NUVEEN PREMIUM INCOME MUNICIPAL FUND INC
Form DEF 14A
June 22, 2011

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 þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement.
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**.
þ Definitive Proxy Statement.
o Definitive Additional Materials.
o 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):

þ No fee required.
o 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:

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o 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:

Important Notice to Fund Shareholders

June 22, 2011

Although we recommend that you read the complete Proxy Statement, for your convenience, we have provided a brief overview of the issues to be voted on.

Q. Why am I receiving this Proxy Statement?

A. You are receiving this Proxy Statement as a Fund shareholder in connection with the annual shareholders meetings for the Nuveen municipal closed-end funds listed at the top of the Notice of Annual Meeting of Shareholders.

You are being asked to vote on a number of important matters:

(i) Updated Investment Policies (Affected Municipal Funds (as defined in the Proxy Statement)). Nuveen s municipal closed-end funds are seeking to adopt a uniform, up to date set of investment policies (the New Investment Policies). These funds were launched at various times over the past 20 years, and currently have a somewhat diverse set of policies, which reflect developments over that time in the municipal market, including new types of securities as well as investment strategies. As part of a continual process of evaluating and updating investment policies, the Funds over the past several years have taken a series of actions designed to both update and to standardize policies as appropriate across all Nuveen municipal bond closed-end funds. The actions recommended in the Proxy Statement are the latest in that ongoing process.

(ii) Approval of Fund Board Nominees (All Funds). Each year, you and other Fund shareholders must approve the election of Board members to serve on your Fund s Board. This is a requirement for all funds that list their common shares on a stock exchange. The Funds described in this Proxy Statement are holding their annual shareholders meetings at which Board members will be elected. The list of specific nominees is contained in the enclosed Proxy Statement.

Your Fund s Board of Trustees/Directors, including your Board s independent members, unanimously recommends that you vote **FOR** each proposal.

Your vote is very important. We encourage you as a shareholder to participate in your Fund s governance by returning your vote as soon as possible. If enough shareholders don t cast their votes, your Fund may not be able to hold its meeting or the vote on each issue, and will be required to incur additional solicitation costs in order to obtain sufficient shareholder participation.

Q. What are the potential benefits of the New Investment Policies for common shareholders of the Affected Municipal Funds?

A. Investment policies currently vary across otherwise similar Nuveen municipal closed-end funds, reflecting evolving markets and guidelines as the different funds were launched over the past 20 years. As part of a continuing broader best practices initiative begun approximately 3 years ago, all Nuveen municipal closed-end funds, including the Affected Municipal Funds, are seeking to adopt a uniform set of investment policies that reflect municipal market and regulatory developments over time. Among other things, the proposed New Investment Polices would permit all Affected Municipal Funds to make loans to the extent permitted by securities laws. This is intended to provide each Fund the flexibility to make loans in circumstances where a municipal issuer is in distress, if Nuveen Fund Advisors, Inc. believes that doing so would both:

- facilitate a timely workout of the issuer s situation in a manner that benefits the Fund; and
- is the best choice for reducing the likelihood or severity of loss on the Fund s investment.

In addition, all funds registered under the Investment Company Act of 1940 are required to have a policy regarding investments in commodities. This category includes several types of investments, including certain types of derivative investments that have developed over time, and which a fund may potentially use as it seeks to enhance return, to hedge some of the risks of its investments in fixed income securities or as a substitute for a position in the underlying asset. The commodity and derivative policy changes stated in this Proxy Statement seek to increase Nuveen Fund Advisors, Inc. s flexibility to use derivatives in these ways in pursuit of Fund investment objectives, which have not changed.

The potential benefits to common shareholders (of Nuveen Premium Income Municipal Fund, Inc. and Nuveen Performance Plus Municipal Fund, Inc.) from changes to investment policies relating to investments in municipal securities, below investment grade securities, other investment companies and derivatives, short sales and commodities include:

enhanced ability of the Funds to generate attractive tax-free income while retaining their orientation on investment grade quality municipal securities;

increased flexibility in diversifying portfolio risks and managing duration (the sensitivity of bond prices to interest rate changes) to pursue the preservation of and possible growth of capital, which, if successful, will help to sustain and build net asset value; and

improved secondary market competitiveness that may lead to a higher relative market price and/or stronger premium/discount performance.

Harmonizing and updating these and other investment objectives noted in the Proxy Statement is intended to benefit common shareholders by increasing portfolio manager efficiency and flexibility to take advantage of a wide range of appropriate opportunities in the municipal bond markets in pursuit of Fund investment objectives.

Q. What are the potential benefits of the New Investment Policies for preferred shareholders of the Affected Municipal Funds?

A. The potential benefits to preferred shareholders are increased flexibility in diversifying portfolio risks, optimizing returns on current investments and managing duration (the sensitivity of bond prices to interest rate changes) to pursue the preservation of and possible growth of capital, which, if successful, will help to sustain and build net asset value and therefore asset coverage levels for preferred shares.

Q. What actions are required in order to implement the New Investment Policies?

A. In order to implement the New Investment Policies and obtain the potential benefits described above, each Affected Municipal Fund must make certain changes to its existing policies, including certain fundamental policies that require approval of shareholders. In some cases, this may require shareholder approval of the elimination of an existing fundamental policy as well as the implementation of a new replacement fundamental policy. Because each Affected Municipal Fund is situated somewhat differently, the specific changes required to implement the New Investment Policies may vary from Fund to Fund.

Q. What happens if shareholders don t approve the elimination of the fundamental investment policies and/or don t approve the New Investment Policy or Policies?

A.

An Affected Municipal Fund will not be able to implement the New Investment Policies as discussed above. The Affected Municipal Fund would likely incur further expenses to solicit additional shareholder participation, and may experience potential disruptions to its investment operations. The Boards of the Affected Municipal Funds urge you to vote without delay in order to avoid the potential for higher costs and/or disruptions to portfolio operations.

Q. Who do I call if I have questions?

A. If you need any assistance, or have any questions regarding the proposals or how to vote your shares, please call Computershare Fund Services, your Fund s proxy solicitor, at (866) 434-7510. Please have your proxy materials available when you call.

Q. How do I vote my shares?

A. You can vote your shares by completing and signing the enclosed proxy card, and mailing it in the enclosed postage-paid envelope. Alternatively, you may vote by telephone by calling the toll-free number on the proxy card or by computer by going to the Internet address provided on the proxy card and following the instructions, using your proxy card as a guide.

Q. Will anyone contact me?

A. You may receive a call from Computershare Fund Services, the proxy solicitor hired by your Fund, to verify that you received your proxy materials, to answer any questions you may have about the proposals and to encourage you to vote your proxy.

We recognize the inconvenience of the proxy solicitation process and would not impose on you if we did not believe that the matters being proposed were important and in the best interests of the Fund s shareholders. Once your vote has been registered with the proxy solicitor, your name will be removed from the solicitor s follow-up contact list.

333 West Wacker Drive
Chicago, Illinois 60606
(800) 257-8787

Notice of Annual Meeting
of Shareholders
July 25, 2011

June 22, 2011

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 Insured Municipal Income 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 Insured Dividend Advantage Municipal Fund (NVG, NVG PrC)
Nuveen Insured Municipal Opportunity Fund, Inc. (NIO)
Nuveen Insured Premium Income Municipal Fund 2 (NPX)
Nuveen Insured Quality Municipal Fund, Inc. (NQI)
Nuveen Insured Tax-Free Advantage Municipal 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)

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 Insured Municipal Opportunity Fund, Inc. (Insured Municipal Opportunity), Nuveen Insured Quality Municipal Fund, Inc. (Insured Quality), Nuveen Premier Municipal Income Fund, Inc. (Premier Municipal), Nuveen Premier Insured Municipal Income Fund, Inc. (Premier Insured), 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 Insured Dividend Advantage Municipal Fund (Insured Dividend Advantage), Nuveen Insured Premium Income Municipal Fund 2 (Insured Premium Income 2), Nuveen Insured Tax-Free Advantage Municipal Fund (Insured Tax-Free Advantage), 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), 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 Monday, July 25, 2011, 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 Insured, Premium Income 2, Premium Income 4 and Insured Municipal Opportunity, and Variable Rate MuniFund Term Preferred Shares for Premium Income, Performance Plus and Insured Quality (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 and Municipal Income, to elect three (3) Board Members.

c. 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, Municipal High Income and Municipal High Income 2, to elect five (5) Board Members:

(i) three (3) Board Members to be elected by the holders of Common Shares and Municipal Auction Rate Cumulative Preferred Shares and/or Municipal Fund Term Preferred Shares for Dividend Advantage, Dividend Advantage 3, Insured Dividend Advantage and Insured Tax-Free Advantage, and Variable Rate Demand Preferred Shares for Dividend Advantage 2 and Insured Premium Income 2 (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.

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

e. For Municipal High Income, to elect five (5) Board Members.

2. To approve the elimination of fundamental investment policies and/or to approve the new fundamental investment policies for the Affected Municipal Funds (as defined in the Proxy Statement).

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

Shareholders of record at the close of business on May 31, 2011 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

June 22, 2011

This Joint Proxy Statement is first being mailed to shareholders on or about June 22, 2011.

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 Insured Municipal Income 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 Insured Dividend Advantage Municipal Fund (NVG, NVG PrC)
Nuveen Insured Municipal Opportunity Fund, Inc. (NIO)
Nuveen Insured Premium Income Municipal Fund 2 (NPX)
Nuveen Insured Quality Municipal Fund, Inc. (NQI)
Nuveen Insured Tax-Free Advantage Municipal 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)

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 Insured Municipal Opportunity Fund, Inc. (Insured Municipal Opportunity), Nuveen Insured Quality Municipal Fund, Inc. (Insured Quality), Nuveen Premier Municipal Income Fund, Inc. (Premier Municipal), Nuveen Premier Insured Municipal Income Fund, Inc. (Premier Insured), 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 Insured Dividend Advantage Municipal Fund (Insured Dividend Advantage), Nuveen Insured Premium Income Municipal Fund 2 (Insured Premium Income 2), Nuveen Insured Tax-Free Advantage Municipal Fund (Insured Tax-Free Advantage), 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), 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 Monday, July 25, 2011, 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 and FOR the elimination of the fundamental investment policies and the adoption of new fundamental investment policies for Municipal Income, Premium Income, Performance Plus, Municipal Advantage, Municipal Market Opportunity, Investment Quality, Select Quality, Quality Income, Premier Municipal, Premier Insured, Premium Income 2, Premium Income 4, Dividend Advantage, Dividend Advantage 2, Dividend Advantage 3, Insured Dividend Advantage, Insured Municipal Opportunity, Insured Premium Income 2, Insured Quality, Insured Tax-Free Advantage, Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio and New York Portfolio (each an Affected Municipal

Fund and, collectively, the Affected Municipal Funds). 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.	X	X
1(b)	For Municipal Value and Municipal Income, election of three (3) Board Members by all shareholders.	X	N/A
1(c)(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, Municipal High Income and Municipal High Income 2), election of three (3) Board Members by all shareholders.	X	X
1(c)(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, Municipal High Income and Municipal High Income 2), election of two (2) Board Members by Preferred Shares only.	X	X
1(d)	For Enhanced Value, Municipal Value 2, Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio, New York Portfolio, Build America and Municipal High Income 2, election of three (3) Board	X	N/A

	Members by all shareholders.		
1(e)	For Municipal High Income, election of five (5) Board Members by all shareholders.	X	N/A

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Matter		Common Shares	Preferred Shares[1]
2	For the Affected Municipal Funds, to approve the elimination of fundamental investment policies and/or to approve the new fundamental investment policies.	X	X
2(a)	For each Affected Municipal Fund, to approve the elimination of the Fund s fundamental investment policy relating to the Fund s ability to make loans.	X	X
2(b)	For each Affected Municipal Fund, to approve the new fundamental investment policy relating to the Fund s ability to make loans.	X	X
2(c)	For Premium Income and Performance Plus, to approve the elimination of each Fund s fundamental investment policy relating to investments in municipal securities and below investment grade securities.	X	X
2(d)	For Premium Income and Performance Plus, to approve the new fundamental investment policy relating to investments in municipal securities.	X	X
2(e)	For Premium Income and Performance Plus, to approve the elimination of each Fund s fundamental investment policy relating to investing in other investment companies.	X	X
2(f)	For Premium Income and Performance Plus, to approve the elimination of each Fund s fundamental investment policy relating to commodities.	X	X
2(g)	For Premium Income and Performance Plus, to approve the new fundamental investment policy relating to commodities.	X	X
2(h)	For Premium Income and Performance Plus, to approve the elimination of fundamental investment policies relating to derivatives and short sales.	X	X

(1) Variable Rate Demand Preferred Shares for Municipal Advantage, Municipal Market Opportunity, Investment Quality, Select Quality, Quality Income, Premier Municipal, Premier Insured, Premium Income 2, Premium Income 4, Dividend Advantage 2, Insured Municipal Opportunity and Insured Premium Income 2; Variable Rate MuniFund Term Preferred Shares for Premium Income, Performance Plus and Insured Quality; and, Municipal Auction Rate Cumulative Preferred Shares and/or Municipal Fund Term Preferred Shares for Dividend Advantage, Dividend Advantage 3, Insured Dividend Advantage and Insured Tax-Free Advantage 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 and New York Portfolio do not currently have Preferred Shares outstanding.

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, Municipal High Income and Municipal High Income 2), 331/3% 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. For purposes of determining the approval of the elimination of the fundamental investment policies and the approval of the new fundamental investment policies for the Affected Municipal Funds, a change will only be consummated if approved by the affirmative vote of the holders of a majority of the outstanding shares of a Fund s Common Shares and Preferred Shares, voting together as a single class, and of the Preferred Shares, voting as a separate class, as defined in the Investment Company Act of 1940, as amended (the 1940 Act), as (a) 67% or more of the voting securities present at the Annual Meeting, if the holders of more than 50% of the outstanding voting securities are present or represented by proxy; or (b) more than 50% of the outstanding voting securities, whichever is less. For purposes of determining the approval of the elimination of the fundamental investment policies and the approval of the new fundamental investment policies, abstentions and broker non-votes will have the same effect as shares voted against the proposal.

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 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 Preferred Shares with respect to a particular item if, among other things, (i) a minimum of 30% of the Preferred Shares or shares of a series of Preferred Shares outstanding has been voted by the holders of such shares with respect to such item and (ii) less than 10% of the Preferred Shares or shares of a series of 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 May 31, 2011 will be entitled to one vote for each share held and a proportionate fractional vote for each fractional share held. As of May 31, 2011, the shares of the Funds were issued and outstanding as follows:

Fund	Ticker Symbol*	Common Shares	Preferred Shares	
Municipal Value	NUV	198,347,433	N/A	
Municipal Value 2	NUW	12,878,142	N/A	
Municipal Income	NMI	8,219,747	N/A	
Enhanced Value	NEV	19,256,862	N/A	
Premium Income	NPI	63,911,894	VMTP Series 1	4,024
Performance Plus	NPP	59,952,462	VMTP Series 1	4,217
Municipal Advantage	NMA	43,502,742	VRDP Series 1	2,968
Municipal Market Opportunity	NMO	45,809,174	VRDP Series 1	3,509
Investment Quality	NQM	35,857,259	VRDP Series 1	2,118
Select Quality	NQS	34,279,013	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 Insured	NIF	19,473,685	VRDP Series 1	1,309
Premium Income 2	NPM	70,692,851	VRDP Series 1	4,895
Premium Income 4	NPT	43,281,755	VRDP Series 1	2,622

Dividend Advantage	NAD	39,296,352	Series M	1,628
			Series T	1,628
			Series TH	1,547
			MTP PrC	14,430,000
Dividend Advantage 2	NXZ	29,461,807	VRDP Series 1	1,960
Dividend Advantage 3	NZF	40,392,021	Series W	2,246
			Series TH	2,245
			Series F	2,245
			MTP PrC	7,000,000
Municipal High Income	NMZ	27,481,452	N/A	
Municipal High Income 2	NMD	17,832,991	N/A	
Insured Dividend Advantage	NVG	29,802,900	Series M	1,247
			Series T	1,217
			Series TH	1,214
			MTP PrC	10,800,000
Insured Municipal Opportunity	NIO	95,610,971	VRDP Series 1	6,672
Insured Premium Income 2	NPX	37,353,512	VRDP Series 1	2,190
Insured Quality	NQI	38,420,394	VMTP Series 1	2,404
Insured Tax-Free Advantage	NEA	22,241,117	Series T	1,104
			Series W	1,105
			Series W2	486
			MTP PrC	8,300,000
Select Maturities	NIM	12,424,973	N/A	
Select Portfolio	NXP	16,511,417	N/A	

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Fund	Ticker Symbol*	Common Shares	Preferred Shares
Select Portfolio 2	NXQ	17,695,939	N/A
Select Portfolio 3	NXR	13,018,458	N/A
California Portfolio	NXC	6,267,289	N/A
New York Portfolio	NXN	3,916,591	N/A
Build America	NBB	26,461,985	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.

