivable	9	(103)	(68)
(Increase) decrease in deferred taxes	156	47	(506)
(Increase) decrease in prepaid expenses and other assets	(372)	(131)	1,078
Increase (decrease) in accrued interest payable	(54)	218	30
Increase (decrease) in accrued expenses and other liabilities	334	35	(176)
Net cash provided by operating activities	3,330	2,646	3,631
Cash flows from investing activities			
Loan originations and principal collections, net	(16,727)	(21,139)	(13,286)
Available for sale securities:			
Sales	1,472	1,089	1,646
Maturities, repayments and calls	17,006	5,848	8,809
Purchases	(18,478)	(2,076)	(4,552)
Held to maturity securities:			
Sales		14	
Maturities, repayments and calls		1	1
Purchase of federal bank stocks	(445)	(444)	(42)
Purchases of premises and equipment	(609)	(2,684)	(1,300)
Net cash used in investing activities	(17,781)	(19,391)	(8,724)
Cash flows from financing activities			
Net increase (decrease) in deposits	(230)	13,989	(2,371)
Proceeds from issuance of long-term debt	5,000	15,000	
Net change in short-term borrowings	5,400	(4,500)	4,500
Dividends paid on common stock	(1,953)	(1,394)	(1,293)
Net cash provided by financing activities	8,217	23,095	836
Net increase (decrease) in cash and cash equivalents	(6,234)	6,350	(4,257)
Cash and cash equivalents at beginning of period	16,717	10,367	14,624
Cash and cash equivalents at end of period	$ 10,483	$ 16,717	$ 10,367

	Year ended December 31,		
Supplemental information:			
Interest paid	$ 7,940	$ 6,750	$ 5,543
Income taxes paid	626	686	442
Supplemental noncash disclosures:			
Transfers from loans to foreclosed real estate	253	50	106

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation. The consolidated financial statements include the accounts of Emclaire Financial Corp. (the Corporation) and its wholly owned subsidiary, the Farmers National Bank of Emlenton (the Bank). All significant intercompany balances and transactions have been eliminated in consolidation.

Nature of Operations. The Corporation provides a variety of financial services to individuals and businesses through its offices in Western Pennsylvania. Its primary deposit products are checking, savings and term certificate accounts and its primary lending products are residential and commercial mortgages, commercial business loans and consumer loans.

Use of Estimates and Classifications. In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, fair value of financial instruments and the valuation of deferred tax assets. Certain amounts previously reported may have been reclassified to conform to the current year financial statement presentation. Such reclassifications did not affect net income or stockholders' equity.

Significant Group Concentrations of Credit Risk. Most of the Corporation's activities are with customers located within the Western Pennsylvania region of the country. Note 2 discusses the type of securities that the Corporation invests in. Note 3 discusses the types of lending the Corporation engages in. The Corporation does not have any significant concentrations to any one industry or customer.

Cash Equivalents. For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand, cash items, interest-earning deposits with other financial institutions and federal funds sold and due from correspondent banks. Interest-earning deposits mature within one year and are carried at cost. Federal funds are generally sold or purchased for one day periods. Net cash flows are reported for loan and deposit transactions.

Restrictions on Cash. Cash on hand or on deposit with the Federal Reserve Bank of approximately $60,000 and $1.1 million were required to meet regulatory reserve and clearing requirements at December 31, 2007 and 2006, respectively. Such balances do not earn interest.

Securities. Securities include investments primarily in bonds and notes and are classified as either available for sale or held to maturity at the time of purchase based on management's intent. Securities for which the Corporation has the positive intent and ability to hold to maturity are classified as held to maturity and are reported at amortized cost. Securities that are not classified as held to maturity, including equity securities with readily determinable fair values, are classified as available for sale and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in accumulated other comprehensive income.

Purchase premiums and discounts on securities are recognized in interest income using the interest method over the term of the securities. Declines in the fair value of securities below their cost that are deemed other than temporary result in the security being written down to fair value on an individual basis. Any related write-downs are included in operations. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method and are included in operations in the period sold.

Notes to Consolidated Financial Statements (Continued)

1. Summary of Significant Accounting Policies (Continued)

Loans Held for Sale. Loans originated and intended for sale in the secondary market are carried at the lower of cost or estimated fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income. Loans held for sale are generally sold with servicing rights retained. The carrying value of such loans sold is reduced by the cost allocated to the servicing rights. Gains and losses on sales of mortgage loans are based on the difference between the selling price and the carrying value of the related loan sold.

Loans Receivable. The Corporation grants mortgage, commercial and consumer loans to customers. A substantial portion of the loan portfolio is represented by mortgage loans throughout Western Pennsylvania. The ability of the Corporation's debtors to honor their contracts is dependent upon real estate and general economic conditions in this area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or net pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans or premiums or discounts on purchased loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, and premiums and discounts are deferred and recognized as an adjustment of the related loan yield using the interest method over periods not exceeding the contractual life of the loan.

The accrual of interest on loans is typically discontinued at the time the loan is 90 days past due unless the credit is well secured and in the process of collection. Loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. All interest accrued but not collected for loans that are placed on nonaccrual status or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses. The allowance for loan losses is established for probable credit losses through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are typically credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of loans in light of historic experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of specific, general and unallocated components. The specific component relates to loans that are classified as either doubtful, substandard or special mention. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

Notes to Consolidated Financial Statements (Continued)

1. Summary of Significant Accounting Policies (Continued)

A loan is considered impaired when, based on current information and events, it is probable that the Corporation will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan by loan basis for commercial loans by either the present value of expected future cash flows discounted at the loans effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent. Large groups of small balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Corporation does not separately identify individual consumer and residential mortgage loans for impairment disclosures, unless such loans are the subject of a restructuring agreement.

Bank-Owned Life Insurance (BOLI). The Bank purchased life insurance policies on certain key officers and employees. BOLI is recorded at its cash surrender value, or the amount that can be realized.

Premises and Equipment. Land is carried at cost. Premises, furniture and equipment, and leasehold improvements are carried at cost less accumulated depreciation or amortization. Depreciation is calculated on a straight-line basis over the estimated useful lives of the related assets, which are twenty-five to fifty years for buildings and three to ten years for furniture and equipment. Amortization of leasehold improvements is computed using the straight-line method over the shorter of their estimated useful life or the expected term of the leases. Expected terms include lease option periods to the extent that the exercise of such option is reasonably assured. Premises and equipment are reviewed for impairment when events indicate their carrying amount may not be recoverable from future undiscounted cash flows. If impaired, assets are recorded at fair value.

Goodwill and Intangible Assets. Goodwill results from business acquisitions and represents the excess of the purchase price over the fair value of acquired assets and liabilities. Core deposit intangible assets arise from whole bank or branch acquisitions and are measured at fair value and then are amortized on a straight-line basis over their estimated lives, generally less than 10 years. Customer relationship intangible assets arise from the purchase of a customer list from another company or individual and then are amortized on a straight-line basis over two years. Goodwill is not amortized and is assessed at least annually for impairment and any such impairment will be recognized in the period identified.

Servicing Assets. Servicing assets represent the allocated value of retained servicing rights on loans sold. Servicing assets are expensed in proportion to, and over the period of, estimated net servicing revenues. Impairment is evaluated based on the fair value of the assets, using groupings of the underlying loans as to interest rates. Fair value is determined using prices for similar assets with similar characteristics, when available, or based upon discounted cash flows using market-based assumptions. Any impairment of a grouping is reported as a valuation allowance, to the extent that fair value is less than the capitalized amount for a grouping.

Notes to Consolidated Financial Statements (Continued)

1. Summary of Significant Accounting Policies (Continued)

Real Estate Acquired Through Foreclosure. Real estate properties acquired through foreclosure are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. After foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations of the properties, gains and losses on sales and additions to the valuation allowance are included in operating results. Real estate acquired through foreclosure is classified in prepaid expenses and other assets and totaled $129,000 and $98,000 at December 31, 2007 and 2006, respectively.

Treasury Stock. Common stock purchased for treasury is recorded at cost. At the date of subsequent reissue, the treasury stock account is reduced by the cost of such stock on the first-in, first-out basis.

Income Taxes. Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax basis of the various balance sheet assets and liabilities and gives current recognition to changes in tax rate and laws.

Earnings Per Common Share. Basic earnings per common share (EPS) excludes dilution and is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Corporation. Options on 84,000 shares of common stock were included in computing diluted earnings per share because their effects were dilutive.

Comprehensive Income. Comprehensive income includes net income from operating results and the net change in accumulated other comprehensive income. Accumulated other comprehensive income is comprised of unrealized holding gains and losses on securities available for sale and the over funded or under funded status of pension and other postretirement benefit plans on the balance sheet. The effects of other comprehensive income are presented as part of the statement of changes in stockholders' equity.

Operating Segments. Operations are managed and financial performance is evaluated on a corporate-wide basis. Accordingly, all financial services operations are considered by management to be aggregated in one reportable operating segment.

Retirement Plans. The Corporation maintains a noncontributory defined benefit plan covering substantially all employees and officers. The plan calls for benefits to be paid to eligible employees at retirement based primarily on years of service and compensation rates near retirement. The Corporation also maintains a 401(k) plan, which covers substantially all employees and a supplemental executive retirement plan for key executive officers.

Stock Compensation Plans. In December 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), *Share-Based Payments* (SFAS 123(R)). SFAS 123(R) requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instruments issued. SFAS 123(R) covers a wide range of share-based compensation arrangements including stock options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. SFAS 123(R) is a replacement of SFAS 123, *Accounting for Stock-Based Compensation,* and supersedes Accounting Principles Board

Notes to Consolidated Financial Statements (Continued)

1. Summary of Significant Accounting Policies (Continued)

(APB) Opinion No. 25, *Accounting for Stock Issued to Employees,* and its related interpretive guidance. The effect of the statement requires entities to measure the cost of employee services received in exchange for the stock options based on the grant-date fair value of the award, and to recognize the cost over the period the employee is required to provide services for the award. SFAS 123(R) permits entities to use any option-pricing model that meets the fair value objective in the statement. Effective January 1, 2007, the Corporation adopted SFAS 123(R).

Transfers of Financial Assets. Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Corporation, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Corporation does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Advertising. Advertising costs are expensed as incurred.

Off-Balance Sheet Financial Instruments. In the ordinary course of business, the Corporation has entered into off-balance sheet financial instruments, consisting of commitments to extend credit, commitments under line of credit lending arrangements and letters of credit. Such financial instruments are recorded in the financial statements when they are funded or related fees are received.

Fair Value of Financial Instruments. Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Recently Adopted Accounting Standards. The Corporation, in accordance with Securities and Exchange Commission Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* (SAB 108), adjusted its beginning retained earnings for fiscal 2006 in the accompanying consolidated balance sheet. The provisions of SAB 108 were effective for the Corporation for its December 31, 2006 year end. See Note 12 for additional information on the adoption of SAB 108.

The Corporation adopted Financial Accounting Standard Interpretation (FIN) No. 48, *Accounting for Uncertainty in Income Taxes,* (FIN 48), effective January 1, 2007. The adoption had no impact on the Corporation's consolidated financial statements. At January 1, 2007 and December 31, 2007, the Corporation had no FIN 48 unrecognized tax benefits recorded.

The Corporation adopted Statement of Financial Accounting Standards (SFAS) No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of FASB Statements No. 87, 88, 106 and 132(R),* (SFAS 158), effective December 31, 2006. The adoption of SFAS 158 resulted in the Corporation recording an additional accrued pension liability of $545,000 and a charge of $360,000, net of taxes, to accumulated other comprehensive income at December 31, 2006. As of December 31, 2007, the Corporation's liability under SFAS was $465,000 and the charge to accumulated other comprehensive income was $306,000, net of taxes. See Note 13 for additional information on the adoptions of SFAS 158.

The Corporation adopted SFAS 123(R), *Share-Based Payment,* which requires that compensation cost related to share-based payment transactions be recognized in the financial statements with

Notes to Consolidated Financial Statements (Continued)

1. Summary of Significant Accounting Policies (Continued)

measurement based upon the fair value of the equity or liability instruments issued. For the year ended December 31, 2007, the Corporation recognized $31,000, net of taxes, in compensation expense for stock options.

Recent Accounting and Regulatory Pronouncements. In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements* (SFAS 157), which defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. SFAS 157 applies to other accounting pronouncements that require or permit fair value measurements. The new guidance is effective for financial statements issued for fiscal years beginning after November 15, 2007, and for interim periods within those fiscal years. The Corporation is currently evaluating the potential impact, if any, of the adoption of SFAS 157 on its consolidated financial statements.

In December 2007, the FASB issued proposed FASB Staff Position (FSP) 157-b, *Effective Date of FASB Statement No. 157* (FSP 157-b), that would permit a one-year deferral in applying the measurement provisions of SFAS 157 to non-financial assets and non-financial liabilities (non-financial items) that are not recognized or disclosed at fair value in an entity's financial statements on a recurring basis (at least annually). Therefore, if the change in fair value of a non-financial item is not required to be recognized or disclosed in the financial statements on an annual basis or more frequently, the effective date of application of SFAS 157 to that item is deferred until fiscal years beginning after November 15, 2008 and interim periods within those fiscal years. This deferral does not apply, however, to an entity that applies SFAS 157 in interim or annual financial statements before proposed FSP 157-b is finalized. The Corporation is currently evaluating the potential impact, if any, of the adoption of FSP 157-b on its consolidated financial statements.

In September 2006, FASB's Emerging Issues Task Force (EITF) issued EITF Issue No. 06-4, *Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsement Split Dollar Life Insurance Arrangements* (EITF 06-4). EITF 06-4 requires the recognition of a liability related to the postretirement benefits covered by an endorsement split-dollar life insurance arrangement. The consensus highlights that the employer (who is also the policyholder) has a liability for the benefit it is providing to its employee. As such, if the policyholder has agreed to maintain the insurance policy in force for the employee's benefit during his or her retirement, then the liability recognized during the employee's active service period should be based on the future cost of insurance to be incurred during the employee's retirement. Alternatively, if the policy holder has agreed to provide the employee with a death benefit, then the liability for the future death benefit should be recognized by following the guidance in SFAS 106 or Accounting Principles Board (APB) Opinion No. 12, as appropriate. For transition, an entity can choose to apply the guidance using either of the following approaches: (a) a change in accounting principle through retrospective application to all periods presented or (b) a change in accounting principle through a cumulative-effect adjustment to the balance in retained earnings at the beginning of the year of adoption. The EITF is effective in fiscal years beginning after December 15, 2007, with early adoption permitted. The Corporation does not expect the implementation of EITF 06-4 to have a material impact on its consolidated financial statements.

In September 2006, FASB's EITF issued EITF Issue No. 06-5, *Accounting for Purchases of Life Insurance Determining the Amount That Could Be Realized in Accordance with FASB Technical Bulletin No. 85-4, Accounting for Purchases of Life Insurance* (EITF 06-5). The scope of EITF 06-5 consists of six separate issues relating to accounting for life insurance policies purchased by entities protecting against the loss of key persons. The six issues are clarifications of previously issued guidance on FASB

Notes to Consolidated Financial Statements (Continued)

1. Summary of Significant Accounting Policies (Continued)

Technical Bulletin No. 85-4. EITF 06-5 is effective for fiscal years beginning after December 15, 2006. The implementation of EITF 06-5 had no effect on the Corporation's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial* Liabilities *Including an amendment of FASB Statement No. 115* (SFAS 159). SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be recognized in earnings at each subsequent reporting date. SFAS 159 is effective for the Corporation January 1, 2008. The Corporation is evaluating the impact that the adoption of SFAS 159 will have on its consolidated financial statements.

In November 2007, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. (SAB) 109, *Written Loan Commitments Recorded at Fair Value Through Earnings* (SAB 109). SAB 109 expresses the views of the staff regarding written loan commitments that are accounted for at fair value through earnings under generally accepted accounting principles. To make the staff's views consistent with current authoritative accounting guidance, SAB 109 revises and rescinds portions of SAB No. 105, *Application of Accounting Principles to Loan Commitments*. Specifically, SAB 109 revises the SEC staff's views on incorporating expected net future cash flows related to loan servicing activities in the fair value measurement of a written loan commitment. SAB 109 retains the staff's views on incorporating expected net future cash flows related to internally-developed intangible assets in the fair value measurement of a written loan commitment. The staff expects registrants to apply the views in Question 1 of SAB 109 on a prospective basis to derivative loan commitments issued or modified in fiscal quarters beginning after December 15, 2007. The Corporation does not expect SAB 109 to have a material impact on its consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141(R), *Business Combinations* (SFAS 141R). SFAS 141R establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. SFAS 141R also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The guidance will become effective for fiscal years beginning after December 15, 2008. This new pronouncement will impact the Corporation's accounting for business combinations completed beginning January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interest in Consolidated Financial Statements An Amendment of ARB No. 51* (SFAS 160). SFAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The guidance will become effective for fiscal years beginning after December 15, 2008. The Corporation believes that this new pronouncement will have an immaterial impact on its consolidated financial statements.