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

With respect to Municipal Value, Board Members Amboian, Kundert and Toth 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 2014 or until their successors have been duly elected and qualified. Board Members Bremner, Evans, Hunter, Schneider, Stockdale, Stone and Stringer are current and continuing Board Members. Board Members Bremner, Evans and Schneider have been designated as Class III Board Members for a term expiring at the annual meeting of shareholders in 2012 or until their successors have been duly elected and qualified. 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.

With respect to Municipal Income, Board Members Amboian, Kundert and Toth have been designated as Class I Board Members and as nominees for Board Members for a term expiring at the annual meeting of shareholders in 2014 or until their successors have been duly elected and qualified. Board Members Bremner, Evans, Hunter, Schneider, Stockdale, Stone and Stringer are current and continuing Board Members. Board Members Bremner, Evans and Schneider have been designated as Class II Board Members for a term expiring at the annual meeting of shareholders in 2012 or until their successors have been duly elected and qualified. 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.

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, 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.

c. **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, Municipal High Income and Municipal High Income 2:**

    (i) three (3) Board Members are to be elected by holders of Common Shares and Preferred Shares, voting together as a single class. Board Members Amboian, Kundert and Toth 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 2014 or until their successors have been duly elected and qualified. Board Members Bremner, Evans, Stockdale, Stone and Stringer are current and continuing Board Members. Board Members Bremner and Evans have been designated as Class III Board Members for a term expiring at the annual meeting of shareholders in 2012 or until their successors have been duly elected and qualified. 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.

(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.

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

three (3) Board Members are to be elected by all shareholders. Board Members Amboian, Kundert and Toth 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 2014 or until their successors have been duly elected and qualified. Board Members Bremner, Evans, Hunter, Schneider, Stockdale, Stone and Stringer are current and continuing Board Members. Board Members Bremner, Evans and Schneider have been designated as Class III Board Members for a term expiring at the annual meeting of shareholders in 2012 or until their successors have been duly elected and qualified. 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.

e. **For Municipal High Income:**

five (5) Board Members are to be elected by all shareholders. Board Members Amboian, Kundert and Toth 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 2014 or until their successors have been duly elected and qualified. Board Member Hunter has been re-designated as a Class I Board Member and as nominee for a term expiring at the annual meeting of shareholders in 2013 or until a successor is duly elected and qualified. Board Member Schneider has been re-designated as a Class III Board Member and as nominee for a term expiring at the annual meeting of shareholders in 2012 or until a successor is duly elected and qualified. Board Members Bremner, Evans, Stockdale, Stone and Stringer are current and continuing Board Members. Board Members Bremner and Evans have been designated as Class III Board Members for a term expiring at the annual meeting of shareholders in 2012 or until their successors have been duly elected and qualified. 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.

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 other than Board Member Stringer was last elected to each Fund s Board at the annual meeting of shareholders held on July 27, 2010 and, for Premium Income, Premium Income 4 and Performance Plus, adjourned to September 9, 2010.

For Municipal Value, 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. Board Members Bremner, Evans and Schneider were last elected as Class III Board Members at the annual meeting of shareholders held on July 28, 2009.

For Municipal Income, 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. Board Members Bremner, Evans and Schneider were last elected as Class II Board Members at the annual meeting of shareholders held on July 28, 2009.

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 and Municipal High Income 2, Board Members Stockdale and Stone were last elected to each Fund s Board as Class I Board Members and Board Members Hunter and Schneider were last elected to each Fund s Board by holders of Preferred Shares at the annual meeting of shareholders held on July 27, 2010; Board Members Bremner and Evans were last elected to each Fund s Board as Class III Board Members at the annual meeting of shareholders held on July 28, 2009 adjourned to September 1, 2009.

For Enhanced Value and Municipal Value 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. Each other Board Member except for Board Member Stringer was elected by the initial shareholder of Enhanced Value and Municipal Value 2, respectively, Nuveen Fund Advisors, Inc. (the Adviser), on July 28, 2009 and February 23, 2009.

For 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. Board Members Bremner, Evans and Schneider were last elected as Class III Board Members at the annual meeting of shareholders held on July 28, 2009.

For Build America, each Board Member except for Board Member Stringer 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 and Municipal Value and as a Class III Board Member for Municipal Income.

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 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 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, Independent Directors Council, affiliated with the Investment Company Institute.	245	N/A
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); Director and Chairman, United Fire Group, a publicly held company; President Pro Tem of the Board of Regents for the State of Iowa University System; Director, Source Media Group; Life Trustee of Coe College and	245	See Principal Occupation Description

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.

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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 Overseen by Board Member	Other Directorships Held by Board Member During the Past Five Years
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 2011[2] Length of Service: Since 2004	Dean (since 2006), Tippie College of Business, University of Iowa; Director (since 2005), Beta Gamma Sigma International Honor Society; Director (since 2004) of Xerox Corporation; 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).	245	See Principal Occupation Description
David J. Kundert* c/o Nuveen Investments, Inc.	Board Member	Term: Annual or Class II Board	Director, Northwestern Mutual	245	See Principal

333 West Wacker Drive Chicago, IL 60606 (10/28/42)	Member until 2011(2) Length of Service: Since 2005	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.	Occupation Description
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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 Overseen by Board Member	Other Directorships Held by Board Member During the Past Five Years
William J. Schneider* 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; formerly, Senior Partner and Chief Operating Officer (retired, 2004) of Miller-Valentine Group; Member, Mid-America Health System Board; Member, University of Dayton Business School Advisory Council; formerly, Member, Dayton Philharmonic Orchestra Association; formerly, Director, Dayton Development Coalition; formerly, Member, Business Advisory Council, Cleveland Federal Reserve Bank.	245	See Principal Occupation Description
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)	Executive Director, Gaylord and Dorothy Donnelley Foundation (since 1994); prior	245	N/A

		Length of Service: Since 1997	thereto, Executive Director, Great Lakes Protection Fund (from 1990 to 1994).		
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); Director, Chicago Board Options Exchange (since 2006); formerly, Commissioner, New York State Commission on Public Authority Reform (2005-2010); formerly, Chair, New York Racing Association Oversight Board (2005-2007).	245	See Principal Occupation Description

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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 Overseen by Board Member	Other Directorships Held by Board Member During the Past Five Years
Virginia L. Stringer[3] 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; Member, Governing Board, Investment Company Institute s Independent Directors Council; governance consultant and non-profit board member; 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; Independent Director, First American Fund Complex (1987-2010) and Chair (1997-2010).	245	See Principal Occupation Description
				245	

Terence J. Toth* 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 2011(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), and Catalyst Schools of Chicago Board (since 2008); 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).	See Principal Occupation Description

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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 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 Funds					
John P. Amboian(4) 333 West Wacker Drive Chicago, IL 60606 (6/14/61)	Board Member	Term: Annual or Class II Board Member until 2011(2) Length of Service: Since 2008	Chief Executive Officer and Chairman (since 2007) and Director (since 1999) of Nuveen Investments, Inc.; Chief Executive Officer (since 2007) of Nuveen Investments Advisers Inc.; Director (since 1998) formerly, Chief Executive Officer (2007-2010) of Nuveen Fund Advisors, Inc.	245	See Principal Occupation Description

* Also serves as a trustee of Nuveen Diversified Commodity Fund, an exchange-traded commodity pool managed by Nuveen Commodities Asset Management, LLC, an affiliate of each Fund s Adviser.

(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, 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) In December 2010 Nuveen Investments, Inc. purchased from U.S. Bancorp a portion of FAF Advisors, Inc. s (FAF) asset management business (Nuveen/FAF Transaction). In connection with the Nuveen/FAF Transaction, and pursuant to the Nominating and Governance Committee s recommendation and approval, Ms. Stringer

resigned as a board member of various funds affiliated with FAF and was appointed Board Member of the Nuveen funds, with such appointment taking effect on January 1, 2011.

(4) Interested person as defined in the 1940 Act, by reason of being an officer and director of each Fund s Adviser.

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 December 31, 2010 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 December 31, 2010 is set forth in Appendix A. On December 31, 2010, Board Members and executive officers as a group beneficially owned approximately 1,160,000 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 May 31, 2011, each Board Member s individual beneficial shareholdings of each Fund constituted less than 1% of the outstanding shares of each Fund. As of May 31, 2011, the Board Members and executive officers as a group beneficially owned less than 1% of the outstanding shares of each Fund. As of May 31, 2011, no shareholder beneficially owned more than 5% of any class of shares of any Fund, except as provided in Appendix B.

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Compensation

Prior to January 1, 2011, each Independent Board Member received a $100,000 annual retainer plus (a) a fee of $3,250 per day for attendance in person or by telephone at a regularly scheduled meeting of the Board; (b) a fee of $2,500 per meeting for attendance in person where such in-person attendance was required and $1,500 per meeting for attendance by telephone or in person where in-person attendance was not required at a special, non-regularly scheduled board meeting; (c) a fee of $2,000 per meeting for attendance in person or $1,500 per meeting for attendance by telephone at an Audit Committee meeting; (d) a fee of $2,000 per meeting for attendance at a regularly scheduled Compliance, Risk Management and Regulatory Oversight Committee meeting for regular quarterly meetings and $1,000 per meeting for attendance at other non-quarterly meetings; (e) a fee of $1,000 per meeting for attendance in person or by telephone for a meeting of the Dividend Committee; and (f) a fee of $500 per meeting for attendance in person at all other committee meetings, $1,000 for attendance at shareholder meetings on a day on which no regularly scheduled board meeting was held in which in-person attendance was required, $250 per meeting for attendance by telephone at 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. In addition to the payments described above, the Independent Chairman received $50,000 annually and the Lead Independent Director, if any, received $35,000, the chairpersons of the Audit Committee, the Dividend Committee and the Compliance, Risk Management and Regulatory Oversight committee received $7,500 and the chairperson of the nominating and governance committee received $5,000 as additional retainers to the annual retainer paid to such individuals. Independent Board Members also received a fee of $2,500 per day for site visits to entities that provide services to the Nuveen funds on days on which no regularly scheduled 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 committees, however, in general such fees were $1,000 per meeting for attendance in person at any ad hoc committee meeting 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 Funds managed by the Adviser, on the basis of relative net asset sizes although Fund management was able, in its discretion, to establish a minimum amount to be allocated to each Fund. The Board Member affiliated with Nuveen and the Adviser served without any compensation from the Funds.

Effective January 1, 2011, Independent Board Members receive 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 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; 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 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. In addition to the payments described above, the Chairman of the Board receives $75,000, the chairpersons of the Audit Committee, the Dividend Committee and the Compliance, Risk Management and Regulatory Oversight Committee receive $10,000 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 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	Virgina L. Stringer	Terence J. Toth
Municipal Value	6,539	$ 5,589	$ 4,755	$ 5,700	$ 5,740	$ 4,970	$ 4,465	$	$ 5,447
Municipal Value 2	711	602	490	581	593	524	490		585
Municipal Income	296	247	204	242	247	218	204		240
Enhanced Value	1,027	1,784	642	760	777	1,784	638		1,762
Premium Income	5,812	4,765	4,207	5,410	4,968	4,286	4,312		5,083
Performance Plus	5,093	4,498	3,842	4,600	4,621	4,084	3,714		4,403
Municipal Advantage	3,593	3,142	2,685	3,214	3,229	2,887	2,595		3,076
Municipal Market Opportunity	3,834	3,322	2,873	3,441	3,456	3,081	2,777		3,251
Investment Quality	3,298	2,703	2,387	3,069	2,818	2,432	2,447		2,884
Select Quality	2,882	2,545	2,174	2,603	2,615	2,311	2,101		2,491
Quality Income	4,559	4,027	3,440	4,119	4,137	3,657	3,325		3,942
Premier Municipal	1,667	1,428	1,241	1,514	1,485	1,316	1,235		1,433
Premier Insured	1,860	1,525	1,346	1,731	1,590	1,372	1,380		1,627
Premium Income 2	6,794	5,978	4,918	6,324	5,807	5,429	5,041		5,942
Premium Income 4	3,214	2,773	2,399	2,872	2,885	2,583	2,319		2,713
Dividend Advantage	3,824	3,025	2,671	3,434	3,153	2,755	2,737		3,227
Dividend Advantage 2	2,707	2,201	1,907	2,481	2,268	1,967	1,958		2,354
Dividend Advantage 3	3,677	3,049	2,662	3,423	3,143	2,712	2,728		3,251
Municipal High Income	1,788	1,480	1,293	1,663	1,526	1,316	1,326		1,579
Municipal High Income 2	821	712	577	690	703	628	592		694
Insured Dividend Advantage	2,997	2,402	2,096	2,696	2,476	2,241	2,149		2,561
Insured Municipal Opportunity	8,001	7,285	6,035	7,227	7,259	6,731	5,835		6,829
Insured Premium Income 2	2,649	2,269	1,945	2,349	2,361	2,097	1,876		2,215
Insured Quality	3,480	2,854	2,519	3,240	2,975	2,568	2,582		3,044
Insured Tax-Free Advantage	2,249	2,056	1,545	1,987	1,824	2,005	1,584		1,867

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	Virgina L. Stringer	Terence J. Toth
lect Maturities	427	$ 355	$ 296	$ 347	$ 357	$ 313	$ 296	$	$ 34
lect Portfolio	794	672	627	729	757	613	543		654
lect Portfolio 2	811	687	641	745	774	627	555		66
lect Portfolio 3	621	526	491	570	592	480	424		51
lifornia Portfolio	299	253	236	275	285	231	204		24
ew York Portfolio	188	159	149	173	179	145	129		15
ild America	1,730	1,389	1,259	1,413	1,482	1,370	1,190		1,309
tal Compensation om uveen Funds Paid ard embers/Nominees	265,748	230,443	199,401	243,469	243,212	213,579	188,000		230,630

(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	1,032	$ 1,475	$ 3,531	$ 5,700	$ 5,740	$ 2,714	$	$	$ 1,624
Municipal Value 2									
Municipal Income									
Enhanced Value	34	48	156	185	190	81			37
Premium Income	919	1,258	3,114	5,410	4,968	2,341			1,467
Performance Plus	802	1,185	2,734	4,600	4,621	2,237			1,339
Municipal Advantage	566	828	1,915	3,214	3,229	1,580			934
Municipal Market Opportunity	604	875	2,046	3,441	3,456	1,687			979

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Deferred Fees

	Robert P. Bremner	Jack B. Evans	William C. Hunter	David J. Kundert	William J. Schneider	Judith M. Stockdale	Carol E. Stone	Virginia L. Stringer	Terence J. Toth
Investment Quality	521	$ 714	$ 1,767	$ 3,069	$ 2,818	$ 1,328	$	$	$ 832
Select Quality	454	671	1,547	2,603	2,615	1,266			757
Quality Income	718	1,061	2,445	4,119	4,137	2,003			1,200
Premier Municipal	262	376	894	1,514	1,485	719			425
Premier Insured	294	403	995	1,731	1,590	750			470
Premium Income 2	1,074	1,578	3,640	6,324	5,807	2,995			1,715
Premium Income 4	506	731	1,711	2,872	2,885	1,413			817
Dividend Advantage	604	799	1,978	3,434	3,153	1,503			931
Dividend Advantage 2	428	581	1,501	2,481	2,268	1,065			657
Dividend Advantage 3	581	805	1,968	3,423	3,143	1,481			947
Municipal High Income	283	391	963	1,663	1,526	718			457
Municipal High Income 2									
Insured Dividend Advantage	474	634	1,547	2,696	2,476	1,232			747
Insured Municipal Opportunity	1,260	1,920	4,289	7,227	7,259	3,710			2,060
Insured Premium Income 2	418	598	1,485	2,349	2,361	1,138			636
Insured Quality	550	754	1,860	3,240	2,975	1,403			880
Insured Tax-Free Advantage	355	543	1,142	1,987	1,824	1,114			539
Select Maturities									
Select Portfolio	129	185	627	729	757	326			148
Select Portfolio 2	132	189	641	745	774	333			151
Select Portfolio 3	101	144	491	570	592	255			116
California Portfolio	49	70	236	275	285	123			56
New York Portfolio	31	44	149	173	179	77			35
Build America	178	261	915	1,012	1,066	467			196

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 five standing committees: the Executive Committee, the Dividend Committee, the Audit Committee, the Compliance, Risk Management and Regulatory Oversight Committee and the Nominating and Governance 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 or NYSE Amex, 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 or NYSE Amex, 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 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 Investments, 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 under 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 or NYSE Amex 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.