In December 2007, the SEC issued SAB No. 110 (SAB 110) to amend and replace Question 6 of Section D.2 of Topic 14, *Share-Based Payment*, of the SAB series. Question 6 of Section D.2 Topic 14 expresses the views of the staff regarding the use of the "simplified" method for share option grants prior to December 31, 2007. SAB 110 allows public companies which do not have historically sufficient experience to provide a reasonable estimate to continue use of the "simplified" method for estimating the expected term of "plain vanilla" share option grants after December 31, 2007. SAB 110 is effective January 1, 2008.

Notes to Consolidated Financial Statements (Continued)

2. Securities

The following table summarizes the Corporation's securities as of December 31:

(Dollar amounts in thousands)	Amortized Cost	Unrealized gains	Unrealized losses	Fair value
Available for sale:				
December 31, 2007:				
U.S. Government agencies and related entities	$ 29,356	$ 37	$ (59)	$ 29,334
Mortgage-backed securities	1,932		(48)	1,884
Municipal securities	13,685	566		14,251
Corporate securities	2,939			2,939
Equity securities	4,156		(645)	3,511
	$ 52,068	$ 603	$ (752)	$ 51,919
December 31, 2006:				
U.S. Government agencies and related entities	$ 31,354	$	$ (606)	$ 30,748
Mortgage-backed securities	2,434		(95)	2,339
Municipal securities	14,688	574		15,262
Corporate securities				
Equity securities	3,382	176	(132)	3,425
	$ 51,858	$ 750	$ (833)	$ 51,774

Sales of available for sale securities were as follows:

(Dollar amounts in thousands)	2007	2006	2005
Proceeds	$ 1,472	$ 1,089	$ 1,646
Gross gains	207	400	857
Tax provision related to gains	70	136	291

The following table summarizes scheduled maturities of the Corporation's securities as of December 31, 2007:

	Available for sale	
(Dollar amounts in thousands)	Amortized cost	Fair value
Due in one year or less	$ 13,268	$ 13,254
Due after one year through five years	16,053	16,019
Due after five through ten years	3,330	3,344
Due after ten years	15,261	15,791
No scheduled maturity	4,156	3,511
	$ 52,068	$ 51,919

Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

Securities with carrying values of $11.5 million and $12.4 million as of December 31, 2007 and 2006, respectively, were pledged to secure public deposits and for other purposes required or permitted by law.

Notes to Consolidated Financial Statements (Continued)

2. Securities (Continued)

Information pertaining to securities with gross unrealized losses at December 31, 2007 and 2006 aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less than 12 Months		12 Months or More		Total	
(Dollar amounts in thousands) Description of Securities	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**	**Fair Value**	**Unrealized Loss**
December 31, 2007:						
U.S. Government agencies and related entities	$	$	$ 20,804	$ (59)	$ 20,804	$ (59)
Mortgage-backed securities			1,884	(48)	1,884	(48)
Municipal securities						
Corporate securities						
Equity securities	888	(184)	2,557	(461)	3,445	(645)
	$ 888	$ (184)	$ 25,245	$ (568)	$ 26,133	$ (752)
December 31, 2006:						
U.S. Government agencies and related entities	$ 1,224	$ (23)	$ 29,524	$ (583)	$ 30,748	$ (606)
Mortgage-backed securities			2,339	(95)	2,339	(95)
Municipal securities						
Corporate securities						
Equity securities	1,262	(57)	960	(75)	2,222	(132)
	$ 2,486	$ (80)	$ 32,823	$ (753)	$ 35,309	$ (833)

Management evaluates securities for other than temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer and (3) the intent and ability of the corporation to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

As of December 31, 2007, there were 34 securities in an unrealized loss position. These unrealized losses are considered to be temporary impairments. A decline in the value of the debt securities is due only to interest rate fluctuations, rather then erosion of quality. As a result, the payment of contractual cash flows, including principal repayment, is not at risk. As management has the intent and ability to hold these investments until market recovery or maturity, none of the debt securities are deemed to be other than temporary.

Equity securities owned by the Corporation consist of common stock of various financial services providers that have traditionally been high-performing stocks. As a result of recent market volatility in financial stocks from news of sub-prime lending problems, the fair value of most of the stocks held are "under water" as of December 31, 2007, and as such, could be considered to be impaired. The Corporation does not invest in these securities with the intent to sell them for a profit in the near-term. Management believes these securities have potential to appreciate in value over the long-term, while providing for a reasonable dividend yield. In addition, stocks can be cyclical and will experience some down periods. Historically, bank stocks have sustained cyclical losses followed by periods of substantial gains. Based on these circumstances and the ability and intent to hold these securities for a reasonable

Notes to Consolidated Financial Statements (Continued)

2. Securities (Continued)

period of time sufficient for a recovery of fair value, the Corporation does not consider these investments to be other than temporarily impaired at December 31, 2007.

3. Loans Receivable

The following table summarizes the Corporation's loans receivable as of December 31:

(Dollar amounts in thousands)	2007	2006
Mortgage loans on real estate:		
Residential first mortgages	$ 65,706	$ 64,662
Home equity loans and lines of credit	49,426	47,330
Commercial real estate	71,599	61,128
	186,731	173,120
Other loans:		
Commercial business	35,566	34,588
Consumer	9,679	7,671
	45,245	42,259
Total loans, gross	231,976	215,379
Less allowance for loan losses	2,157	2,035
Total loans, net	$ 229,819	$ 213,344

Following is an analysis of the changes in the allowance for loan losses for the years ended December 31:

(Dollar amounts in thousands)	2007	2006	2005
Balance at the beginning of the year	$ 2,035	$ 1,869	$ 1,810
Provision for loan losses	256	358	205
Charge-offs	(164)	(221)	(197)
Recoveries	30	29	51
Balance at the end of the year	$ 2,157	$ 2,035	$ 1,869

Non-performing loans, which include primarily non-accrual loans, were $1.0 million and $1.8 million at December 31, 2007 and 2006, respectively. The Corporation is not committed to lend significant additional funds to debtors whose loans are on non-accrual status. At December 31, 2007 there was no recorded investment in loans considered to be impaired. At December 31, 2006, the recorded investment in loans considered to be impaired, requiring an allowance for loan loss, was $461,000, against which approximately $166,000 of the allowance for loan losses was allocated. Additionally, in 2006, there was one impaired loan for $452,000 that did not require an allowance for loan loss. During 2007, 2006 and 2005, impaired loans averaged $255,000, $946,000 and $1.2 million, respectively. The Corporation recognized interest income on impaired loans of approximately $98,000, $14,000 and $95,000, on a cash basis, during 2007, 2006 and 2005, respectively. Nonperforming loans and impaired loans are defined differently. Some loans may be included in both categories whereas other loans may be included in only one category.

Notes to Consolidated Financial Statements (Continued)

3. Loans Receivable (Continued)

The Corporation is required to maintain qualifying collateral with the FHLB to secure all outstanding loans. Loans with book values of $50.0 million and $52.7 million as of December 31, 2007 and 2006, respectively, are pledged as qualifying collateral. The Corporation is in compliance with all FHLB credit policies at December 31, 2007.

The Corporation was servicing residential mortgage loans with unpaid principal balances of $7.7 million and $6.3 million at December 31, 2007 and 2006, respectively, for a third party investor. In addition, the Corporation was servicing commercial loans with unpaid principal balances of $5.3 million and $6.0 million at December 2007 and 2006, respectively, for third party investors. Such loans are not reflected in the consolidated balance sheet and servicing operations result in the generation of annual fee income of approximately 0.25% of the unpaid principal balances of such loans.

4. Federal Bank Stocks

The Bank is a member of the Federal Home Loan Bank of Pittsburgh (FHLB) and the Federal Reserve Bank of Cleveland (FRB). As a member of these federal banking systems, the Bank maintains an investment in the capital stock of the respective regional banks, at cost. These stocks are purchased and redeemed at par as directed by the federal banks and levels maintained are based primarily on borrowing and other correspondent relationships. The Bank's investment in FHLB and FRB stocks was $2.3 million and $333,000, respectively, at December 31, 2007, and $1.9 million and $333,000, respectively, at December 31, 2006.

5. Premises and Equipment

Premises and equipment at December 31 are summarized by major classification as follows:

(Dollar amounts in thousands)	2007	2006
Land	$ 1,088	$ 1,088
Buildings and improvements	5,955	5,894
Leasehold improvements	733	696
Furniture, fixtures and equipment	4,428	4,279
Software	1,878	1,735
Construction in progress	908	688
	14,990	14,381
Less accumulated depreciation and amortization	7,086	6,423
	$ 7,904	$ 7,958

Depreciation and amortization expense for the years ended December 31, 2007, 2006 and 2005 were $663,000, $849,000 and $855,000, respectively.

Rent expense under non-cancelable operating lease agreements for the years ended December 31, 2007, 2006 and 2005 was $115,000, $112,000 and $109,000, respectively. Rent commitments under

Notes to Consolidated Financial Statements (Continued)

5. Premises and Equipment (Continued)

non-cancelable long-term operating lease agreements for certain branch offices for the years ended December 31, are as follows, before considering renewal options that are generally present:

(Dollar amounts in thousands)	Amount
2008	$ 120
2009	122
2010	112
2011	76
2012	29
Thereafter	
	$ 459

6. Goodwill and Intangible Assets

The following table summarizes the Corporation's acquired goodwill and intangible assets as of December 31:

	2007		2006	
(Dollar amounts in thousands)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Goodwill	$ 1,422	$	$ 1,422	$
Core deposit intangibles	1,240	1,240	1,240	1,240
Other customer relationship intangibles	20	20	20	20
Total	$ 2,682	$ 1,260	$ 2,682	$ 1,260

Goodwill resulted from two previous branch acquisitions and is no longer amortized. There was no aggregate amortization expense for 2007. Aggregate amortization expense for 2006 and 2005 was $7,000 and $31,000, respectively.

7. Related Party Balances and Transactions

In the ordinary course of business, the Bank maintains loan and deposit relationships with employees, principal officers and directors. The Bank has granted loans to principal officers and directors and their affiliates amounting to $1.3 million and $1.2 million at December 31, 2007 and 2006, respectively. During 2007, total principal additions and total principal repayments associated with these loans were $350,000 and $282,000, respectively. Deposits from principal officers and directors held by the Bank at December 31, 2007 and 2006 totaled $2.4 million and $2.4 million, respectively.

In addition, directors and their affiliates may provide certain professional and other services to the Corporation and the Bank in the ordinary course of business at market fee rates. During 2007, 2006 and 2005, amounts paid to affiliates for such services totaled $120,000, $117,000 and $55,000, respectively.

Notes to Consolidated Financial Statements (Continued)

8. Deposits

The following table summarizes the Corporation's deposits as of December 31:

(Dollar amounts in thousands) Type of accounts	2007 Weighted average rate	2007 Amount	2007 %	2006 Weighted average rate	2006 Amount	2006 %
Non-interest bearing deposits		$ 47,111	19.3%		$ 44,045	18.0%
Interest bearing demand deposits	1.28%	77,614	31.8%	0.69%	70,951	29.0%
Time deposits	4.48%	119,537	48.9%	4.59%	129,496	53.0%
	2.60%	$ 244,262	100.0%	2.63%	$ 244,492	100.0%

The Corporation had a total of $32.7 million and $33.0 million in time deposits of $100,000 or more at December 31, 2007 and 2006, respectively.

Scheduled maturities of time deposits for the next five years are as follows:

(Dollar amounts in thousands)	Amount	%
2008	$ 56,263	47.1%
2009	19,777	16.5%
2010	14,457	12.1%
2011	9,425	7.9%
2012	9,178	7.7%
Thereafter	10,437	8.7%
	$ 119,537	100.0%

9. Borrowed Funds

The following table summarizes the Corporation's borrowed funds as of and for the year ended December 31:

(Dollar amounts in thousands)	2007 Balance	2007 Average Balance	2007 Average Rate	2007 Weighted average rate	2006 Balance	2006 Average Balance	2006 Average Rate	2006 Weighted average rate
FHLB advances:								
Due within 12 months	$ 5,400	$ 1,208	4.58%	2.73%	$	$ 1,147	4.90%	4.62%
Due beyond 12 months but within 5 years	10,000	10,000	4.18%	4.24%	5,000	5,000	4.61%	4.68%
Due beyond 5 years but within 10 years	25,000	21,233	4.52%	4.66%	25,000	16,521	4.45%	4.32%
	$ 40,400	$ 32,441			$ 30,000	$ 22,668		

Notes to Consolidated Financial Statements (Continued)

9. Borrowed Funds (Continued)

The Corporation had outstanding advances with the FHLB of $40.4 million and $30.0 million at December 31, 2007 and 2006, respectively. Borrowed funds at December 31, 2007 consist of seven, $5.0 million term advances and $5.4 million in overnight borrowings with the FHLB. The term advances mature between November 2011 and October 2017. If these advances convert to adjustable rate borrowings, the Corporation has the opportunity to repay the advances without penalty at or after the conversion date. All borrowings from the FHLB are secured by a blanket lien of qualified collateral, defined principally as 80 percent of the carrying value of first mortgage loans on owner-occupied residential properties and 95 percent of the market value of U.S. Government and federal agency securities.

The initial three $5.0 million borrowings have fixed rates of 4.61%, 3.74% and 4.04%, respectively, after which the rates may adjust at the option of the FHLB to the then three month LIBOR plus 20, 22 or 25 basis points, respectively, but only if the three month LIBOR exceeds 8.0%.

During 2006, the Corporation entered into agreements with the FHLB to borrow three additional $5.0 million 10 year term advances at initial interest rates of 4.98%, 4.83% and 4.68%, respectively. Two of these borrowings in 2006 are fixed for the first two years of the term after which the rates may adjust at the option of the FHLB to the then three month LIBOR rate plus 24 basis points. The third borrowing in 2006 is also fixed for the first two years of the initial term after which the rates may adjust at the option of the FHLB to the then three month LIBOR plus 24 basis points, but only if the three month LIBOR exceeds 6.0%.

During 2007, the Corporation entered into an agreement with the FHLB to borrow an additional $5.0 million for a 10 year term at an initial interest rate of 4.09%. This borrowing is fixed for the first three years of the term after which the rates may adjust at the option of the FHLB to the then three month LIBOR rate plus 13 basis points.

Scheduled maturities of borrowed funds for the next five years are as follows:

(Dollar amounts in thousands)	Amount
2008	$ 5,400
2009	
2010	
2011	5,000
2012	5,000
Thereafter	25,000
	$ 40,400

The Bank maintains a credit arrangement with the FHLB as a source of additional liquidity. The total maximum borrowing capacity with the FHLB, excluding loans outstanding, at December 31, 2007 was $96.7 million.

Notes to Consolidated Financial Statements (Continued)

10. Insurance of Accounts and Regulatory Matters

Insurance of Accounts

The Federal Deposit Insurance Corporation (FDIC) insures deposits of account holders up to $100,000 per insured depositor. In addition, federal law provides up to $250,000 in insurance coverage for deposits held in Individual Retirement Accounts (IRAs). To provide this insurance, the Bank must pay an annual premium. In connection with the insurance of deposits, the Bank is required to maintain certain minimum levels of regulatory capital as outlined below.

Restrictions on Dividends, Loans and Advances

The Bank is subject to a regulatory dividend restriction that generally limits the amount of dividends that can be paid by the Bank to the Corporation. Prior regulatory approval is required if the total of all dividends declared in any calendar year exceeds net profits (as defined in the regulations) for the year combined with net retained earnings (as defined) for the two preceding calendar years. In addition, dividends paid by the Bank to the Corporation would be prohibited if the effect thereof would cause the Bank's capital to be reduced below applicable minimum capital requirements. As of December 31, 2007, $2.1 million of undistributed earnings of the Corporation was available for distribution of dividends without prior regulatory approval.