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/Info/Shareholder/.

Board Diversification and Board Member Qualifications. In determining that a particular Board member was qualified to serve on the Board, the Board has considered 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 Investments, Inc. 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 Investments as Executive Vice President and Chief Financial Officer. Prior to joining Nuveen Investments, 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 Investments, Inc. 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 President Pro Tem of the Board of Regents for the State of Iowa University System, is a Life Trustee of Coe College and is a member of the Advisory Council of the Department of Finance in the Tippie College of Business, University of Iowa. 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 and Wellmark, Inc. since 2009. He is 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 he 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 Governing Board of the Investment Company Institute s Independent Directors Council and 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 immediate past board chair of the Oak Leaf Trust, is a director and immediate past board chair of the Saint Paul Riverfront Corporation and is immediate past 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 Board on Judicial Standards and recently 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 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 Tradewinds Global Investors, LLC and 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	245

Commodities Asset Management, LLC; Chartered Financial Analyst.

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
Williams 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); Managing Director (since 2010) of Nuveen Commodities Asset Management, LLC.	133
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.	133
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 Securities, 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.	245
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.	245
Stephen D. Foy 333 West Wacker Drive	Vice President and Controller	Term: Annual	Senior Vice President (since 2010); formerly, Vice President (1993-2010)	245

Chicago, IL 60606 (5/31/54)	Length of Service: Since 1993	and Funds Controller (since 1998) of Nuveen Securities, LLC; Vice President (2005-2010) of Nuveen Fund Advisors; Certified Public Accountant.

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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., Nuveen Fund Advisors, Inc. and (since 2011) of Nuveen Asset Management, LLC; 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.	245
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, Inc.	245
Tina M. Lazar 333 West Wacker Drive Chicago, IL 60606	Vice President	Term: Annual Length of	Senior Vice President (since 2009), formerly, Vice President of Nuveen Securities, LLC (1999-2009); Senior	245

(8/27/61)	Service: Since 2002	Vice President (since 2010), formerly, Vice President (2005-2010) of Nuveen Fund Advisors, Inc.

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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
Larry W. Martin 333 West Wacker Drive Chicago, IL 60606 (7/27/51)	Vice President and Assistant Secretary	Term: Annual Length of Service: Since 1988	Senior Vice President (since 2010), formerly, Vice President (1993-2010), Assistant Secretary and Assistant General Counsel of Nuveen Securities, LLC; Senior Vice President (since 2011) of Nuveen Asset Management, LLC; Senior Vice President (since 2010), formerly, Vice President (2005-2010), and Assistant Secretary of Nuveen Investments, Inc.; Senior Vice President (since 2010), formerly, Vice President (2005-2010), and Assistant Secretary (since 1997) of Nuveen Fund Advisors, Inc.; Vice President and Assistant Secretary of Nuveen Investments Advisers Inc. (since 2002), NWQ Investment Management Company, LLC, Symphony Asset Management LLC (since 2003), Tradewinds Global Investors, LLC, Santa Barbara Asset Management LLC (since 2006), Nuveen HydePark Group, LLC, Nuveen Investment Solutions, Inc. (since 2007) and of Winslow Capital Management, Inc. (since 2010); Vice President and Assistant Secretary of Nuveen Commodities Asset Management, LLC (since 2010).	245

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 Investments Advisers Inc., NWQ Investment Management Company, LLC, Tradewinds Global Investors, 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).	245
Kathleen L. Prudhomme 800 Nicollet Mall Minneapolis, MN 55402 (3/30/53)	Vice President and Assistant Secretary	Term: Annual Length of Service: Since 2011	Managing Director, Assistant Secretary 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; Managing Director and Assistant Secretary (since 2011) of Nuveen Securities, LLC; Deputy General	245

Counsel, FAF Advisors, Inc.
(2004-2010).

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

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2. Approval of the Elimination of Fundamental Investment Policies and Approval of New Fundamental Policies for the Affected Municipal Funds

The Affected Municipal Funds have adopted certain fundamental investment policies relating to (i) investments in municipal securities and below investment grade securities, (ii) investments in other investment companies, (iii) investments in derivatives, short sales and commodities as described below and/or (iv) a Fund s ability to make loans (together, the Current Fundamental Policies, and each, a Current Fundamental Policy), that can only be changed by shareholder vote. The Current Fundamental Policies adopted by the Affected Municipal Funds reflected industry and other market conditions present at the time of the inception of each Fund.

Nuveen s municipal closed-end funds are seeking to adopt a uniform, up to date set of investment policies (the New Investment Policies). Investment policies currently vary across otherwise similar Nuveen municipal closed-end funds, reflecting evolving markets and guidelines as the different funds were launched over the past 20 years. As part of a continuing broader best practices initiative begun approximately 3 years ago, all Nuveen municipal closed-end funds, including the Affected Municipal Funds, are seeking to adopt a uniform set of investment policies that reflect municipal market and regulatory developments over time.

Among other things, the proposed New Investment Polices would permit all Affected Municipal Funds to make loans to the extent permitted by securities laws. This is intended to provide each Fund the flexibility to make loans in circumstances where a municipal issuer is in distress, if the Adviser believes that doing so would both:

- facilitate a timely workout of the issuer s situation in a manner that benefits the Fund; and

- is the best choice for reducing the likelihood or severity of loss on the Fund s investment.

In addition, all funds registered under the 1940 Act are required to have a policy regarding investments in commodities. This category includes several types of investments, including certain types of derivative investments that have developed over time, and which a fund may potentially use as it seeks to enhance return, to hedge some of the risks of its investments in fixed income securities or as a substitute for a position in the underlying asset. The commodity and derivative policy changes stated in this Proxy Statement seek to increase the Adviser s flexibility to use derivatives in these ways in pursuit of Fund investment objectives, which have not changed.

The potential benefits to common shareholders (of Premium Income and Performance Plus) from changes to investment policies relating to investments in municipal securities, below investment grade securities, other investment companies and derivatives, short sales and commodities include:

- enhanced ability of the Funds to generate attractive levels of tax-exempt income, while retaining their orientation on investment grade quality municipal securities;

- increased flexibility in diversifying portfolio risks and managing duration (the sensitivity of bond prices to interest rate changes) to pursue the preservation and possible growth of capital, which, if successful, will help to sustain and build common shareholder net asset value and asset coverage levels for preferred shares; and improved secondary market competitiveness which may benefit common shareholders through higher relative market price and/or stronger premium/discount performance.

Harmonizing and updating these and other investment objectives is intended to benefit common shareholders by increasing portfolio manager efficiency and flexibility to take advantage of a wide range of appropriate opportunities in the municipal bond markets in pursuit of Fund investment objectives.

In order to implement the New Investment Policies, each Affected Municipal Fund must make certain changes to its existing policies, including certain fundamental policies, that require your vote of approval. In some cases, this may require your separate votes to approve the elimination of a Current Fundamental Policy as well as the implementation of a new, replacement fundamental policy (together, the New Fundamental Policies and each, a New Fundamental Policy). Because each Affected Municipal Fund tends to be situated somewhat differently, the specific changes required to implement the New Investment Policies may vary from Fund to Fund.

The primary purposes of these changes are to provide the Affected Municipal Funds with increased investment flexibility and to create consistent investment policies for all Nuveen municipal bond funds to promote operational efficiencies. Implementation of the New Fundamental Policies is contingent on shareholder approval of the elimination of the Current Fundamental Policies.

The Board has unanimously approved, and unanimously recommends the approval by shareholders of each Affected Municipal Fund, the elimination of the Current Fundamental Policies of the Affected Municipal Funds. In connection with eliminating the Current Fundamental Policies, the Board unanimously approved, and unanimously recommends the approval by shareholders of each Affected Municipal Fund of, the New Fundamental Policies, described below. In addition, the Board has approved certain new non-fundamental policies, described below (the New Non-Fundamental Policies).

(a) Elimination of Fundamental Policy Relating to Making Loans (All Affected Municipal Funds)

The Current Fundamental Policy for Municipal Income, Premium Income, Performance Plus, Municipal Advantage, Municipal Market Opportunity, Investment Quality, Quality Income, Premier Municipal, Premier Insured, Premium Income 2, Premium Income 4, Insured Municipal Opportunity, Insured Premium Income 2, Insured Quality, Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio and New York Portfolio with respect to making loans, and which is proposed to be eliminated, provides that the respective Fund shall not:

Make loans, other than by entering into repurchase agreements and through the purchase of [Municipal Obligations] [tax-exempt municipal obligations] or temporary investments in accordance with its investment objectives, policies and limitations.

The Current Fundamental Policy for Select Quality, Dividend Advantage, Dividend Advantage 2, Dividend Advantage 3, Insured Dividend Advantage and Insured Tax-Free Advantage with

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respect to making loans, and which is proposed to be eliminated, provides that the respective Fund shall not:

Make loans, other than by entering into repurchase agreements and through the purchase of municipal bonds or short-term investments in accordance with its investment objectives, policies and limitations.

(b) Approval of New Fundamental Policy Relating to Making Loans (All Affected Municipal Funds)

It is proposed that each Affected Municipal Fund adopt a New Fundamental Policy with respect to making loans. The adoption of the following New Fundamental Policy for each Affected Municipal Fund is contingent on shareholder approval of the elimination of that Affected Municipal Fund s Current Fundamental Policy with respect to making loans, as reflected in 2(a) above. The proposed New Fundamental Policy provides that each Affected Municipal Fund shall not:

Make loans, except as permitted by the Investment Company Act of 1940 and exemptive orders granted under the Investment Company Act of 1940.

(c) Approval of the Elimination of Fundamental Policy Relating to Investments in Municipal Securities and Below Investment Grade Securities (Premium Income and Performance Plus)

The Current Fundamental Policy for Premium Income and Performance Plus with respect to investments in municipal securities and the ability to invest in below investment grade securities that is proposed to be eliminated is as follows:

Except to the extent that the Fund buys temporary investments, the Fund will, as a fundamental policy, invest substantially all of its assets (more than 80%) in tax-exempt municipal bonds that are rated at the time of purchase within the four highest grades (Baa or BBB or better) by Moody s or Standard & Poor s, except that the Fund may invest up to 20% of its assets in unrated municipal bonds which, in Nuveen Advisory s opinion, have credit characteristics equivalent to, and are of comparable quality to, municipal bonds so rated. The Fund will not invest in any rated municipal bonds that are rated lower than Baa by Moody s or BBB by Standard & Poor s at the time of purchase.

(d) Approval of New Fundamental Policy Relating to Investments in Municipal Securities (Premium Income and Performance Plus)

The following New Fundamental Policy will replace the Current Fundamental Policy for Premium Income and Performance Plus, referenced in 2(c) above. Implementation of the following New Fundamental Policy is contingent on shareholder approval of the elimination of each Fund s Current Fundamental Policy. The proposed New Fundamental Policy with respect to each Fund s investments in municipal securities is as follows:

Under normal circumstances, the Fund will invest at least 80% of its net assets, including assets attributable to any principal amount of any borrowings (including the issuance of commercial paper or notes) or any preferred shares outstanding (Managed Assets) in municipal securities and other related investments, the income from which is exempt from regular federal income tax.

In addition, the Board has adopted New Non-Fundamental Policies with respect to investing in investment grade securities for Premium Income and Performance Plus, which will be implemented upon the elimination of the Current Fundamental Policy described in 2(c) above. The New Non-Fundamental Policies relating to investing in investment grade securities are as follows:

(i) Under normal circumstances, the Fund will invest at least 80% of its Managed Assets in investment grade securities that, at the time of investment, are rated within the four highest grades (Baa or BBB or better) by at least one nationally recognized statistical rating organization or are unrated but judged to be of comparable quality by the Fund s investment adviser.

(ii) The Fund may invest up to 20% of its Managed Assets in municipal securities that at the time of investment are rated below investment grade or are unrated but judged to be of comparable quality by the Fund s investment adviser.

(iii) No more than 10% of the Fund s Managed Assets may be invested in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Fund s investment adviser.

Related to these changes for Premium Income and Performance Plus, the Board of each Fund has also amended and standardized the description of municipal securities in which a Fund may invest to include various types of municipal securities. The new description, generally provides:

The Fund may invest in various municipal securities, including municipal bonds and notes, other securities issued to finance and refinance public projects, and other related securities and derivative instruments creating exposure to municipal bonds, notes and securities that provide for the payment of interest income that is exempt from federal income tax (Municipal Obligations). Municipal Obligations are generally debt obligations issued by state and local governmental entities and may be issued by U.S. territories to finance or refinance public projects such as roads, schools, and water supply systems. Municipal Obligations may also be issued for private activities, such as housing, medical and educational facility construction, or for privately owned transportation, electric utility and pollution control projects. Municipal Obligations may be issued on a long term basis to provide permanent financing. The repayment of such debt may be secured generally by a pledge of the full faith and credit taxing power of the issuer, a limited or special tax, or any other revenue source including project revenues, which may include tolls, fees and other user charges, lease payments, and mortgage payments. Municipal Obligations may also be issued to finance projects on a short term interim basis, anticipating repayment with the proceeds on long term debt. Municipal Obligations may be issued and purchased in the form of bonds, notes, leases or certificates of participation; structured as callable or noncallable; with payment forms including fixed coupon, variable rate, zero coupon, capital appreciation bonds, tender option bonds, and residual interest bonds or inverse floating rate securities; or acquired through investments in pooled vehicles, partnerships or other investment companies. Inverse floating rate securities are securities that pay interest at rates that vary inversely with changes in prevailing short-term tax-exempt interest rates and represent a leveraged investment in an underlying municipal security, which may increase the effective leverage of the Fund.

(e) Elimination of the Fundamental Policy Relating to Investing in Other Investment Companies (Premium Income and Performance Plus)

Premium Income and Performance Plus do not have specific restrictions as to investments in other investment companies. However, each such Fund has an investment policy that only permits investment in municipal obligations and temporary investments and thereby prohibits investment in other investment companies. The general restriction, which is proposed to be eliminated, is as follows:

The Fund may not invest in securities other than Municipal Obligations and temporary investments as described under Investment Objectives and Policies Portfolio Investments. *

In addition, with respect to each Fund s ability to invest in other investment companies, the Board has adopted a New Non-Fundamental Policy to be implemented upon the elimination of that Fund s Current Fundamental Policy relating to investments in other investment companies. The proposed New Non-Fundamental Policy relating to investments in other investment companies is as follows:

The Fund may invest up to 10% of its Managed Assets in securities of other open- or closed-end investment companies (including exchange-traded funds (often referred to as ETFs)) that invest primarily in municipal securities of the types in which the Fund may invest directly.

(f) Elimination of Fundamental Policy Relating to Commodities (Premium Income and Performance Plus)

The Current Fundamental Policy for Premium Income and Performance Plus relating to each Fund s investment in commodities, which is proposed to be eliminated, is as follows:

The Fund, as a fundamental policy, may not purchase or sell commodities or commodities contracts, except for transactions involving futures contracts within the limits described under Certain Trading Strategies of the Fund Financial Futures and Options Transactions. *

(g) Approval of New Fundamental Policy Relating to Commodities (Premium Income and Performance Plus)

It is proposed that Premium Income and Performance Plus adopt a New Fundamental Policy with respect to commodities. The adoption of the following New Fundamental Policy for Premium Income and Performance Plus is contingent on shareholder approval of the elimination of that Fund s Current Fundamental Policy with respect to commodities, as reflected in 2(f) above. The proposed New Fundamental Policy is as follows:

The Fund may not purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments (but this shall not prevent the Fund from purchasing or selling options, futures contracts or derivative instruments or from investing in securities or other instruments backed by physical commodities).

* References are to a Fund s registration statement.