Loans or advances from the Bank to the Corporation are limited to 10 percent of the Bank's capital stock and surplus on a secured basis. Funds available for loans or advances by the Bank to the Corporation amounted to approximately $1.1 million. The Corporation has a $1.1 million commercial line of credit available at the Bank for the primary purpose of purchasing qualified equity investments. At December 31, 2007, the Corporation had an outstanding balance on this line of $1.1 million.

Minimum Regulatory Capital Requirements

The Corporation (on a consolidated basis) and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Corporation's and the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Corporation and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require the Corporation and the Bank to maintain minimum amounts and ratios (set forth in the following table) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital (as defined) to average assets (as defined).

As of December 31, 2007, the most recent notification from the FDIC categorized the Bank as adequately capitalized under the regulatory framework for prompt corrective action. To be categorized as adequately capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the following table. There are no conditions or events since the notification that management believes have changed the Bank's category.

Notes to Consolidated Financial Statements (Continued)

10. Insurance of Accounts and Regulatory Matters (Continued)

The following table sets forth certain information concerning regulatory capital of the consolidated Corporation and the Bank as of the dates presented:

	December 31, 2007				December 31, 2006			
	Consolidated		Bank		Consolidated		Bank	
(Dollar amounts in thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital to risk weighted assets:								
Actual	$ 25,002	10.54%	$ 23,357	9.95%	$ 24,964	11.34%	$ 23,096	10.62%
For capital adequacy purposes	18,974	8.00%	18,771	8.00%	17,617	8.00%	17,401	8.00%
To be well capitalized	N/A	N/A	23,464	10.00%	N/A	N/A	21,752	10.00%
Tier 1 capital to risk-weighted assets:								
Actual	$ 23,075	9.73%	$ 21,260	9.06%	$ 22,910	10.40%	$ 21,060	9.68%
For capital adequacy purposes	9,487	4.00%	9,385	4.00%	8,809	4.00%	8,701	4.00%
To be well capitalized	N/A	N/A	14,078	6.00%	N/A	N/A	13,051	6.00%
Tier 1 capital to average assets:								
Actual	$ 23,075	7.73%	$ 21,260	7.08%	$ 22,910	8.07%	$ 21,060	7.14%
For capital adequacy purposes	11,936	4.00%	12,007	4.00%	11,356	4.00%	11,793	4.00%
To be well capitalized	N/A	N/A	15,008	5.00%	N/A	N/A	14,741	5.00%

At December 31, 2007, the Bank was categorized as adequately capitalized with a total risk-based ratio of 9.95%. The Bank monitors these capital ratios on a monthly basis and based on expected 2008 earnings less dividends, the Bank expects to be categorized as well capitalized by January 31, 2008.

11. Commitments and Legal Contingencies

In the ordinary course of business, the Corporation has various outstanding commitments and contingent liabilities that are not reflected in the accompanying consolidated financial statements. In addition, the Corporation is involved in certain claims and legal actions arising in the ordinary course of business. The outcome of these claims and actions are not presently determinable; however, in the opinion of the Corporation's management, after consulting legal counsel, the ultimate disposition of these matters will not have a material adverse effect on the consolidated financial statements.

12. Income Taxes

The Corporation and the Bank file a consolidated federal income tax return. The provision for income taxes for the years ended December 31 is comprised of the following:

(Dollar amounts in thousands)	2007	2006	2005
Current	$ 639	$ 445	$ 556
Deferred	156	47	141
	$ 795	$ 492	$ 697

Notes to Consolidated Financial Statements (Continued)

12. Income Taxes (Continued)

A reconciliation between the provision for income taxes and the amount computed by multiplying operating results before income taxes by the statutory federal income tax rate of 34% for the years ended December 31 is as follows:

	2007		2006		2005	
(Dollar amounts in thousands)	**Amount**	**% Pre-tax Income**	**Amount**	**% Pre-tax Income**	**Amount**	**% Pre-tax Income**
Provision at statutory tax rate	$ 1,187	34.0%	$ 836	34.0%	$ 1,112	34.0%
Increase (decrease) resulting from:						
Tax free interest, net of disallowance	(288)	(8.2)%	(304)	(12.4)%	(313)	(9.6)%
Earnings on BOLI	(65)	(1.9)%	(58)	(2.4)%	(59)	(1.8)%
Other, net	(39)	(1.1)%	18	0.7%	(43)	(1.3)%
Provision	$ 795	22.8%	$ 492	20.0%	$ 697	21.3%

The tax effects of temporary differences between the financial reporting basis and income tax basis of assets and liabilities that are included in the net deferred tax asset as of December 31 relate to the following:

(Dollar amounts in thousands)	**2007**	**2006**
Deferred tax assets:		
Provision for loan losses	$ 680	$ 638
SFAS 158 pension accrual	158	185
Tax credits		148
Intangible assets	101	115
Accrued pension cost	73	77
Net unrealized loss on securities	51	28
Other	33	33
Gross deferred tax assets	1,096	1,224
Deferred tax liabilities:		
Depreciation	354	360
Stock gain	172	172
Prepaid expenses	72	58
Deferred loan fees	55	26
Loan servicing	21	19
Other	46	53
Gross deferred tax liabilities	720	688
Net deferred tax asset	$ 376	$ 536

The Corporation determined that it was not required to establish a valuation allowance for deferred tax assets in accordance with SFAS No. 109, *Accounting for Income Taxes*, since it is more likely than not that the deferred tax asset will be realized through carry-back to taxable income in prior years, future reversals of existing taxable temporary differences, and, to a lesser extent, future taxable income. The Corporation's net deferred tax asset is recorded in the consolidated financial statements as a component of other assets.

Notes to Consolidated Financial Statements (Continued)

12. Income Taxes (Continued)

The adoption of FIN 48 at January 1, 2007 had no impact on the Corporation's financial statements. At January 1, 2007 and December 31, 2007, the Corporation had no FIN 48 unrecognized tax benefits recorded. The Corporation does not expect the total amount of unrecognized tax benefits to significantly increase within the next twelve months. The Corporation recognizes interest and penalties on unrecognized tax benefits in income taxes expense in its Consolidated Statements of Income.

In September 2006, the SEC released SAB 108. The transition provisions of SAB 108 permit the Corporation to adjust for the cumulative effect on retained earnings of immaterial errors relating to prior years. SAB 108 also requires the adjustment of any prior quarterly financial statements within the fiscal year of adoption for the effects of such errors on the quarters when the information is next presented. Such adjustments do not require previously filed reports with the SEC to be amended. In accordance with SAB 108, the Corporation has adjusted beginning retained earnings for fiscal 2006 in the accompanying consolidated balance sheet as described below. The Corporation considers this adjustment to be immaterial to prior periods.

In connection with adopting SAB 108, the Corporation recorded an adjustment to its opening balance sheet for the year ended December 31, 2006. This adjustment, the cumulative effect of which was $120,000, increased retained earnings, reduced accrued income taxes payable and was recorded to properly reflect current taxes payable. During prior year periods, certain tax reserve amounts accumulated in connection with preparing tax provision estimates. These tax reserves were not considered material to prior period consolidated financial statements; however, in evaluating the current tax position of the Corporation, management determined that these reserves were not necessary and, accordingly, made the aforementioned adjustment.

The Corporation and the Bank are subject to U.S. federal income tax as well as a capital-based franchise tax in the Commonwealth of Pennsylvania. The Corporation and the Bank are no longer subject to examination by taxing authorities for years before 2004.