(h) Elimination of Fundamental Policies Relating to Derivatives and Short Sales (Premium Income and Performance Plus)

Commercial, financial and agricultural 14,049 14,143 3,875 14,863 127 15,260 567 Real estate - construction 4,697 5,180 1,089 4,824 9 5,343 26 Real estate - mortgage: Owner-occupied commercial 10,510 10,667 1,336 12,822 198 15,075 658 1-4 family mortgage 2,779 2,956 415 2,791 41 2,782 117 Other mortgage 5,343 5,509 695 5,357 57 5,520 197 Total real estate - mortgage 18,632 19,132 2,446 20,970 296 23,377 972 Consumer 51 56 33 53 1 53 7 Total impaired loans $37,429 $38,511 $7,443 $40,710 $433 $44,033 $1,572

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December 31, 2014

	Recorded Investment (In Thousands)	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized in Period
With no allowance recorded:					
Commercial, financial and agricultural	$7,059	$7,059	$ -	$ 7,104	$ 406
Real estate - construction	1,527	1,527	-	1,493	40
Real estate - mortgage:					
Owner-occupied commercial	1,576	1,576	-	236	12
1-4 family mortgage	542	592	-	592	19
Other mortgage	1,944	1,944	-	2,283	142
Total real estate - mortgage	4,062	4,112	-	3,111	173
Consumer	-	-	-	-	-
Total with no allowance recorded	12,648	12,698	-	11,708	619
With an allowance recorded:					
Commercial, financial and agricultural	3,291	3,291	1,344	3,262	156
Real estate - construction	4,153	4,633	1,448	4,382	19
Real estate - mortgage:					
Owner-occupied commercial	1,001	1,001	160	1,140	29
1-4 family mortgage	2,344	2,344	694	2,743	56
Other mortgage	2,622	2,622	782	2,767	84
Total real estate - mortgage	5,967	5,967	1,636	6,650	169
Consumer	666	666	666	681	-
Total with allowance recorded	14,077	14,557	5,094	14,975	344
Total Impaired Loans:					
Commercial, financial and agricultural	10,350	10,350	1,344	10,366	562
Real estate - construction	5,680	6,160	1,448	5,875	59
Real estate - mortgage:					
Owner-occupied commercial	2,577	2,577	160	1,376	41
1-4 family mortgage	2,886	2,936	694	3,335	75
Other mortgage	4,566	4,566	782	5,050	226
Total real estate - mortgage	10,029	10,079	1,636	9,761	342
Consumer	666	666	666	681	-
Total impaired loans	$26,725	$27,255	$ 5,094	$ 26,683	$ 963

Troubled Debt Restructurings ("TDR") at September 30, 2015, December 31, 2014 and September 30, 2014 totaled $8.3 million, $ 9.0 million and $7.9 million, respectively. At September 30, 2015, the Company had a related allowance for loan losses of $1.2 million allocated to these TDRs, compared to $1.0 million at December 31, 2014 and $1.9 million at September 30, 2014. There were no modifications made to new TDRs or renewals of existing TDRs for the three and nine months ended September 30, 2015. TDR activity by portfolio segment for the three and nine months ended

September 30, 2014 is presented in the table below.

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	Three Months Ended September 30, 2014			Nine Months Ended September 30, 2014		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
	(In Thousands)					
Troubled Debt Restructurings						
Commercial, financial and agricultural	1	$ 390	$ 390	2	$ 889	$ 889
Real estate - construction	-	-	-	-	-	-
Real estate - mortgage:						
Owner-occupied commercial	-	-	-	-	-	-
1-4 family mortgage	1	4,449	4,449	1	4,449	4,449
Other mortgage	1	275	275	2	1,684	1,684
Total real estate mortgage	2	4,724	4,724	3	6,133	6,133
Consumer	-	-	-	-	-	-
	3	$ 5,114	$ 5,114	5	$ 7,022	$ 7,022

The following table presents TDRs by portfolio segment which defaulted during the three and nine months ended September 30, 2015 and 2014, and which were modified in the previous twelve months (i.e., the twelve months prior to default). For purposes of this disclosure default is defined as 90 days past due and still accruing or placement on nonaccrual status.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
	(In thousands)			
Defaulted during the period, where modified in a TDR twelve months prior to default				
Commercial, financial and agricultural	$ -	$ -	$ -	$ -
Real estate - construction	-	-	-	-
Real estate - mortgage:				
Owner-occupied commercial	-	-	-	-
1-4 family mortgage	-	4,313	-	4,313
Other mortgage	-	-	-	-
Total real estate mortgage	-	4,313	-	4,313
Consumer	-	-	-	-
	$ -	$ 4,313	$ -	$ 4,313

NOTE 7 - EMPLOYEE AND DIRECTOR BENEFITS

Stock Options

At September 30, 2015, the Company had stock-based compensation plans, as described below. The compensation cost that has been charged to earnings for the plans was approximately $293,000 and $857,000 for the three and nine months ended September 30, 2015 and $302,000 and $3.4 million for the three and nine months ended September 30, 2014. The Company recorded a non-routine expense of $703,000 for the first quarter of 2014 resulting from the correction of its accounting for vested stock options previously granted to members of its advisory boards, and recorded a non-routine expense of $1.8 million for the second quarter of 2014 resulting from an acceleration of vesting of all stock options granted to members of its advisory boards. Such stock options were historically accounted for under the provisions of Accounting Standards Codification ("ASC") 718-10, *Compensation – Stock Compensation*, and now have been determined to be recorded as an expense at the fair value of such options in accordance with the provisions of ASC 505-50, *Equity-based Payments to Non-employees*.

The Company's 2005 Amended and Restated Stock Option Plan allows for the grant of stock options to purchase up to 3,075,000 shares of the Company's common stock. The Company's 2009 Amended and Restated Stock Incentive Plan authorizes the grant of up to 2,775,000 shares and allows for the issuance of Stock Appreciation Rights, Restricted Stock, Stock Options, Performance Shares or Performance Units. In April 2014, the Company's stockholders approved the amendment of the 2009 Plan to allow for an additional 1,500,000 shares, as adjusted. Both plans allow for the grant of incentive stock options and non-qualified stock options, and awards are generally granted with an exercise price equal to the estimated fair market value of the Company's common stock at the date of grant. The maximum term of the options granted under the plans is ten years.

The Company estimates the fair value of each stock option award using a Black-Scholes-Merton valuation model that uses the assumptions noted in the following table. Expected volatilities are based on an index of southeastern United States publicly traded banks. The expected term for options granted is based on the short-cut method and represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods within the contractual life of the option is based on the U. S. Treasury yield curve in effect at the time of grant.

	2015	2014
Expected volatility	24.00%	19.25%
Expected dividends	0.71 %	1.45 %
Expected term (in years)	6.25	7.75
Risk-free rate	1.85 %	2.33 %

The weighted average grant-date fair value of options granted during the nine months ended September 30, 2015 and September 30, 2014 was $8.40 and $2.95, respectively.

The following table summarizes stock option activity during the nine months ended September 30, 2015 and September 30, 2014:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (In Thousands)
Nine Months Ended September 30, 2015:				
Outstanding at January 1, 2015	1,622,917	$ 9.38	5.9	$ 38,256
Granted	162,000	33.26	9.5	-
Exercised	(459,000)	7.24	3.0	16,495
Forfeited	(7,500)	10.00	6.6	226
Outstanding at September 30, 2015	1,318,417	13.05	6.4	$ 35,697
Exercisable at September 30, 2015	256,918	$ 8.96	4.9	$ 8,008
Nine Months Ended September 30, 2014:				
Outstanding at January 1, 2014	2,328,900	$ 7.69	5.5	$ 14,300
Granted	114,000	13.83	9.4	1,707
Exercised	(821,400)	5.77	2.6	18,920
Forfeited	-	-	-	-
Outstanding at September 30, 2014	1,621,500	9.10	6.1	$ 31,942

Exercisable at September 30, 2014	609,000	$ 7.17	4.7	$ 13,174

As of September 30, 2015, there was approximately $2.1 million of total unrecognized compensation cost related to non-vested stock options. The cost is expected to be recognized on the straight-line method over the next 1.5 years.

Restricted Stock

The Company has issued 237,088 shares of restricted stock to certain employees. The value of restricted stock awards is determined to be the current value of the Company's stock, and this total value will be recognized as compensation expense over the vesting period. As of September 30, 2015, there was $770,000 of total unrecognized compensation cost related to non-vested restricted stock. The cost is expected to be recognized evenly over the remaining 1.1 years of the restricted stock's vesting period. During the second quarter of 2015, 7,500 shares of restricted stock were forfeited by one recipient upon his termination from the Company.

NOTE 8 - DERIVATIVES

The Company has entered into agreements with secondary market investors to deliver loans on a "best efforts delivery" basis. When a rate is committed to a borrower, it is based on the best price that day and locked with the investor for the customer for a 30-day period. In the event the loan is not delivered to the investor, the Company has no risk or exposure with the investor. The interest rate lock commitments related to loans that are originated for later sale are classified as derivatives. The fair values of the Company's agreements with investors and rate lock commitments to customers as of September 30, 2015 and December 31, 2014 were not material.

NOTE 9 – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In January 2014, the FASB issued ASU No. 2014-1, *Investments-Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects*, which provides guidance on accounting for investments by a reporting entity in flow-through limited liability entities that manage or invest in affordable housing projects that qualify for the low-income housing tax credit. It permits reporting entities to make an accounting policy election to account for their investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial investment in proportion to the tax credits and other tax benefits received, and then recognize the net investment performance in the income statement as a component of income tax expense (benefit). The amendments are effective for public entities for annual periods and interim reporting periods within those annual periods, beginning after December 15, 2014. The Company made an investment in a limited partnership during the first quarter of 2014 which has invested in a qualified affordable housing project. The Company has made an election to account for this investment as provided for in this update.

In January 2014, the FASB issued ASU No. 2014-04, *Receivables-Troubled Debt Restructurings by Creditors (Subtopic 310-40): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure*. These amendments are intended to clarify when a creditor should be considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan such that the loan should be derecognized and the real estate recognized. The amendments clarify that an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either: (1) the creditor obtaining legal title to the residential real estate property upon completion of residential foreclosure, or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additional disclosures about such activities are required by these amendments. The amendments in this ASU become effective for public companies for annual periods and interim periods within those annual periods beginning after December 15, 2014, and early adoption is permitted. The Company has adopted the provisions of these amendments, and as of September 30, 2015 they have had an immaterial impact on the Company's financial reporting.

In April 2015, the FASB issued ASU No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs.* Under the ASU, an entity presents debt issuance costs in the balance sheet as a direct deduction from the related debt liability rather that as an asset. Amortization of the costs is reported as interest expense. For public entities, the amendments in ASU 2015-03 are effective for fiscal years beginning after December 15, 2015, and interim periods with those fiscal years. Early adoption is permitted for financial statements that have not been previously issued. The Company early adopted the amendments in ASU 2015-03.

NOTE 10 - RECENT ACCOUNTING PRONOUNCEMENTS

In June 2014, the FASB issued ASU No. 2014-12, *Compensation—Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved After the Requisite Service Period*. The amendments clarify the proper method of accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. This ASU requires that a performance target that affects vesting, and that could be achieved after the requisite service period, be treated as a performance condition. The performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. The amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted. The Company awarded its first performance-based stock compensation during the first quarter of 2015, and is accounting for such award under the provisions of this amendment.

In February 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*. The amendments modify the evaluation reporting organizations must perform to determine if certain legal entities should be consolidated as VIEs. Specifically, the amendments: (1) modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities ("VIEs") or voting interest entities; (2) eliminate the presumption that a general partner should consolidate a limited partnership; (3) affect the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships; and (4) provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. ASU No. 2015-02 is effective for interim and annual reporting periods beginning after December 15, 2015. The Company is currently evaluating the provisions of ASU No. 2015-02 to determine the potential impact the new standard will have on the Company's consolidated financial statements.

In August 2015, the FASB issue ASU 2015-15,*Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements: Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting,* to clarify the SEC staff's position on presenting and measuring debt issuance costs incurred in connection with line-of-credit arrangements given the lack of guidance on this topic in ASU 2015-03. The SEC staff has announced that it would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement. ASU 2015-15 is effective upon issuance for all entities. The Company is currently evaluating this guidance to determine the impact on the Company's consolidated financial statements.

In September 2015, the FASB issued ASU 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*. The amendments in ASU 2015-16 require that an acquirer recognize adjustments to estimated amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments require that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the estimated amounts, calculated as if the accounting had been completed at the acquisition date. The amendments also require an entity to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the estimated amounts had been recognized as of the acquisition date. The amendments in this ASU are effective for public business entities for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The amendments should be applied prospectively to adjustments to provisional amounts that occur after the effective date with earlier application permitted for financial statements that have not been issued. The Company is currently evaluating the provisions of this amendment to determine the potential impact the new standard will have on the Company's consolidated financial statements as it relates to future business combinations.

NOTE 11 - FAIR VALUE MEASUREMENT

Measurement of fair value under U.S. GAAP establishes a hierarchy that prioritizes observable and unobservable inputs used to measure fair value, as of the measurement date, into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and also considers counterparty credit risk in its assessment of fair value.

Debt Securities. Where quoted prices are available in an active market, securities are classified within Level 1 of the hierarchy. Level 1 securities include highly liquid government securities such as U.S. Treasuries and exchange-traded equity securities. For securities traded in secondary markets for which quoted market prices are not available, the Company generally relies on pricing services provided by independent vendors. Such independent pricing services are to advise the Company on the carrying value of the securities available for sale portfolio. As part of the Company’s procedures, the price provided from the service is evaluated for reasonableness given market changes. When a questionable price exists, the Company investigates further to determine if the price is valid. If needed, other market participants may be utilized to determine the correct fair value. The Company has also reviewed and confirmed its determinations in discussions with the pricing source regarding their methods of price discovery. Securities measured with these techniques are classified within Level 2 of the hierarchy and often involve using quoted market prices for similar securities, pricing models or discounted cash flow calculations using inputs observable in the market where available. Examples include U.S. government agency securities, mortgage-backed securities, obligations of states and political subdivisions and certain corporate, asset-backed and other securities. In cases where Level 1 or Level 2 inputs are not available, securities are classified in Level 3 of the hierarchy.

Impaired Loans. Impaired loans are measured and reported at fair value when full payment under the loan terms is not probable. Impaired loans are carried at the present value of expected future cash flows using the loan's existing rate in a discounted cash flow calculation, or the fair value of the collateral if the loan is collateral-dependent. Expected cash flows are based on internal inputs reflecting expected default rates on contractual cash flows. This method of estimating fair value does not incorporate the exit-price concept of fair value described in ASC 820-10 and would generally result in a higher value than the exit-price approach. For loans measured using the estimated fair value of collateral less costs to sell, fair value is generally determined based on appraisals performed by certified and licensed appraisers using inputs such as absorption rates, capitalization rates and market comparables, adjusted for estimated costs to sell. Management modifies the appraised values, if needed, to take into account recent developments in the market or other factors, such as changes in absorption rates or market conditions from the time of valuation, and anticipated sales values considering management's plans for disposition. Such modifications to the appraised values could result in lower valuations of such collateral. Estimated costs to sell are based on current amounts of disposal costs for similar assets. These measurements are classified as Level 3 within the valuation hierarchy. Impaired loans are subject to nonrecurring fair value adjustment upon initial recognition or subsequent impairment. A portion of the allowance for loan losses is allocated to impaired loans if the value of such loans is deemed to be less than the unpaid balance. Impaired loans are reviewed and evaluated on at least a quarterly basis for additional impairment and adjusted accordingly based on the same factors identified above. The amount recognized as an impairment charge related to impaired loans that are measured at fair value on a nonrecurring basis was $1,573,000 and $5,209,000 during the three and nine months ended September 30, 2015, respectively, and $724,000 and $4,280,000 during the three and nine months ended September 30, 2014, respectively.

Other Real Estate Owned. Other real estate assets ("OREO") acquired through, or in lieu of, foreclosure are held for sale and are initially recorded at the lower of cost or fair value, less selling costs. Any write-downs to fair value at the time of transfer to OREO are charged to the allowance for loan losses subsequent to foreclosure. Values are derived from appraisals of underlying collateral and discounted cash flow analysis. Appraisals are performed by certified and licensed appraisers. Subsequent to foreclosure, valuations are updated periodically and assets are marked to current fair value, not to exceed the new cost basis. In the determination of fair value subsequent to foreclosure, management also considers other factors or recent developments, such as changes in absorption rates and market conditions from the time of valuation, and anticipated sales values considering management's plans for disposition, which could result in adjustment to lower the property value estimates indicated in the appraisals. These measurements are classified as Level 3 within the valuation hierarchy. A loss on the sale and write-downs of OREO of $248,000 and $477,000 was recognized for the three and nine months ended September 30, 2015, respectively, and $225,000 and $757,000 for the three and nine months ended September 30, 2014, respectively. These charges were for write-downs in the value of OREO subsequent to foreclosure and losses on the disposal of OREO. OREO is classified within Level 3 of the hierarchy.

Residential real estate loan foreclosures classified as OREO totaled $514,000 as of September 30, 2015 and $684,000 as of December 31, 2014.

No residential real estate loans were in the process of being foreclosed as of September 30, 2015.

The following table presents the Company's financial assets and financial liabilities carried at fair value on a recurring basis as of September 30, 2015 and December 31, 2014:

	Fair Value Measurements at September 30, 2015 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(In Thousands)			
Assets Measured on a Recurring Basis:				
Available-for-sale securities:				
U.S. Treasury and government sponsored agencies	$ -	$ 51,521	$ -	$ 51,521
Mortgage-backed securities	-	92,521	-	92,521
State and municipal securities	-	146,624	-	146,624
Corporate debt	-	16,000	-	16,000
Total assets at fair value	$ -	$ 306,666	$ -	$ 306,666

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	Fair Value Measurements at December 31, 2014 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(In Thousands)			
Assets Measured on a Recurring Basis:				
Available-for-sale securities				
U.S. Treasury and government sponsored agencies	$ -	$ 51,138	$ -	$ 51,138
Mortgage-backed securities	-	95,523	-	95,523
State and municipal securities	-	135,663	-	135,663
Corporate debt	-	15,986	-	15,986
Total assets at fair value	$ -	$ 298,310	$ -	$ 298,310

The following table presents the Company's financial assets and financial liabilities carried at fair value on a nonrecurring basis as of September 30, 2015 and December 31, 2014:

	Fair Value Measurements at September 30, 2015 Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(In Thousands)			
Assets Measured on a Nonrecurring Basis:				
Impaired loans	$ -	$ -	$ 29,986	$ 29,986
Other real estate owned and repossessed assets	-	-	6,068	6,068
Total assets at fair value	$ -	$ -	$ 36,054	$ 36,054

	Fair Value Measurements at December 31, 2014			
	Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	(In Thousands)			
Assets Measured on a Nonrecurring Basis:				
Impaired loans	$ -	$ -	$ 21,631	$ 21,631
Other real estate owned and repossessed assets	-	-	6,840	6,840
Total assets at fair value	$ -	$ -	$ 28,471	$ 28,471

The fair value of a financial instrument is the current amount that would be exchanged in a sale between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. Current U.S. GAAP excludes certain financial instruments and all nonfinancial instruments from its fair value disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Cash and due from banks: The carrying amounts reported in the statements of financial condition approximate those assets' fair values.

Debt securities: Where quoted prices are available in an active market, securities are classified within Level 1 of the hierarchy. Level 1 securities include highly liquid government securities such as U.S. treasuries and exchange-traded equity securities. For securities traded in secondary markets for which quoted market prices are not available, the Company generally relies on prices obtained from independent vendors. Such independent pricing services are to advise the Company on the carrying value of the securities available for sale portfolio. As part of the Company's procedures, the price provided from the service is evaluated for reasonableness given market changes. When a questionable price exists, the Company investigates further to determine if the price is valid. If needed, other market participants may be utilized to determine the correct fair value. The Company has also reviewed and confirmed its determinations in discussions with the pricing service regarding their methods of price discovery. Securities measured with these techniques are classified within Level 2 of the hierarchy and often involve using quoted market prices for similar securities, pricing models or discounted cash flow calculations using inputs observable in the market where available. Examples include U.S. government agency securities, mortgage-backed securities, obligations of states and political subdivisions, and certain corporate, asset-backed and other securities. In cases where Level 1 or Level 2 inputs are not available, securities are classified in Level 3 of the fair value hierarchy.

Equity securities: Fair values for other investments are considered to be their cost as they are redeemed at par value.

Federal funds sold: The carrying amounts reported in the statements of financial condition approximate those assets' fair values.

Mortgage loans held for sale: Loans are committed to be delivered to investors on a "best efforts delivery" basis within 30 days or origination. Due to this short turn-around time, the carrying amounts of the Company's agreements approximate their fair values.

Bank owned life insurance contracts: The carrying amounts in the statements of condition approximate these assets' fair value.

Loans, net: For variable-rate loans that re-price frequently and with no significant change in credit risk, fair value is based on carrying amounts. The fair value of other loans (for example, fixed-rate commercial real estate loans, mortgage loans and industrial loans) is estimated using discounted cash flow analysis, based on interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Loan fair value estimates include judgments regarding future expected loss experience and risk characteristics. The method of estimating fair value does not incorporate the exit-price concept of fair value as prescribed by ASC 820 and generally produces a higher value than an exit-price approach. The measurement of the fair value of loans is classified within Level 3 of the fair value hierarchy.

Deposits: The fair values disclosed for demand deposits are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). The carrying amounts of variable-rate, fixed-term money market accounts and certificates of deposit approximate their fair values. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation using interest rates currently offered for deposits with similar remaining maturities. The fair value of the Company's time deposits do not take into consideration the value of the Company's long-term relationships with depositors, which may have significant value. Measurements of the fair value of certificates of deposit are classified within Level 2 of the fair value hierarchy.

Federal funds purchased: The carrying amounts in the statements of condition approximate these assets' fair value.

Other borrowings: The fair values of other borrowings are estimated using a discounted cash flow analysis, based on interest rates currently being offered on the best alternative debt available at the measurement date. These measurements are classified as Level 2 in the fair value hierarchy.

Loan commitments: The fair values of the Company's off-balance-sheet financial instruments are based on fees currently charged to enter into similar agreements. Since the majority of the Company's other off-balance-sheet financial instruments consists of non-fee-producing, variable-rate commitments, the Company has determined they do not have a distinguishable fair value.

The carrying amount, estimated fair value, and placement in the fair value hierarchy of the Company's financial instruments as of September 30, 2015 and December 31, 2014 are presented in the following table. This table includes those financial assets and liabilities that are not measured and reported at fair value on a recurring basis or nonrecurring basis.

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	September 30, 2015		December 31, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In Thousands)			
Financial Assets:				
Level 1 inputs:				
Cash and due from banks	$216,463	$216,463	$296,573	$296,573
Level 2 inputs:				
Available for sale debt securities	306,666	306,666	298,310	298,310
Held to maturity debt securities	27,969	28,511	29,355	29,974
Restricted equity securities	4,954	4,954	3,921	3,921
Federal funds sold	26,229	26,229	891	891
Mortgage loans held for sale	5,387	5,449	5,984	5,984
Bank owned life insurance contracts	90,964	90,964	86,288	86,288
Level 3 inputs:				
Loans, net	4,001,668	4,015,104	3,324,229	3,327,371
Financial liabilities:				
Level 2 inputs:				
Deposits	$4,044,634	$4,046,448	$3,398,160	$3,399,261
Federal funds purchased	228,415	228,415	264,315	264,315
Other borrowings	55,728	64,230	19,973	19,973

NOTE 12 – SUBSEQUENT EVENTS

The Company has evaluated all subsequent events through the date of this filing to ensure that this Form 10-Q includes appropriate disclosure of events both recognized in the financial statements as of September 30, 2015, and events which occurred subsequent to September 30, 2015 but were not recognized in the financial statements.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is designed to provide a better understanding of various factors relating to the results of operations and financial condition of ServisFirst Bancshares, Inc. (the “Company”) and its wholly-owned subsidiary, ServisFirst Bank (the “Bank”). This discussion is intended to supplement and highlight information contained in the accompanying unaudited consolidated financial statements as of September 30, 2015 and for the three and nine months ended September 30, 2015 and September 30, 2014.

Forward-Looking Statements

Statements in this document that are not historical facts, including, but not limited to, statements concerning future operations, results or performance, are hereby identified as “forward-looking statements” for the purpose of the safe harbor provided by Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. The words “believe,” “expect,” “anticipate,” “project,” “plan,” “intend,” “will,” “would,” “might” and similar expressions signify forward-looking statements. Such statements involve inherent risks and uncertainties. The Company cautions that such forward-looking statements, wherever they occur in this quarterly report or in other statements attributable to the Company, are necessarily estimates reflecting the judgment of the Company’s senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Such forward-looking statements should, therefore, be considered in light of various factors that could affect the accuracy of such forward-looking statements, including: general economic conditions, especially in the credit markets and in the Southeast; the performance of the capital markets; changes in interest rates, yield curves and interest rate spread relationships; changes in accounting and tax principles, policies or guidelines; changes in legislation or regulatory requirements; changes in our loan portfolio and deposit base; possible changes in laws and regulations and governmental monetary and fiscal policies, including, but not limited to, economic stimulus initiatives; the cost and other effects of legal and administrative cases and similar contingencies; possible changes in the creditworthiness of customers and the possible impairment of the collectability of loans and the value of collateral; the effect of natural disasters, such as hurricanes and tornados, in our geographic markets; and increased competition from both banks and non-banks. The foregoing list of factors is not exhaustive. For discussion of these and other risks that may cause actual results to differ from expectations, please refer to “Cautionary Note Regarding Forward Looking Statements” and “Risk Factors” in our most recent Annual Report on Form 10-K and our other SEC filings. If one or more of the factors affecting our forward-looking information and statements proves incorrect, then our actual results, performance or achievements could differ materially from those expressed in, or implied by, forward-looking information and statements contained herein. Accordingly, you should not place undue reliance on any forward-looking statements, which speak only as of the date made. ServisFirst Bancshares, Inc. assumes no obligation to update or revise any forward-looking statements that are made from time to time.

Business

We are a bank holding company under the Bank Holding Company Act of 1956 and are headquartered in Birmingham, Alabama. Our wholly-owned subsidiary, ServisFirst Bank, an Alabama banking corporation, provides commercial banking services through eighteen full-service banking offices located in Alabama, Georgia, South Carolina, Tennessee and the panhandle of Florida. Through the Bank, we originate commercial, consumer and other loans and accept deposits, provide electronic banking services, such as online and mobile banking, including remote deposit capture, deliver treasury and cash management services and provide correspondent banking services to other financial institutions.

Our principal business is to accept deposits from the public and to make loans and other investments. Our principal sources of funds for loans and investments are demand, time, savings, and other deposits (including negotiable orders of withdrawal, or NOW accounts). Our principal sources of income are interest and fees collected on loans, interest and dividends collected on other investments and service charges. Our principal expenses are interest paid on savings and other deposits (including NOW accounts), interest paid on our other borrowings, employee compensation, office expenses, other overhead expenses and income taxes.

Overview

As of September 30, 2015, we had consolidated total assets of $4.8 billion, an increase of $0.7 billion, or 17.1%, from $4.1 billion at December 31, 2014. Total loans were $4.0 billion at September 30, 2015, up $0.7 billion, or 20.6%, from $3.4 billion at December 31, 2014. Total deposits were $4.0 billion at September 30, 2015, an increase of $0.6 billion, or 17.6%, from $3.4 billion at December 31, 2014.

Net income available to common stockholders for the three months ended September 30, 2015 was $16.2 million, an increase of $2.3 million, or 16.5%, from $13.9 million for the corresponding period in 2014. Basic and diluted earnings per common share were $0.63 and $0.61, respectively, for the three months ended September 30, 2015, compared to $0.56 and $0.54, respectively, for the corresponding period in 2014.

Net income available to common stockholders for the nine months ended September 30, 2015 was $43.5 million, an increase of $6.5 million, or 17.6%, from $37.0 million for the corresponding period in 2014. Basic and diluted earnings per common share were $1.70 and $1.65, respectively, for the nine months ended September 30, 2015, compared to $1.57 and $1.51, respectively, for the corresponding period in 2014.

Critical Accounting Policies

The accounting and financial policies of the Company conform to U.S. generally accepted accounting principles (“U.S. GAAP”) and to general practices within the banking industry. To prepare consolidated financial statements in conformity with U.S. GAAP, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and future results could differ. The allowance for loan losses, valuation of foreclosed real estate, deferred taxes, and fair value of financial instruments are particularly subject to change. Information concerning our accounting policies with respect to these items is available in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014. As discussed in Note 1 – General in this Form 10-Q, we adopted a new critical accounting policy related to goodwill and other identifiable intangible assets during the first quarter of 2015 as a result of our acquisition of Metro Bancshares, Inc.

Financial Condition

Cash and Cash Equivalents

At September 30, 2015, we had $26.2 million in federal funds sold, compared to $0.9 million at December 31, 2014. We also maintain balances at the Federal Reserve Bank of Atlanta, which earn interest. At September 30, 2015, we had $164.0 million in balances at the Federal Reserve, compared to $246.2 million at December 31, 2014. Our balance at the Federal Reserve Bank historically decreases over the course of the first half of the year and then increases during the second half due to anticipated annual fluctuations in our depositors' balances.

Debt Securities

Debt securities available for sale totaled $306.7 million at September 30, 2015 and $298.3 million at December 31, 2014. Debt securities held to maturity totaled $28.0 million at September 30, 2015 and $29.4 million at December 31, 2014. We acquired 36 debt securities with an aggregate market value of $29.0 million in the Metro transaction. We subsequently sold 18 of these acquired securities for total proceeds of $14.8 million. We had pay downs of $18.4 million on mortgage-backed securities and maturities and calls of $13.8 million in government agency and municipal securities during the nine months ended September 30, 2015. We bought $8.4 million in mortgage-backed securities and $19.7 million in municipal securities during the first nine months of 2015. One of the municipal securities bought is classified as held to maturity. All other securities bought are classified as available for sale.

The objective of our investment policy is to invest funds not otherwise needed to meet our loan demand to earn the maximum return, yet still maintain sufficient liquidity to meet fluctuations in our loan demand and deposit structure. In doing so, we balance the market and credit risks against the potential investment return, make investments compatible with the pledge requirements of any deposits of public funds, maintain compliance with regulatory investment requirements, and assist certain public entities with their financial needs. The investment committee has full authority over the investment portfolio and makes decisions on purchases and sales of securities. The entire portfolio, along with all investment transactions occurring since the previous board of directors meeting, is reviewed by the board at each monthly meeting. The investment policy allows portfolio holdings to include short-term securities purchased to provide us with needed liquidity and longer term securities purchased to generate level income for us over periods of interest rate fluctuations.

Each quarter, management assesses whether there have been events or economic circumstances indicating that a security on which there is an unrealized loss is other-than-temporarily impaired. Management considers several factors, including the amount and duration of the impairment; the intent and ability of the Company to hold the security for a period sufficient for a recovery in value; and known recent events specific to the issuer or its industry. In analyzing an issuer's financial condition, management considers whether the securities are issued by agencies of the federal government, whether downgrades by bond rating agencies have occurred, and industry analysts' reports, among other things. As we currently do not have the intent to sell these securities and it is not more likely than not that we will be required to sell these securities before recovery of their amortized cost basis, which may be at maturity, and impairment positions at September 30, 2015 are interest-rate driven, no declines are deemed to be other than temporary. We will continue to evaluate our investment securities for possible other-than-temporary impairment, which could result in non-cash charges to earnings in one or more future periods.

All securities held are traded in liquid markets. As of September 30, 2015, we owned certain restricted securities of the Federal Home Loan Bank with an aggregate book value and market value of $4.0 million and certain securities of First National Bankers Bank in which we invested $0.4 million. We had no investments in any one security, restricted or liquid, in excess of 10% of our stockholders' equity.

The Bank does not invest in collateralized debt obligations ("CDOs"). All corporate bonds had a Standard and Poor's or Moody's rating of A-1 or better when purchased. The total investment portfolio at September 30, 2015 has a combined average credit rating of AA.

The carrying value of investment securities pledged to secure public funds on deposit and for other purposes as required by law was $242.7 million and $224.0 million as of September 30, 2015 and December 31, 2014, respectively.