13. Employee Benefit Plans

Defined Benefit Plan

The Corporation provides pension benefits for eligible employees through a defined benefit pension plan. Substantially all employees participate in the retirement plan on a non-contributing basis, and are fully vested after five years of service. The Corporation uses December 31 as the measurement

Notes to Consolidated Financial Statements (Continued)

13. Employee Benefit Plans (Continued)

date for its plans. Information pertaining to changes in obligations and funded status of the defined benefit pension plan is as follows:

(Dollar amounts in thousands)	2007	2006	2005
Change in plan assets:			
Fair value of plan assets at beginning of year	$ 3,525	$ 3,037	$ 2,818
Actual return on plan assets	246	296	164
Employer contribution	360	280	135
Benefits paid	(248)	(88)	(80)
Fair value of plan assets at end of year	3,883	3,525	3,037
Change in benefit obligation:			
Benefit obligation at beginning of year	4,392	3,926	3,276
Service cost	238	213	188
Interest cost	262	237	214
Actuarial (gain)/loss	118	(40)	154
Effect of plan amendment		144	
Effect of change in assumptions	(255)		174
Benefits paid	(247)	(88)	(80)
Benefit obligation at end of year	4,508	4,392	3,926
Funded status (plan assets less benefit obligation)	(625)	(867)	(889)
Unrecognized prior service cost	(271)	(303)	(486)
Unrecognized net actuarial gain	736	847	1,283
Unrecognized transition asset			(48)
Accrued pension cost	$ (160)	$ (323)	$ (140)
Amounts recognized in accumulated other comprehensive loss, net of tax, consists of:			
Accumulated net actuarial gain	$ 485	$ 559	$
Accumulated prior service benefit	(179)	(199)	
Amount recognized, end of year	$ 306	$ 360	$

Amounts recognized in the year end balance sheet consist of:

	Pension Benefits	
(Dollar amounts in thousands)	2007	2006
Prepaid benefit cost	$	$
Accrued benefit cost	(160)	(323)
Intangible assets		
Accumulated other comprehensive loss	(465)	(544)
Net amount recognized	$ (625)	$ (867)

	Pension Benefits	

The accumulated benefit obligation for all defined benefit pension plans was $4.5 million and $3.8 million at year end 2007 and 2006, respectively.

Notes to Consolidated Financial Statements (Continued)

13. Employee Benefit Plans (Continued)

The components of the periodic pension costs are as follows:

(Dollar amounts in thousands)	2007	2006	2005
Service cost	$ 238	$ 213	$ 188
Interest cost	262	237	214
Expected return on plan assets	(303)	(268)	(246)
Transition asset		(8)	(8)
Prior service costs		32	19
Effect of Special Termination Benefits		274	
Net periodic pension cost	$ 197	$ 480	$ 167

Weighted-average actuarial assumptions include the following:

	2007	2006	2005
Discount rate for benefit obligations and net cost	6.50%	6.00%	6.30%
Rate of increase in future compensation levels	4.50%	4.50%	4.50%
Expected rate of return on plan assets	8.50%	8.50%	8.50%

The Corporation's pension plan asset allocation at year end 2007 and 2006, target allocation for 2008, and expected long-term rate of return by asset category are as follows:

Asset Category	Target Allocation 2008	Percentage of Plan Assets at Year End 2007	Percentage of Plan Assets at Year End 2006	Weighted-Average Expected Long-Term Rate of Return 2007
Equity Securities	54%	54%	52%	6.0%
Debt Securities	21%	21%	12%	2.0%
Other	30%	25%	36%	0.5%
		100%	100%	8.5%

The intent of the Plan is to provide a range of investment options for building a diversified asset allocation strategy that will provide the highest likelihood of meeting the aggregate actuarial projections. In selecting the options and asset allocation strategy, the Corporation has determined that the benefits of reduced portfolio risk are best received through asset style diversification. The following asset classes or investment categories are utilized to meet the Plan's objectives: Small company stock, International stock, Mid-cap stock, Large company stock, Diversified bond, Money Market/Stable Value and Cash.

The Corporation expects to contribute approximately $335,000 to its pension plan in 2008.

Notes to Consolidated Financial Statements (Continued)

13. Employee Benefit Plans (Continued)

Estimated future benefit payments, which reflect expected future service, as appropriate, are as follows:

(Dollar amounts in thousands) For year ended December 31,	Pension Benefits
2008	$ 254
2009	247
2010	214
2011	195
2012	227
2013 2017	1,397
Thereafter	1,974
Benefit Obligation	$ 4,508

The Corporation adopted SFAS 158 effective December 31, 2006. SFAS 158 requires an employer to recognize the funded status of its defined benefit pension plan as a net asset or liability in its consolidated balance sheet with an offsetting amount in accumulated other comprehensive income, and to recognize changes in that funded status in the year in which changes occur through comprehensive income. The provisions of SFAS 158 are to be applied on a prospective basis; therefore, prior periods presented are not restated. The adoption of SFAS 158 resulted in the Corporation recording an additional accrued pension liability of $545,000 and a charge of $360,000, net of taxes, to accumulated other comprehensive income. As of December 31, 2007, the Corporation's liability under SFAS 158 was $465,000 and the charge to accumulated other comprehensive income was $306,000, net of taxes. Additionally, SFAS requires an employer to measure the funded status of its defined benefit pension plan as of the date of its year-end financial statements. The Corporation measures the funded status at December 31.

Defined Contribution Plan

The Corporation maintains a defined contribution 401(k) Plan. Employees are eligible to participate by providing tax-deferred contributions up to 20% of qualified compensation. Employee contributions are vested at all times. The Corporation provides a matching contribution of up to 4% of the participant's salary. Matching contributions for 2007, 2006 and 2005 were $130,000, $76,000 and $75,000, respectively.

Supplemental Executive Retirement Plan

During 2003, the Corporation established a Supplemental Executive Retirement Plan (SERP) to provide certain additional retirement benefits to participating executive officers. The SERP was adopted in order to provide benefits to such executives whose benefits are reduced under the Corporation's tax-qualified benefit plans pursuant to limitations under the Internal Revenue Code. The SERP is subject to certain vesting provisions and provides that the executives shall receive a supplemental retirement benefit if the executive's employment is terminated after reaching the normal retirement age of 65. As of December 31, 2007 and 2006, the Corporation's SERP liability was $215,000 and $161,000, respectively. For the years ended December 31, 2007, 2006 and 2005, the Corporation recognized SERP expense of $54,000, $39,000 and $40,000, respectively.

Notes to Consolidated Financial Statements (Continued)

14. Stock Compensation Plans

In May 2007, the Corporation adopted the 2007 Stock Incentive Plan and Trust. Under the Plan, the Corporation may grant options to its directors, officers and employees for up to 177,496 shares of common stock. Incentive stock options, non-incentive or compensatory stock options and share awards may be granted under the Plan. The exercise price of each option shall at least equal the market price of a share of common stock on the date of grant and have a contractual term of ten years. Options shall vest and become exercisable at the rate, to the extent and subject to such limitations as may be specified by the Corporation. Effective January 1, 2007, the Corporation adopted SFAS No. 123(R), Share-Based Payment, which requires that compensation cost related to share-based payment transactions be recognized in the financial statements with measurement based upon the fair value of the equity or liability instruments issued. During 2007, 84,000 of options were granted which vest over a three year period. For the year ended December 31, 2007, the Corporation recognized $31,000, net of taxes, in compensation expense for stock options.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Year ended December 31, 2007
Dividend yield	4.46%
Expected life	10 years
Expected volatility	14.09%
Risk-free interest rate	5.10%

The expected volatility is based on historical stock price fluctuations. The risk-free interest rates for periods within the contractual life of the awards are based on the U.S. Treasury yield curve in effect at the time of the grant. The expected life is based on the maximum term of the options. The dividend yield assumption is based on the Corporation's history and expectation of dividend payouts.

A summary of option activity under the Plan as of December 31, 2007, and changes during the period then ended is presented below:

	Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Weighted-Average Remaining Term (in years)
Outstanding at the beginning of the year		$		
Granted	84,000	26.00		9.5
Exercised				
Forfeited				
Outstanding as of December 31, 2007	84,000	$ 26.00	$	9.5
Exercisable as of December 31, 2007		$	$	

Notes to Consolidated Financial Statements (Continued)

14. Stock Compensation Plans (Continued)

A summary of the status of the Corporation's nonvested shares as of December 31, 2007, and changes during the period then ended is presented below:

	Options	Weighted-Average Grant-date Fair Value
Nonvested at the beginning of the year		$
Granted	84,000	3.39
Vested		
Forfeited		
Nonvested as of December 31, 2007	84,000	$ 3.39

15. Financial Instruments

Fair Value of Financial Instruments

The following table sets forth the carrying amount and fair value of the Corporation's financial instruments included in the consolidated balance sheet as of December 31:

	2007		2006	
(Dollar amounts in thousands)	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets:				
Cash and cash equivalents	$ 10,483	$ 10,483	$ 16,717	$ 16,717
Securities	51,919	51,919	51,774	51,774
Loans receivable	229,819	229,262	213,344	210,362
Federal bank stocks	2,662	2,662	2,217	2,217
Accrued interest receivable	1,365	1,365	1,374	1,374
Financial liabilities:				
Deposits	244,262	245,829	244,492	243,328
Borrowed funds	40,400	41,644	30,000	29,668
Accrued interest payable	771	771	825	825

The methods and assumptions used to estimate fair value are described as follows:

Carrying amount is the estimated fair value for cash and cash equivalents, short-term borrowings, federal bank stocks, accrued interest receivable and payable, demand deposits, short-term debt, and variable rate loans or deposits that reprice frequently and fully. Security fair values are based on market prices or dealer quotes, and if no such information is available, on the rate and term of the security and information about the issuer. For fixed rate loans or deposits and for variable rate loans or deposits with infrequent repricing or repricing limits, fair value is based on discounted cash flows using current market rates applied to the estimated life and credit risk. Fair values for impaired loans are estimated using discounted cash flow analysis or underlying collateral values. Fair value of loans held for sale is based on market quotes. Fair value of debt is based on current rates for similar financing. The fair value of off-balance sheet items is based on the current fees or cost that would be charged to enter into or terminate such arrangements and is not material.