Loans

We had total loans of $4.0 billion at September 30, 2015, an increase of $0.7 billion, or 20.6%, compared to $3.4 billion at December 31, 2014. At September 30, 2015, the percentage of our loans in each of our markets were as follows:

	Percentage of Total Loans in MSA	
Birmingham-Hoover, AL MSA	46.6	%
Huntsville, AL MSA	10.7	%
Dothan, AL MSA	10.5	%
Montgomery, AL MSA	8.8	%
Mobile, AL MSA	5.4	%
Total Alabama MSAs	82.0	%
Pensacola, FL MSA	7.3	%
Nashville, TN MSA	5.8	%
Atlanta, GA MSA	3.9	%
Charleston, SC MSA	1.0	%

Asset Quality

The allowance for loan losses is established and maintained at levels management deems adequate to absorb anticipated credit losses from identified and otherwise inherent risks in the loan portfolio as of the balance sheet date. In assessing the adequacy of the allowance for loan losses, management considers its evaluation of the loan portfolio, past due loan experience, collateral values, current economic conditions and other factors considered necessary to maintain the allowance at an adequate level. Our management believes that the allowance was adequate at September 30, 2015.

The following table presents the allocation of the allowance for loan losses for each respective loan category with the corresponding percentage of loans in each category to total loans. Management believes that the comprehensive allowance analysis developed by our credit administration group is in compliance with all current regulatory guidelines.

September 30, 2015	Amount	Percentage of loans in each category to total loans	
	(In Thousands)		
Commercial, financial and agricultural	$20,697	41.32	%
Real estate - construction	5,419	5.76	%
Real estate - mortgage	15,939	51.27	%
Consumer	519	1.65	%
Total	$42,574	100.00	%

Percentage of loans
in each category

December 31, 2014	Amount	to total loans	
	(In Thousands)		
Commercial, financial and agricultural	$16,079	44.50	%
Real estate - construction	6,395	6.21	%
Real estate - mortgage	12,112	47.58	%
Consumer	1,043	1.71	%
Total	$35,629	100.00	%

Nonperforming Assets

Total nonperforming loans, which include nonaccrual loans and loans 90 or more days past due and still accruing, increased $0.3 million to $10.4 million at September 30, 2015, compared to $10.1 million at December 31, 2014. Of this total, nonaccrual loans of $9.9 million at September 30, 2015 represented a net increase of $0.8 million from nonaccrual loans at December 31, 2014. There were four loans 90 or more days past due and still accruing totaling $524,000 at September 30, 2015, compared to one loan 90 or more days past due and still accruing totaling $925,000, at December 31, 2014. Troubled Debt Restructurings ("TDR") at September 30, 2015 and December 31, 2014 were $8.3 million and $9.0 million, respectively. There were no loans newly classified as a TDR or renewals of existing TDRs for the three and nine months ended September 30, 2015, compared to $5.1 million and $7.0 million, for the three and nine months ended September 30, 2014.

OREO and repossessed assets decreased to $6.1 million at September 30, 2015, from $6.8 million at December 31, 2014. The total number of OREO and repossessed asset accounts decreased to 19 at September 30, 2015, compared to 22 at December 31, 2014. The following table summarizes OREO and repossessed asset activity for the nine months ended September 30, 2015 and 2014:

	Nine months ended September 30,	
	2015	2014
	(In thousands)	
Balance at beginning of period	$ 6,840	$ 12,861
OREO acquired - Metro	2,348	-
Transfers from loans and capitalized expenses	1,968	1,065
Proceeds from sales	(4,611)	(5,526)
Internally financed sales	-	(675)
Write-downs / net loss on sales	(477)	(785)
Balance at end of period	$ 6,068	$ 6,940

The following table summarizes our nonperforming assets and TDRs at September 30, 2015 and December 31, 2014:

	September 30, 2015		December 31, 2014	
	Balance	Number of Loans	Balance	Number of Loans
	(Dollar Amounts In Thousands)			
Nonaccrual loans:				
Commercial, financial and agricultural	$4,339	12	$ 172	4
Real estate - construction	4,000	7	5,049	11
Real estate - mortgage:				
Owner-occupied commercial	121	2	683	2
1-4 family mortgage	355	3	1,596	3
Other mortgage	1,002	4	959	1
Total real estate - mortgage	1,478	9	3,238	6
Consumer	33	1	666	4
Total Nonaccrual loans:	$9,850	29	$ 9,125	25
90+ days past due and accruing:				
Commercial, financial and agricultural	$49	1	$ 925	1
Real estate - construction	-	-	-	-
Real estate - mortgage:				
Owner-occupied commercial	-	-	-	-
1-4 family mortgage	472	2	-	-
Other mortgage	-	-	-	-
Total real estate - mortgage	472	2	-	-
Consumer	3	1	-	-
Total 90+ days past due and accruing:	$524	4	$ 925	1
Total Nonperforming Loans:	$10,374	33	$ 10,050	26
Plus: Other real estate owned and repossessions	6,068	19	6,840	22
Total Nonperforming Assets	$16,442	52	$ 16,890	48

Restructured accruing loans:				
Commercial, financial and agricultural	$6,612	8	$ 6,632	8
Real estate - construction	-	-	-	-
Real estate - mortgage:				
Owner-occupied commercial	-	-	-	-
1-4 family mortgage	-	-	-	-
Other mortgage	1,654	2	1,663	2
Total real estate - mortgage	1,654	2	1,663	2
Consumer	-	-	-	-
Total restructured accruing loans:	$8,266	10	$ 8,295	10
Total Nonperforming assets and restructured accruing loans	$24,708	62	$ 25,185	58
Ratios:				
Nonperforming loans to total loans	0.26 %		0.30 %	
Nonperforming assets to total loans plus other real estate owned and repossessions	0.41 %		0.50 %	
Nonperforming assets plus restructured accruing loans to total loans plus other real estate owned and repossessions	0.61 %		0.75 %	

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The balance of nonperforming assets can fluctuate due to changes in economic conditions. We have established a policy to discontinue accruing interest on a loan (i.e., place the loan on nonaccrual status) after it has become 90 days delinquent as to payment of principal or interest, unless the loan is considered to be well-collateralized and is actively in the process of collection. In addition, a loan will be placed on nonaccrual status before it becomes 90 days delinquent unless management believes that the collection of interest is expected. Interest previously accrued but uncollected on such loans is reversed and charged against current income when the receivable is determined to be uncollectible. Interest income on nonaccrual loans is recognized only as received. If we believe that a loan will not be collected in full, we will increase the allowance for loan losses to reflect management's estimate of any potential exposure or loss. Generally, payments received on nonaccrual loans are applied directly to principal.

Impaired Loans and Allowance for Loan Losses

As of September 30, 2015, we had impaired loans of $37.4 million, inclusive of nonaccrual loans, an increase of $10.7 million from $26.7 million as of December 31, 2014. This increase is attributable to loans totaling $21.5 million newly classified as specifically impaired, as well as purchased credit impaired loans totaling $2.9 million as of September 30, 2015, partially offset by loan pay downs of $12.4 million and loan charge-offs of $1.3 million We allocated $7.4 million of our allowance for loan losses at September 30, 2015 to these impaired loans, an increase of $2.3 million compared to $5.1 million as of December 31, 2014. A loan is considered impaired, based on current information and events, if it is probable that we will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the original loan agreement. Impairment does not always indicate credit loss, but provides an indication of collateral exposure based on prevailing market conditions and third-party valuations. Impaired loans are measured by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral-dependent. The amount of impairment, if any, and subsequent changes are included in the allowance for loan losses. Interest on accruing impaired loans is recognized as long as such loans do not meet the criteria for nonaccrual status. Our credit administration group performs verification and testing to ensure appropriate identification of impaired loans and that proper reserves are held on these loans.

Of the $37.4 million of impaired loans reported as of September 30, 2015, $14.1 million were commercial and industrial loans, $4.7 million were real estate construction loans and $18.6 million were real estate mortgage loans.

Deposits

Total deposits increased $0.6 billion, or 17.6%, to $4.0 billion at September 30, 2015 compared to $3.4 billion at December 31, 2014. We anticipate long-term sustainable growth in deposits through continued development of market share in our markets.

For amounts and rates of our deposits by category, see the table "Average Consolidated Balance Sheets and Net Interest Analysis on a Fully Taxable-equivalent Basis" under the subheading "Net Interest Income."

Other Borrowings

Our borrowings consist of federal funds purchased, subordinated notes payable and Federal Home Loan Bank advances. We had $228.4 million and $264.3 million at September 30, 2015 and December 31, 2014, respectively, in federal funds purchased from correspondent banks that are clients of our correspondent banking unit. The average rate paid on these borrowings was 0.31% for the quarter ended September 30, 2015. Other borrowings consist of the following:

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- $20.0 million of 5.50% Subordinated Notes due November 9, 2022, which were issued in a private placement in November 2012,
- $34.75 million of 5% Subordinated Notes due July 15, 2025, which were issued in a private placement in July 2015, and
- $1.1 million of principal reducing advances from the Federal Home Loan Bank of Atlanta, which have an interest rate of 0.75% and require quarterly principal payments of $100,000 until maturity on May 22, 2018.

Liquidity

Liquidity is defined as our ability to generate sufficient cash to fund current loan demand, deposit withdrawals, and other cash demands and disbursement needs, and otherwise to operate on an ongoing basis.

The retention of existing deposits and attraction of new deposit sources through new and existing customers is critical to our liquidity position. If our liquidity were to decline due to a run-off in deposits, we have procedures that provide for certain actions under varying liquidity conditions. These actions include borrowing from existing correspondent banks, selling or participating loans, and curtailing loan commitments and funding. At September 30, 2015, liquid assets, which are represented by cash and due from banks, federal funds sold and unpledged available-for-sale securities, totaled $242.7 million. Additionally, the Bank had additional borrowing availability of approximately $180.0 million in unused federal funds lines of credit with regional banks, subject to certain restrictions and collateral requirements. We added a new line for $20.0 million during the third quarter of 2015. We believe these sources of funding are adequate to meet immediate anticipated funding needs. Our management meets on a quarterly basis to review sources and uses of funding to determine the appropriate strategy to ensure an appropriate level of liquidity. At the current time, our long-term liquidity needs primarily relate to funds required to support loan originations and commitments and deposit withdrawals. Our regular sources of funding are from the growth of our deposit base, correspondent banking relationships and related federal funds purchased, repayment of principal and interest on loans, the sale of loans and the renewal of time deposits. In addition, we have issued debt as described above under “Other Borrowings”.

We are subject to general FDIC guidelines that require a minimum level of liquidity. Management believes our liquidity ratios meet or exceed these guidelines. Our management is not currently aware of any trends or demands that are reasonably likely to result in liquidity materially increasing or decreasing.

The following table reflects the contractual maturities of our term liabilities as of September 30, 2015. The amounts shown do not reflect any early withdrawal or prepayment assumptions.

Payments due by Period

	Total	1 year or less	Over 1 - 3 years	Over 3 - 5 years	Over 5 years
	(In Thousands)				
Contractual Obligations (1)					
Deposits without a stated maturity	$3,549,913	$ -	$ -	$ -	$ -
Certificates of deposit (2)	494,721	297,779	150,307	46,223	412
Federal funds purchased	228,415	228,415	-	-	-
Subordinated debentures	55,728	400	700	-	54,628
Operating lease commitments	14,831	2,937	5,066	3,452	3,376
Total	$4,343,608	$ 529,531	$ 156,073	$ 49,675	$ 58,416

(1) Excludes interest.
(2) Certificates of deposit give customers the right to early withdrawal. Early withdrawals may be subject to penalties.
The penalty amount depends on the remaining time to maturity at the time of early withdrawal.

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Capital Adequacy

As of September 30, 2015, our most recent notification from the FDIC categorized us as well-capitalized under the regulatory framework for prompt corrective action. To remain categorized as well-capitalized, we must maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as disclosed in the table below. Our management believes that we are well-capitalized under the prompt corrective action provisions as of September 30, 2015.

We issued subordinated notes payable in the aggregate amount of $34.75 million on July 15, 2015. The notes qualify as Tier 2 Capital. We used the proceeds from the issuance of the notes to redeem our Senior Non-Cumulative Perpetual Preferred Stock, Series A, issued to the United States Department of the Treasury on June 21, 2011.

In July 2013, the Federal Reserve announced its approval of a final rule to implement the regulatory capital reforms developed by the Basel Committee on Banking Supervision (“Basel III”), among other changes required by the Dodd-Frank Wall Street Reform and Consumer Protection Act. The new rules became effective January 1, 2015, subject to a phase-in period for certain aspects of the new rules. In order to avoid restrictions on capital distributions and discretionary bonus payments to executives, under the new rules a covered banking organization will also be required to maintain a “capital conservation buffer” in addition to its minimum risk-based capital requirements. This buffer will be required to consist solely of common equity Tier 1, and the buffer will apply to all three risk-based measurements (CET1, Tier 1 capital and total capital). The capital conservation buffer will be phased in incrementally over time, beginning January 1, 2016 and becoming fully effective on January 1, 2019, and will ultimately consist of an additional amount of Tier 1 common equity equal to 2.5% of risk-weighted assets.

The following table sets forth (i) the capital ratios required by the FDIC and the Alabama Banking Department’s leverage ratio requirement and (ii) our actual ratios of capital to total regulatory or risk-weighted assets, as of September 30, 2015, December 31, 2014 and September 30, 2014:

	Actual Amount	Ratio	For Capital Adequacy Purposes Amount	Ratio	To Be Well Capitalized Under Prompt Corrective Action Provisions Amount	Ratio
	(Dollars in thousands)					
As of September 30, 2015:						
Total Capital to Risk-Weighted Assets:						
Consolidated	$ 409,901	9.59 %	$ 192,335	4.50 %	N/A	N/A
ServisFirst Bank	414,687	9.71 %	192,262	4.50 %	$ 277,712	6.50 %

Tier 1 Capital to Risk-Weighted Assets:						
Consolidated	410,278	9.60 %	256,447	6.00 %	N/A	N/A
ServisFirst Bank	415,064	9.71 %	256,349	6.00 %	341,799	8.00 %
Tier 1 Capital to Average Assets:						
Consolidated	507,982	11.89 %	341,929	8.00 %	N/A	N/A
ServisFirst Bank	458,138	10.72 %	341,799	8.00 %	427,249	10.00
Common Equity Tier 1 Capital to Risk-Weighted Assets (1):						
Consolidated	410,278	8.83 %	185,947	4.00 %	N/A	N/A
ServisFirst Bank	415,064	8.93 %	186,569	4.00 %	232,390	5.00 %
As of December 31, 2014:						
Total Capital to Risk-Weighted Assets:						
Consolidated	$ 402,471	11.75 %	$ 136,972	4.00 %	N/A	N/A
ServisFirst Bank	362,119	10.58 %	136,970	4.00 %	$ 205,454	6.00 %
Tier 1 Capital to Risk-Weighted Assets:						
Consolidated	458,073	13.38 %	273,943	8.00 %	N/A	N/A
ServisFirst Bank	397,748	11.62 %	273,939	8.00 %	342,424	10.00 %
Tier 1 Capital to Average Assets:						
Consolidated	402,471	9.91 %	162,377	4.00 %	N/A	N/A
ServisFirst Bank	362,119	8.92 %	162,375	4.00 %	202,969	5.00 %
As of September 30, 2014:						
Total Capital to Risk-Weighted Assets:						
Consolidated	$ 388,446	12.02 %	$ 129,244	4.00 %	N/A	N/A
ServisFirst Bank	356,183	11.02 %	129,238	4.00 %	$ 193,856	6.00 %
Tier 1 Capital to Risk-Weighted Assets:						
Consolidated	442,853	13.71 %	258,487	8.00 %	N/A	N/A
ServisFirst Bank	390,625	12.09 %	258,475	8.00 %	323,094	10.00 %
Tier 1 Capital to Average Assets:						
Consolidated	388,446	10.18 %	152,598	4.00 %	N/A	N/A
ServisFirst Bank	356,183	9.34 %	152,588	4.00 %	190,735	5.00 %

(1) Common Equity Tier 1 Capital to Risk-Weighted Assets became effective for us on January 1, 2015.

Off-Balance Sheet Arrangements

In the normal course of business, we are a party to financial instruments with off-balance sheet risk to meet the financing needs of our customers. These financial instruments include commitments to extend credit beyond current fundings, credit card arrangements, standby letters of credit, and financial guarantees. Those instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in our balance sheet. The contract or notional amounts of those instruments reflect the extent of involvement we have in those particular financial instruments.

Our exposure to credit loss in the event of non-performance by the other party to such financial instruments is represented by the contractual or notional amount of those instruments. We use the same credit policies in making commitments and conditional obligations as we do for on-balance sheet instruments. During the first quarter of 2015, we funded an initial reserve for losses on such off-balance sheet arrangements consistent with guidance in the Federal Reserve Bank's Interagency Policy Statement SR 06-17. As of September 30, 2015, we had total reserves of $500,000.

As part of our mortgage operations, we originate and sell certain loans to investors in the secondary market. We continue to experience a manageable level of investor repurchase demands. For loans sold, we have an obligation to either repurchase the outstanding principal balance of a loan or make the purchaser whole for the economic benefits of a loan if it is determined that the loans sold were in violation of representations and warranties made by the Bank at the time of the sale. Representations and warranties typically include those made regarding loans that had missing or insufficient file documentation or loans obtained through fraud by borrowers or other third parties such as appraisers. We had a reserve of $76,000 as of September 30, 2015 and $31,000 as of December 31, 2014 for the settlement of any repurchase demands by investors. In December 2014, we repurchased one loan with a principal balance of $292,000 from an investor due to a loan-to-value ("LTV") exception. We currently hold this loan and anticipate re-selling it later in 2015 when its LTV is acceptable. The proceeds from such sale will be posted back into the reserve.

Financial instruments whose contract amounts represent credit risk at September 30, 2015 are as follows:

	September 30, 2015 (In Thousands)
Commitments to extend credit	$ 1,360,751
Credit card arrangements	55,751
Standby letters of credit	31,320
	$ 1,447,822

Commitments to extend credit beyond current funded amounts are agreements to lend to a customer as long as there is no violation of any condition established in the applicable loan agreement. Such commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. We evaluate each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by us upon extension of credit is based on our management's credit evaluation. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by us to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. All letters of credit are due within one year or less of the original commitment date. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

Federal funds lines of credit are uncommitted lines issued to downstream correspondent banks for the purpose of providing liquidity to them. The lines are unsecured, and we have no obligation to sell federal funds to the correspondent, nor does the correspondent have any obligation to request or accept purchases of federal funds from us.

Results of Operations

Summary of Net Income

Net income for the three months ended September 30, 2015 was $16.3 million compared to net income of $14.0 million for the three months ended September 30, 2014. Net income for the nine months ended September 30, 2015 was $43.8 million compared to net income of $37.3 million for the nine months ended September 30, 2014. Core net income for the nine months ended September 30, 2015 was $45.6 million compared to core net income for the nine months ended September 30, 2014 of $39.0 million. Core net income excludes the impact of non-routine expenses during the comparative periods, as more fully discussed in "Noninterest Expense" below. For a reconciliation of these non-GAAP measures to the most comparable GAAP measure, see "GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures" below. The increase in net income for the three months ended September 30, 2015 compared to 2014 was primarily the result of an $8.6 million increase in net interest income as a result of growth in average earning assets, offset by a $3.0 million increase in noninterest expense. The increase in net income for the nine months ended September 30, 2015 compared to 2014 was primarily the result of a $23.0 million increase in net interest income as a result of growth in average earning assets, offset by a $2.0 million increase in provision for loan losses and $10.8 million increase in noninterest expense.

Basic and diluted net income per common share were $0.63 and $0.61, respectively, for the three months ended September 30, 2015, compared to $0.56 and $0.54, respectively, for the corresponding period in 2014. Basic and diluted net income per common share were $1.70 and $1.65, respectively, for the nine months ended September 30, 2015, compared to $1.57 and $1.51, respectively, for the corresponding period in 2014. Core basic and diluted earnings per share were $1.77 and $1.72, respectively, for the nine months ended September 30, 2015 compared to $1.64 and $1.57, respectively, for the corresponding period in 2014. Return on average assets for the three and nine months ended September 30, 2015 was 1.38% and 1.32%, respectively, compared to 1.45% and 1.37%, respectively, for the corresponding periods in 2014. Core return on average assets for the nine months ended September 30, 2015 was 1.37% compared to 1.43% for the corresponding period in 2014. Return on average common stockholders' equity for the three and nine months ended September 30, 2015 was 15.52% and 14.40% compared to 15.89% and 16.17%, respectively, for the corresponding periods in 2014. Core return on average common stockholders' equity for the nine months ended September 30, 2015 was 14.99% compared to 16.88% for the corresponding period in 2014.

Net Interest Income

Net interest income is the difference between the income earned on interest-earning assets and interest paid on interest-bearing liabilities used to support such assets. The major factors which affect net interest income are changes in volumes, the yield on interest-earning assets and the cost of interest-bearing liabilities. Our management's ability to respond to changes in interest rates by effective asset-liability management techniques is critical to maintaining the stability of the net interest margin and the momentum of our primary source of earnings.

Taxable-equivalent net interest income increased $8.6 million, or 25.4%, to $42.4 million for the three months ended September 30, 2015 compared to $33.8 million for the corresponding period in 2014, and increased $23.2 million, or 23.8%, to $120.7 million for the nine months ended September 30, 2015 compared to $97.5 million for the corresponding period in 2014. This increase was primarily attributable to growth in average earning assets, which increased $0.8 billion, or 21.6%, from the third quarter of 2014 to the third quarter of 2015, and $0.7 billion, or 20.0%, from the nine months ended September 30, 2014 to the same period in 2015. The taxable-equivalent yield on interest-earning assets increased to 4.18% for the three months ended September 30, 2015 from 4.03% for the corresponding period in 2014, and increased to 4.21% for the nine months ended September 30, 2015 from 4.12% for the corresponding period in 2014. The yield on loans for the three months ended September 30, 2015 was 4.48% compared to 4.44% for the corresponding period in 2014, and 4.49% compared to 4.47% for the nine months ended September 30, 2015 and September 30, 2014, respectively. Discount accretion on loans acquired in the Metro acquisition in February of 2015 contributed $576,000 and $1,696,000, respectively, for the three and nine months ended September 30, 2015. Loan fees included in the yield calculation increased to $373,000 for the three months ended September 30, 2015 from $238,000 for the corresponding period in 2014, and increased to $883,000 for the nine months ended September 30, 2015 from $698,000 for the corresponding period in 2014. The cost of total interest-bearing liabilities increased to 0.57% for the three months ended September 30, 2015 compared to 0.53% for the corresponding period in 2014, and increased to 0.54% for the nine months ended September 30, 2015 from 0.53% for the corresponding period in 2014. We issued our 5% Subordinated Notes due July 15, 2025 during the third quarter of 2015, which contributed to the increase in our cost of funds for the comparative periods. Net interest margin for the three months ended September 30, 2015 was 3.77% compared to 3.65% for the corresponding period in 2014, and 3.82% for the nine months ended September 30, 2015 compared to 3.72% for the corresponding period in 2014.

The following tables show, for the three and nine months ended September 30, 2015 and September 30, 2014, the average balances of each principal category of our assets, liabilities and stockholders' equity, and an analysis of net interest revenue. The accompanying tables reflect changes in our net interest margin as a result of changes in the volume and rate of our interest-earning assets and interest-bearing liabilities for the same periods. Changes as a result of mix or the number of days in the periods have been allocated to the volume and rate changes in proportion to the relationship of the absolute dollar amounts of the change in each. The tables are presented on a taxable-equivalent basis where applicable:

Average Consolidated Balance Sheets and Net Interest Analysis

On a Fully Taxable-Equivalent Basis

For the Three Months Ended September 30, 2015 and 2014

(Dollar Amounts In Thousands)

	2015			2014		
	Average Balance	Interest Earned / Paid	Average Yield / Rate	Average Balance	Interest Earned / Paid	Average Yield / Rate
Assets:						
Interest-earning assets:						
Loans, net of unearned income (1)						
Taxable	$ 3,915,778	$44,233	4.48 %	$ 3,081,435	$34,514	4.44 %
Tax-exempt (2)	9,802	122	4.98	12,043	129	4.28
Mortgage loans held for sale	7,714	84	4.32	6,861	63	3.64
Investment securities:						
Taxable	189,939	1,041	2.19	195,220	1,129	2.31
Tax-exempt (2)	139,543	1,377	3.95	126,512	1,290	4.08
Total investment securities (3)	329,482	2,418	2.94	321,732	2,419	3.01
Federal funds sold	24,860	32	0.51	57,625	39	0.27
Restricted equity securities	4,954	52	4.16	3,418	33	3.83
Interest-bearing balances with banks	168,548	116	0.27	185,716	116	0.25
Total interest-earning assets	$ 4,461,138	$47,057	4.18 %	$ 3,668,830	$37,313	4.03 %
Non-interest-earning assets:						
Cash and due from banks	63,259			58,340		
Net fixed assets and equipment	18,961			8,310		
Allowance for loan losses, accrued interest and other assets	127,778			86,859		
Total assets	$ 4,671,136			3,822,339		
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 593,550	$425	0.28 %	$ 484,291	$322	0.26 %
Savings deposits	37,281	28	0.30	26,584	19	0.28
Money market accounts	1,817,997	2,158	0.47	1,555,091	1,741	0.44
Time deposits	485,137	1,208	0.99	394,158	1,040	1.05
Federal funds purchased	246,168	191	0.31	187,629	133	0.28
Other borrowings	50,509	660	5.18	19,961	283	5.62
Total interest-bearing liabilities	$ 3,230,642	$4,670	0.57 %	$ 2,667,714	$3,538	0.53 %
Non-interest-bearing liabilities:						
Non-interest-bearing demand deposits	988,756			751,831		
Other liabilities	23,714			15,796		

Stockholders' equity	424,113		382,025	
Unrealized gains on securities and derivatives	3,911		4,973	
Total liabilities and stockholders' equity	$ 4,671,136		$ 3,822,339	
Net interest spread		3.61 %		3.51 %
Net interest margin		3.77 %		3.65 %

(1) Non-accrual loans are included in average loan balances in all periods. Loan fees of $373,000 and $238,000 are included in interest income in 2015 and 2014, respectively.
(2) Interest income and yields are presented on a fully taxable equivalent basis using a tax rate of 35%.
(3) Unrealized gains of $6,016,000 and $7,651,000 are excluded from the yield calculation in 2015 and 2014, respectively.

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	For the Three Months Ended September 30, 2015 Compared to 2014 Increase (Decrease) in Interest Income and Expense Due to Changes in:		
	Volume	Rate	Total
	(In Thousands)		
Interest-earning assets:			
Loans, net of unearned income			
Taxable	$ 9,423	$ 296	$ 9,719
Tax-exempt	(26)	19	(7)
Mortgages held for sale	8	13	21
Debt securities:			
Taxable	(30)	(58)	(88)
Tax-exempt	130	(43)	87
Total debt securities	100	(101)	(1)
Federal funds sold	(30)	23	(7)
Restricted equity securities	16	3	19
Interest-bearing balances with banks	(11)	11	-
Total interest-earning assets	9,480	264	9,744
Interest-bearing liabilities:			
Interest-bearing demand deposits	77	26	103
Savings	8	1	9
Money market accounts	307	110	417
Time deposits	230	(62)	168
Federal funds purchased	44	14	58
Other borrowed funds	401	(24)	377
Total interest-bearing liabilities	1,067	65	1,132
Increase in net interest income	$ 8,413	$ 199	$ 8,612

Our growth in loans continues to drive favorable volume component change and overall change. We also have experienced a favorable variance relating to the interest rate component because rates on earning assets advanced by 15 basis points while the cost of interest-bearing liabilities increased by 4 basis points. Growth in noninterest-bearing deposits has also contributed to the growth in net interest income. Our growth in loans continues to drive favorable volume component change and overall change.

Average Consolidated Balance Sheets and Net Interest Analysis

On a Fully Taxable-Equivalent Basis

For the Nine Months Ended September 30, 2015 and 2014

(Dollar Amounts In Thousands)

	2015				2014			
	Average Balance	Interest Earned / Paid	Average Yield / Rate		Average Balance	Interest Earned / Paid	Average Yield / Rate	
Assets:								
Interest-earning assets:								
Loans, net of unearned income (1)								
Taxable	$ 3,714,830	$ 124,705	4.49	%	$ 2,984,858	$ 99,727	4.47	%
Tax-exempt (2)	9,994	374	4.99		14,123	397	3.75	
Mortgage loans held for sale	9,108	190	2.79		6,477	159	3.28	
Investment securities:								
Taxable	193,743	3,272	2.25		186,144	3,354	2.40	
Tax-exempt (2)	135,250	4,054	4.00		124,379	3,815	4.09	
Total investment securities (3)	328,993	7,326	2.97		310,523	7,169	3.08	
Federal funds sold	30,258	81	0.36		51,313	118	0.31	
Restricted equity securities	4,745	132	3.72		3,533	97	3.67	
Interest-bearing balances with banks	129,581	262	0.27		130,221	211	0.22	
Total interest-earning assets	$ 4,227,509	$ 133,070	4.21	%	$ 3,501,048	$ 107,878	4.12	%
Non-interest-earning assets:								
Cash and due from banks	60,348				57,278			
Net fixed assets and equipment	16,396				8,469			
Allowance for loan losses, accrued interest and other assets	125,973				86,968			
Total assets	$ 4,430,226				$ 3,653,763			
Liabilities and stockholders' equity:								
Interest-bearing liabilities:								
Interest-bearing demand deposits	$ 575,736	$ 1,187	0.28	%	$ 481,715	$ 960	0.27	%
Savings deposits	37,040	79	0.29		25,696	54	0.28	
Money market accounts	1,697,615	5,777	0.45		1,481,868	4,904	0.44	
Time deposits	470,597	3,557	1.01		403,063	3,246	1.08	
Federal funds purchased	264,112	583	0.30		193,104	402	0.28	
Other borrowings	30,948	1,231	5.32		19,953	850	5.70	
Total interest-bearing liabilities	$ 3,076,048	$ 12,414	0.54	%	$ 2,605,399	$ 10,416	0.53	%
Non-interest-bearing liabilities:								
Non-interest-bearing demand deposits	903,992				689,503			

Other liabilities	15,126			12,759		
Stockholders' equity	430,425			341,269		
Unrealized gains on securities and derivatives	4,635			4,833		
Total liabilities and stockholders' equity	$ 4,430,226			$ 3,653,763		
Net interest spread		3.67	%		3.59	%
Net interest margin		3.82	%		3.72	%

(1) Non-accrual loans are included in average loan balances in all periods. Loan fees of $883,000 and $698,000 are included in interest income in 2015 and 2014, respectively.

(2) Interest income and yields are presented on a fully taxable equivalent basis using a tax rate of 35%.

(3) Unrealized gains of $6,846,000 and $7,438,000 are excluded from the yield calculation in 2015 and 2014, respectively.

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	For the Nine Months Ended September 30, 2015 Compared to 2014 Increase (Decrease) in Interest Income and Expense Due to Changes in:		
	Volume	Rate	Total
	(In Thousands)		
Interest-earning assets:			
Loans, net of unearned income			
Taxable	$ 24,503	$ 475	$ 24,978
Tax-exempt	(134)	111	(23)
Mortgages held for sale	58	(27)	31
Debt securities:			
Taxable	133	(215)	(82)
Tax-exempt	327	(88)	239
Total debt securities	460	(303)	157
Federal funds sold	(54)	17	(37)
Restricted equity securities	34	1	35
Interest-bearing balances with banks	(1)	52	51
Total interest-earning assets	24,866	326	25,192
Interest-bearing liabilities:			
Interest-bearing demand deposits	193	34	227
Savings	24	1	25
Money market accounts	731	142	873
Time deposits	519	(208)	311
Federal funds purchased	156	25	181
Other borrowed funds	440	(59)	381
Total interest-bearing liabilities	2,063	(65)	1,998
Increase in net interest income	$ 22,803	$ 391	$ 23,194

Our growth in loans continues to drive favorable volume component change and overall change. We also experienced a favorable rate component change during the nine months ended September 30, 2015 as the average rate on interest-bearing assets advanced 9 basis points while the cost of interest-bearing liabilities increased by only 1 basis point.