Notes to Consolidated Financial Statements (Continued)

15. Financial Instruments (Continued)

Off-Balance Sheet Financial Instruments

The Corporation is party to credit related financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and commercial letters of credit. Commitments to extend credit involve, to a varying degree, elements of credit and interest rate risk in excess of amounts recognized in the consolidated statement of financial condition. The Corporation's exposure to credit loss in the event of non-performance by the other party for commitments to extend credit is represented by the contractual amount of these commitments, less any collateral value obtained. The Corporation uses the same credit policies in making commitments as for on-balance sheet instruments. The Corporation's distribution of commitments to extend credit approximates the distribution of loans receivable outstanding.

The following table presents the notional amount of the Corporation's off-balance sheet commitment financial instruments as of December 31:

	2007		2006	
(Dollar amounts in thousands)	**Fixed Rate**	**Variable Rate**	**Fixed Rate**	**Variable Rate**
Commitments to make loans	$ 1,054	$ 3,844	$ 189	$ 3,064
Unused lines of credit	182	25,611	771	18,588
	$ 1,236	$ 29,455	$ 960	$ 21,652

Commitments to make loans are generally made for periods of 30 days or less. The fixed rate loan commitments have interest rates ranging from 4.00% to 11.25% and maturities ranging from 5 to 30 years at both year end dates. Commitments to extend credit include agreements to lend to a customer as long as there is no violation of any condition established in the contract. These commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Commitments to extend credit also include unfunded commitments under commercial and consumer lines of credit, revolving credit lines and overdraft protection agreements. These lines of credit may be collateralized and usually do not contain a specified maturity date and may be drawn upon to the total extent to which the Corporation is committed.

Standby letters of credit are conditional commitments issued by the Corporation usually for commercial customers to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Corporation generally holds collateral supporting those commitments if deemed necessary. Standby letters of credit were $869,000 and $463,000 at December 31, 2007 and 2006, respectively. The current amount of the liability as of December 31, 2007 and 2006 for guarantees under standby letters of credit issued is not material.

Notes to Consolidated Financial Statements (Continued)

16. Emclaire Financial Corp. Condensed Financial Statements, Parent Corporation Only

Following are condensed financial statements for the parent company as of and for the years ended December 31:

Condensed Statements of Financial Condition (Dollar amounts in thousands)	December 31, 2007	December 31, 2006
Assets:		
Cash and cash equivalents	$ 83	$ 40
Securities available for sale	3,188	3,235
Equity in net assets of subsidiary bank	22,704	21,828
Other assets		
Total Assets	$ 25,975	$ 25,103
Liabilities and Stockholders' Equity:		
Accrued expenses and other liabilities	$ 1,272	$ 1,186
Stockholders' equity	24,703	23,917
Total Liabilities and Stockholders' Equity	$ 25,975	$ 25,103

Condensed Statements of Operations (Dollar amounts in thousands)	Year ended December 31, 2007	2006	2005
Income:			
Dividends from subsidiary	$ 2,159	$ 1,349	$ 721
Investment income	312	488	917
Total income	2,471	1,837	1,638
Expense:			
Interest expense	81	26	
Noninterest expense	201	100	83
Total expense	282	126	83
Income before income taxes and equity in undistributed operating results of subsidiary	2,189	1,711	1,555
Equity in undistributed net income of subsidiary	501	405	1,241
Income before income taxes	2,690	2,116	2,796
Income tax expense	(7)	150	223
Net income	$ 2,697	$ 1,966	$ 2,573

Notes to Consolidated Financial Statements (Continued)

16. Emclaire Financial Corp. Condensed Financial Statements, Parent Corporation Only (Continued)

Condensed Statements of Cash Flows (Dollar amounts in thousands)	Year ended December 31, 2007	2006	2005
Operating activities:			
Net income	$ 2,697	$ 1,966	$ 2,573
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed operating results of subsidiary	(501)	(405)	(1,241)
Other, net	(109)	(300)	(803)
Net cash provided by operating activities	2,087	1,261	529
Investing activities:			
Purchases of securities	(1,039)	(1,797)	(99)
Proceeds from the sale of available for sale securities	698	814	1,060
Net cash (used in) provided by investing activities	(341)	(983)	961
Financing activities:			
Net change in borrowings	250	850	
Dividends paid	(1,953)	(1,394)	(1,293)
Net cash used in financing activities	(1,703)	(544)	(1,293)
(Decrease) Increase in cash and cash equivalents	43	(266)	197
Cash and cash equivalents at beginning of period	40	306	109
Cash and cash equivalents at end of period	$ 83	$ 40	$ 306

17. Other Comprehensive Loss

Other comprehensive loss components and related taxes were as follows:

(Dollar amounts in thousands)	2007	2006	2005
Unrealized holding gains (losses) on available for sale securities	$ 142	$ 356	$ (1,084)
Reclassification adjustment for gains later recognized in income	(207)	(400)	(857)
Amortization of pension prior service cost	(31)		
Amortization of pension net actuarial loss	112		
Net unrealized losses	16	(44)	(1,941)
Tax effect	(5)	14	660
Other comprehensive loss	$ 11	$ (30)	$ (1,281)

(Dollar amounts in thousands)	2007	2006	2005

18. Other Noninterest Income and Expense

Other noninterest income includes customer bank card processing fee income of $267,000, $232,000 and $209,000 for 2007, 2006 and 2005, respectively.

Notes to Consolidated Financial Statements (Continued)

18. Other Noninterest Income and Expense (Continued)

The following summarizes the Corporation's other noninterest expenses for the years ended December 31:

(Dollar amounts in thousands)	2007	2006	2005
Professional fees	$ 497	$ 323	$ 292
Customer bank card processing	263	231	241
Correspondent bank and courier fees	204	214	150
Printing and supplies	178	195	189
Travel, entertainment and conferences	178	162	148
Marketing and advertising	175	154	109
Telephone and data communications	157	148	142
Postage and freight	156	135	140
Pennsylvania shares and use taxes	152	116	272
Other	525	455	714
Total other noninterest expenses	$ 2,485	$ 2,133	$ 2,397

Notes to Consolidated Financial Statements (Continued)

19. Quarterly Financial Data (unaudited)

The following is a summary of selected quarterly data for the years ended December 31:

(Dollar amounts in thousands, except share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2007:				
Interest income	$ 4,312	$ 4,416	$ 4,535	$ 4,592
Interest expense	2,003	1,918	1,939	2,026
Net interest income	2,309	2,498	2,596	2,566
Provision for loan losses	45	30	45	136
Net interest income after provision for loan losses	2,264	2,468	2,551	2,430
Noninterest income	730	772	696	745
Noninterest expense	2,310	2,336	2,255	2,263
Income before income taxes	684	904	992	912
Provision for income taxes	133	197	238	227
Net income	$ 551	$ 707	$ 754	$ 685
Basic earnings per share	$ 0.43	$ 0.56	$ 0.59	$ 0.54
2006:				
Interest income	$ 3,744	$ 3,931	$ 4,240	$ 4,344
Interest expense	1,482	1,614	1,855	2,017
Net interest income	2,262	2,317	2,385	2,327
Provision for loan losses	31	47	90	190
Net interest income after provision for loan losses	2,231	2,270	2,295	2,137
Noninterest income	727	769	793	645
Noninterest expense	2,214	2,253	2,264	2,678
Income before income taxes	744	786	824	104
Provision for income taxes	159	184	132	17
Net income	$ 585	$ 602	$ 692	$ 87
Basic earnings per share	$ 0.46	$ 0.47	$ 0.55	$ 0.07

Report of Independent Registered Public Accounting Firm

Audit Committee, board of directors and Stockholders
Emclaire Financial Corp.
Emlenton, Pennsylvania

We have audited the accompanying consolidated balance sheets of Emclaire Financial Corp. and its subsidiary (the "Corporation") as of December 31, 2007 and 2006, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2007. The Corporation's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements 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 are free of material misstatement. The Corporation is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Emclaire Financial Corp. and its subsidiary as of December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, on January 1, 2006, the Corporation has given retroactive effect to the change to the dual method of quantifying misstatements of prior year financial statements. The dual method is required by SEC Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements." Also, on December 31, 2006, the Corporation changed its method of accounting for defined benefit pension and other postretirement plans by adopting Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)."

Beard Miller Company LLP
Pittsburgh, Pennsylvania
March 19, 2008

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information that is different. This prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any of the securities offered hereby to any person in any jurisdiction in which such offer or solicitation would be unlawful. The affairs of Emclaire may change after the date of this prospectus. Delivery of this document and the sales of shares made hereunder does not mean otherwise.

EMCLAIRE FINANCIAL CORP.

Up to 200,000 Shares of Common Stock

Prospectus

____________________, 2008

PART II INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

Type of Expense	Amount(1)
Legal fees and expenses:*	
Emclaire Financial Corp.	$ 175,000
Elk County Savings and Loan Association	50,000
Accounting fees and expenses*	25,000
Appraisal fees and expenses*	35,000
Marketing agent fees and expenses*	100,000
Conversion agent and data processing fees*	30,000
Printing, postage and mailing*	45,000
SEC registration fee	201
OTS filing fee	10,000
Department filing fee	2,000
Blue sky filing fees*	5,000
Transfer agent*	5,000
Miscellaneous expenses*	17,799
TOTAL	$ 500,000

* Estimated

(1) Emclaire Financial Corp. ("Emclaire") has retained Keefe, Bruyette & Woods, Inc. to assist in selling shares of Emclaire common stock in the offering on a best efforts basis. Fees are estimated assuming that the maximum number of shares of common stock being offered will be sold.

Item 14. Indemnification of Directors and Officers.

Limitation of Liability of Directors. Section 1713 of the Pennsylvania Business Corporation Law ("PBCL") permits a corporation to provide in its bylaws that a director shall not be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director unless (a) the director has breached or failed to perform the duties of his office under Pennsylvania law, and (b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness. Such provision shall not apply to (i) the responsibility or liability of a director pursuant to a criminal statute, or (ii) the liability of a director for the payment of taxes pursuant to Federal, State or local law.

Emclaire's bylaws provide for such limitation of liability to the fullest extent permitted by the PBCL. Section 12.5 of the bylaws states that directors shall not be personally liable for monetary damages for any action taken, or any failure to take any action, unless (i) the director has breached or failed to perform the duties of his office under Article 12 of the bylaws; and (ii) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

Indemnification of Directors and Officers. Article 24 of Emclaire's bylaws provides, in accordance with Sections 1741 and 1742 of the PBCL, that Emclaire shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding, including actions by or in the right of Emclaire, whether civil, criminal, administrative, arbitrative or investigative, by reason of the fact that such person is or was a director, officer, employee or agent of Emclaire, or is or was serving at Emclaire's request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by

such person in connection with such action or proceeding to the fullest extent permitted under PBCL. In order to be eligible for indemnification, the director, officer, employee or agent must have acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests or Emclaire and, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful.

Pursuant to Section 1745 of the PBCL and Article 24 of Emclaire's bylaws, Emclaire may pay in advance any expenses (including attorneys' fees) which may become subject to indemnification if the person receiving the payment undertakes in writing to repay the same if it is ultimately determined that he or she is not entitled to indemnification by Emclaire. Section 1746 of the PBCL and Article 24 of Emclaire's bylaws also provide that the rights to indemnification and advancement of expenses are not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise.

Insurance. Pursuant to Section 1747 of the PBCL and Article 24 of Emclaire's bylaws, Emclaire may purchase and maintain insurance on behalf of any person who is eligible for indemnification, against any liability incurred by him or her in any such position, or arising out of his or her status as such, whether or not Emclaire would have power to indemnify him or her against such liability under the indemnification provisions contained in the PBCL or Emclaire's bylaws. Emclaire's directors and officers are insured against losses arising from any claim against them such as wrongful acts or omissions, subject to certain limitations.

Item 15. Recent Sales of Unregistered Securities.

Not Applicable.

Item 16. Exhibits and Financial Statement Schedules.

The exhibits and financial statement schedules filed as part of this registration statement are as follows:

(a) List of Exhibits

1.1 Engagement Letter between Emclaire Financial Corp., Elk County Savings and Loan Association, and Keefe, Bruyette & Woods, Inc.*

1.2 Form of Agency Agreement*

2.1 Plan of Conversion Merger of Elk County Savings and Loan Association with The Farmers National Bank of Emlenton*

2.2 Agreement and Plan of Conversion Merger by and among Emclaire Financial Corp., The Farmers National Bank of Emlenton and Elk County Savings and Loan Association*

3.1 Amended and Restated Articles of Incorporation of Emclaire Financial Corp.(1)

3.2 Bylaws of Emclaire Financial Corp.(1)

4 Specimen Stock Certificate of Emclaire Financial Corp.(2)

5 Opinion of Patton Boggs LLP regarding the legality of the securities being registered*

8 Tax Opinion of Patton Boggs LLP

10.1 Employment Agreement between Emclaire Financial Corp., The Farmers National Bank of Emlenton and David L. Cox, dated as of July 1, 2007(3)

10.2 Employment Agreement between Emclaire Financial Corp., The Farmers National Bank of Emlenton and William C. Marsh, dated as of July 1, 2007(3)

10.3	Change in Control Agreement between Emclaire Financial Corp., The Farmers National Bank of Emlenton and Raymond M. Lawton, dated as of July 1, 2007(3)
10.4	Form of Group Term Carve-Out Plan between The Farmers National Bank of Emlenton and 20 Officers and Employees(4)
10.5	Form of Supplemental Executive Retirement Plan Agreement between The Farmers National Bank of Emlenton and Six Officers(4)
11	Statement regarding computation of earnings per share (see Notes to Consolidated Financial Statements)
21	Subsidiaries of the Registrant (see information contained herein under "Business of Emclaire Subsidiary Activity")
23.1	Consent of Patton Boggs LLP (included in Exhibits 5 and 8)
23.2	Consent of Beard Miller Company LLP
23.3	Consent of RP Financial, LC.*
24	Power of Attorney (included on signature page)*
99.1	Marketing Materials*
99.2	Order and Acknowledgment Form*

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* Previously filed.

(1) Incorporated by reference to the Registrant's Registration Statement on Form SB-2, as amended, (File No. 333-11773) declared effective by the SEC on October 25, 1996.

(2) Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for the year ended December 31, 1997.

(3) Incorporated by reference to the Registrant's Current Report on Form 8-K filed on June 27, 2007.

(4) Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for the year ended December 31, 2002.

(b) Financial Statement Schedules

Financial statement schedules have been omitted because the required information is not applicable or is included in the Consolidated Financial Statements or related notes.

Item 17. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) For the purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registration pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration as of the time it was declared effective.

(5) For the purposes of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Emlenton, the Commonwealth of Pennsylvania, on August 12, 2008.

EMCLAIRE FINANCIAL CORP.

By: /s/ DAVID L. COX

David L. Cox
Chairman of the Board, President and
Chief Executive Officer
(Duly Authorized Representative)

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

Name and Signature	Title	Date
/s/ DAVID L. COX David L. Cox	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	August 12, 2008
/s/ WILLIAM C. MARSH William C. Marsh	Chief Financial Officer, Treasurer and Director (Principal Financial and Accounting Officer)	August 12, 2008
* Ronald L. Ashbaugh	Director	August 12, 2008
* Brian C. McCarrier	Director	August 12, 2008
* James M. Crooks	Director	August 12, 2008
* George W. Freeman	Director	August 12, 2008
* Mark A. Freemer	Director	August 12, 2008
* Robert L. Hunter	Director	August 12, 2008

*		
Michael King	Director	August 12, 2008
*		
John B. Mason	Director	August 12, 2008

*By: /s/ DAVID L. COX

David L. Cox
Attorney-in-Fact

QuickLinks