Provision for Loan Losses

The provision for loan losses represents the amount determined by management to be necessary to maintain the allowance for loan losses at a level capable of absorbing inherent losses in the loan portfolio. Our management reviews the adequacy of the allowance for loan losses on a quarterly basis. The allowance for loan losses calculation is segregated into various segments that include classified loans, loans with specific allocations and pass rated loans. A pass rated loan is generally characterized by a very low to average risk of default and in which management perceives there is a minimal risk of loss. Loans are rated using a nine-point risk grade scale with loan officers having the primary responsibility for assigning risk grades and for the timely reporting of changes in the risk grades. Based on these processes, and the assigned risk grades, the criticized and classified loans in the portfolio are segregated into the following regulatory classifications: Special Mention, Substandard, Doubtful or Loss, with some general allocation of reserve based on these grades. At September 30, 2015, total loans rated Special Mention, Substandard, and Doubtful were $133.0 million, or 3.3% of total loans, compared to $77.6 million, or 2.3% of total loans, at December 31, 2014. Impaired loans are reviewed specifically and separately under FASB ASC 310-30-35, Subsequent Measurement of Impaired Loans, to determine the appropriate reserve allocation. Our management compares the investment in an impaired loan with the present value of expected future cash flow discounted at the loan’s effective interest rate, the loan’s observable market price or the fair value of the collateral, if the loan is collateral-dependent, to determine the specific reserve allowance. Reserve percentages assigned to non-impaired loans are based on historical charge-off experience adjusted for other risk factors. To evaluate the overall adequacy of the allowance to absorb losses inherent in our loan portfolio, our management considers historical loss experience based on volume and types of loans, trends in classifications, volume and trends in delinquencies and nonaccruals, economic conditions and other pertinent information. Based on future evaluations, additional provisions for loan losses may be necessary to maintain the allowance for loan losses at an appropriate level.

The provision for loan losses was $3.1 million for the three months ended September 30, 2015, an increase of $0.4 million from $2.7 million for the three months ended September 30, 2014, and was $9.5 million for the nine months ended September 30, 2015, a $2.0 million increase, compared to $7.5 million for the nine months ended September 30, 2014. The increase in provision for loan losses for the three and nine month periods ended September 30, 2015 is primarily attributable to loan growth. Nonperforming loans increased to $10.4 million, or 0.26% of total loans, at September 30, 2015 from $10.1 million, or 0.30% of total loans, at December 31, 2014, but were lower than $17.3 million, or 0.55% of total loans, at September 30, 2014. Impaired loans increased to $37.4 million, or 0.93% of total loans, at September 30, 2015, compared to $27.6 million, or 0.82% of total loans, at December 31, 2014. The allowance for loan losses totaled $42.6 million, or 1.05% of total loans, net of unearned income, at September 30, 2015, compared to $35.6 million, or 1.06% of loans, net of unearned income, at December 31, 2014. Accounting requirements for the first quarter 2015 acquisition of Metro has affected the comparability of the allowance as a percentage of loans. Excluding former Metro loans recorded at acquisition date fair value, the allowance for loan losses approximates 1.08% of all other loans.

Non-interest Income

Non-interest income totaled $3.8 million for the three months ended September 30, 2015, an increase of $0.8 million, or 26.7%, compared to the corresponding period in 2014, and totaled $10.4 million for the nine months ended September 30, 2015, an increase of $2.3 million, or 28.4%, compared to the corresponding period in 2014. Service charges on deposit accounts increased to $3.8 million for the nine months ended September 30, 2015 compared to $3.1 million for the same period in 2014. This increase is the result of added accounts and also increases in monthly service charges and various transaction fees on many of our business account types that became effective in May 2014. Income from credit cards increased to $0.7 million for the three months ended September 30, 2015 from $0.5 million for the same period in 2014, and increased to $1.7 million for the nine months ended September 30, 2015 compared to $1.5 million for the same period in 2014, which primarily resulted in the increase in other operating income. Increases in the cash surrender value of bank-owned life insurance contracts increased by $0.2 million and $0.4 million during the three and nine month periods ended September 30, 2015 compared to the same periods in 2014, a result of the purchase of additional life insurance contracts in September 2014, and $2.7 million in contracts acquired in the Metro transaction. Income from mortgage banking for the nine months ended September 30, 2015 was $2.1 million, up from $1.5 million for the same period in 2014. This increase is attributable to an increase in the number of loans originated and sold and improved margins on loans sold. We sold one debt security during the first nine months of 2014 with a small gain.

Non-interest Expense

Non-interest expense totaled $18.3 million for the three months ended September 30, 2015, an increase of $3.0 million, or 19.6%, compared to $15.3 million for the same period in 2014, and totaled $55.3 million for the nine months ended September 30, 2015, an increase of $10.8 million, or 24.3%, compared to $44.5 million for the same period in 2014.

Details of expenses are as follows:

- Salary and benefit expense increased $2.7 million, or 34.2%, to $10.6 million for the three months ended September 30, 2015 from $7.9 million for the same period in 2014, and increased $5.3 million, or 21.5%, to $30.0 million for the nine months ended September 30, 2015 from $24.7 million for the same period in 2014. We recorded $2.5 million of compensation expense in the first nine months of 2014 resulting from the correction of our accounting for vested stock options and acceleration of vesting for unvested stock options previously granted to members of our advisory boards in our markets. Excluding this non-routine expense, salary and benefit expense increased $7.8 million, or 35.1%, for the nine months ended September 30, 2015 over the corresponding period in 2014. This increase is primarily the result of employees of Metro Bank coming on board in February 2015 and new employee hires in our newer markets of Nashville, Tennessee and Charleston, South Carolina. Additionally, incentive accruals increased $0.3 million and $1.8 million for the three and nine months ended September 30, 2015, respectively, compared to the corresponding periods in 2014. We had 367 full-time equivalent employees at September 30, 2015 compared to 285 at September 30, 2014, a 28.8% increase.

- Equipment and occupancy expense increased $0.2 million, or 14.3%, to $1.6 million for the three months ended September 30, 2015 from $1.4 million for the corresponding period in 2014, and increased $0.7 million, or 16.7%, to $4.9 million from $4.2 million for the nine months ended September 30, 2015 compared to the corresponding period in 2014. These increases are attributable to our continued expansion into new markets and the Metro transaction.

- Merger expenses related to the acquisition of Metro in the first quarter of 2015 were $2.1 million.

- Other operating expenses increased $0.3 million to $4.4 million for the three months ended September 30, 2015 compared to the same period in 2014, and increased $2.5 million to $13.6 million for the nine months ended September 30, 2015 compared to the same period in 2014. Increases in Federal Reserve Bank service charges of $0.1 million and $0.3 million for the three and nine months ended September 30, 2015 when compared to the corresponding periods in 2014 are the result of increased clearing services for correspondent bank clients. We also incurred a non-routine expense of $0.5 million during the first quarter of 2015 to fund a reserve for unfunded loan commitments consistent with guidance provided in the Federal Reserve Bank's Interagency Policy Statement SR 06-17. Expenses relating to our growth in loans and expansion into new markets also contributed to the increased other operating expenses in the 2015 periods.

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The following table presents our non-interest income and non-interest expense for the three and nine month periods ending September 30, 2015 compared to the same periods in 2014.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2015	2014	$ change	% change	2015	2014	$ change	% change
Non-interest income:								
Service charges on deposit accounts	$ 1,279	$ 1,172	$ 107	9.1 %	$ 3,762	$ 3,097	$ 665	21.5 %
Mortgage banking	873	582	291	50.0 %	2,062	1,540	522	33.9 %
Securities gains	-	3	(3)	NM	29	3	26	NM %
Increase in cash surrender value life insurance	683	549	134	24.4 %	1,991	1,631	360	22.1 %
Other operating income	987	700	287	41.0 %	2,560	1,848	712	38.5 %
Total non-interest income	$ 3,822	$ 3,006	$ 816	27.1 %	$ 10,404	$ 8,119	$ 2,285	28.1 %
Non-interest expense:								
Salaries and employee benefits	$ 10,595	$ 7,890	$ 2,705	34.3 %	$ 30,029	$ 24,685	$ 5,344	21.6 %
Equipment and occupancy expense	1,575	1,437	138	9.6 %	4,870	4,212	658	15.6 %
Professional services	668	829	(161)	(19.4)%	1,901	1,877	24	1.3 %
FDIC and other regulatory assessments	681	533	148	27.8 %	1,927	1,578	349	22.1 %
OREO expense	400	220	180	81.8 %	903	1,005	(102)	(10.1)%
Merger expense	-	-	-	NM %	2,100	-	2,100	NM %
Other operating expense	4,413	4,406	7	0.2 %	13,566	11,098	2,468	22.2 %
Total non-interest expense	$ 18,332	$ 15,315	$ 3,017	19.7 %	$ 55,296	$ 44,455	$ 10,841	24.4 %

Income Tax Expense

Income tax expense was $8.0 million for the three months ended September 30, 2015 compared to $4.3 million for the same period in 2014, and was $20.9 million for the nine months ended September 30, 2015 compared to $15.0 million for the same period in 2014. Our effective tax rate for the three and nine months ended September 30, 2015 was 33.01% and 32.3%, respectively, compared to 23.3% and 28.6%, respectively, for the corresponding periods in 2014. The lower effective tax rates for the 2014 periods primarily relate to our recognition of a tax credit in connection with our financing of the rehabilitation of a historic building. Our primary permanent differences are related to tax exempt income on securities, state income tax benefit on real estate investment trust dividends, various qualifying tax credits, change in cash surrender value of bank-owned life insurance and incentive stock option expenses.

We own real estate investment trusts for the purpose of holding and managing participations in residential mortgages and commercial real estate loans originated by the Bank. The trusts are majority-owned subsidiaries of a trust holding company, which in turn is a wholly-owned subsidiary of the Bank. The trusts earn interest income on the loans they hold and incur operating expenses related to their activities. They pay their net earnings, in the form of dividends, to the Bank, which receives a deduction for state income taxes.

GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures

As discussed in more detail in the section titled “Non-interest Expense,” we recorded the following non-routine expenses during the comparative periods included in this quarterly report on Form 10-Q:

- $0.7 million during the first quarter of 2014 resulting from a correction of our accounting for vested stock options previously granted to members of our advisory boards in our Dothan, Huntsville and Montgomery, Alabama markets;
- $1.8 million during the second quarter of 2014 resulting from an acceleration of vesting of stock options previously granted to members of our advisory boards in our Mobile, Alabama and Pensacola, Florida markets.

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- $2.1 million of merger expense during the first quarter of 2015 resulting from our acquisition of Metro Bancshares, Inc.
- $0.5 million during the first quarter of 2015 resulting from the initial funding of a reserve for unfunded loan commitments consistent with guidance provided by the Federal Reserve Bank's Interagency Policy Statement SR 06-17.

The non-GAAP financial measures included in this quarterly report on Form 10-Q are "core net income," "core net income available to common stockholders," "core basic earnings per share," "core diluted earnings per share," "core return on average assets" and "core return on average common stockholders' equity." Each of these six core financial measures excludes the impact of the non-routine expenses attributable to the correction of our accounting for stock options and related acceleration of vesting of such stock options.

"Core net income" is defined as net income, adjusted by the net effect of the non-routine expense.

"Core net income available to common stockholders" is defined as net income available to common stockholders, adjusted by the net effect of the non-routine expense.

"Core basic earnings per share" is defined as net income available to common stockholders, adjusted by the net effect of the non-routine expense, divided by weighted average shares outstanding.

"Core diluted earnings per share" is defined as net income available to common stockholders, adjusted by the net effect of the non-routine expense, divided by weighted average diluted shares outstanding.

"Core return on average assets" is defined as net income, adjusted by the net effect of the non-routine expense, divided by average total assets.

"Core return of average common stockholders' equity" is defined as net income, adjusted by the net effect of the non-routine expense, divided by average common stockholders' equity.

We believe these non-GAAP financial measures provide useful information to management and investors that is supplementary to our financial condition, results of operations and cash flows computed in accordance with GAAP; however, we acknowledge that these non-GAAP financial measures have a number of limitations. As such, you should not view these disclosures as a substitute for results determined in accordance with GAAP, and they are not necessarily comparable to non-GAAP financial measures that other companies, including those in our industry, use. The following reconciliation table provides a more detailed analysis of the non-GAAP financial measures for the nine month periods ended September 30, 2015 and 2014. Dollars are in thousands, except share and per share data.

	For the Nine Months Ended September 30, 2015		For the Nine Months Ended September 30, 2014	
Provision for income taxes - GAAP	$ 20,889		$ 14,965	
Adjustments:				
Adjustment for non-routine expense	829		865	
Core provision for income taxes	$ 21,718		$ 15,830	
Return on average assets - GAAP	1.32	%	1.37	%
Net income - GAAP	$ 43,790		$ 37,345	
Adjustments:				
Adjustment for non-routine expense	1,767		1,612	
Core net income	$ 45,557		$ 38,957	
Average assets	$ 4,430,226		$ 3,653,763	
Core return on average assets	1.37	%	1.43	%
Return on average common stockholders' equity	14.40	%	16.17	%
Net income available to common stockholders - GAAP	$ 43,534		$ 37,029	
Adjustments:				
Adjustment for non-routine expense	1,767		1,612	
Core net income available to common stockholders	$ 45,301		$ 38,641	
Average common stockholders' equity	$ 404,177		$ 306,144	
Core return on average common stockholders' equity	14.99	%	16.88	%
Earnings per share - GAAP	$ 1.70		$ 1.57	
Weighted average shares outstanding, diluted	25,636,690		23,539,218	
Core diluted earnings per share	$ 1.77		$ 1.64	
Diluted earnings per share - GAAP	$ 1.65		$ 1.51	
Weighted average shares outstanding, diluted	26,391,100		24,598,250	
Core diluted earnings per share	$ 1.72		$ 1.57	

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Like all financial institutions, we are subject to market risk from changes in interest rates. Interest rate risk is inherent in the balance sheet due to the mismatch between the maturities of rate-sensitive assets and rate-sensitive liabilities. If rates are rising, and the level of rate-sensitive liabilities exceeds the level of rate-sensitive assets, the net interest margin will be negatively impacted. Conversely, if rates are falling, and the level of rate-sensitive liabilities is greater than the level of rate-sensitive assets, the impact on the net interest margin will be favorable. Managing interest rate risk is further complicated by the fact that all rates do not change at the same pace; in other words, short-term rates may be rising while longer-term rates remain stable. In addition, different types of rate-sensitive assets and rate-sensitive liabilities react differently to changes in rates.

To manage interest rate risk, we must take a position on the expected future trend of interest rates. Rates may rise, fall or remain the same. Our asset-liability committee develops its view of future rate trends and strives to manage rate risk within a targeted range by monitoring economic indicators, examining the views of economists and other experts, and understanding the current status of our balance sheet. Our annual budget reflects the anticipated rate environment for the next 12 months. The asset-liability committee conducts a quarterly analysis of the rate sensitivity position and reports its results to our board of directors.

The asset-liability committee thoroughly analyzes the maturities of rate-sensitive assets and liabilities. This analysis measures the “gap”, which is defined as the difference between the dollar amount of rate-sensitive assets repricing during a period and the volume of rate-sensitive liabilities repricing during the same period. The gap is also expressed as the ratio of rate-sensitive assets divided by rate-sensitive liabilities. If the ratio is greater than one, the dollar value of assets exceeds the dollar value of liabilities; the balance sheet is “asset-sensitive.” Conversely, if the value of liabilities exceeds the value of assets, the ratio is less than one and the balance sheet is “liability-sensitive.” Our internal policy requires management to maintain the gap such that net interest margins will not change more than 10% if interest rates change 100 basis points or more than 15% if interest rates change 200 basis points. There have been no changes to our policies or procedures for analyzing our interest rate risk since December 31, 2014, and there are no significant changes to our sensitivity to changes in interest rates since December 31, 2014 as disclosed in our Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

CEO and CFO Certification.

Appearing as exhibits to this report are Certifications of our Chief Executive Officer (“CEO”) and our Chief Financial Officer (“CFO”). The Certifications are required to be made by Rule 13a-14 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). This item contains the information about the evaluation that is referred to in the Certifications, and the information set forth below in this Item 4 should be read in conjunction with the Certifications for a more complete understanding of the Certifications.

Evaluation of Disclosure Controls and Procedures.

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

We conducted an evaluation (the "Evaluation") of the effectiveness of the design and operation of our disclosure controls and procedures under the supervision and with the participation of our management, including our CEO and CFO, as of September 30, 2015. Based upon the Evaluation, our CEO and CFO have concluded that, as of September 30, 2015, our disclosure controls and procedures are effective to ensure that material information relating to ServisFirst Bancshares, Inc. and its subsidiaries is made known to management, including the CEO and CFO, particularly during the period when our periodic reports are being prepared.

There have not been any changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time we may be a party to various legal proceedings arising in the ordinary course of business. We are not currently a party to any material legal proceedings except as disclosed in Item 3, "Legal Proceedings", in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, and there has been no material change in any matter described therein.

ITEM 1A. RISK FACTORS

Our business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our control. We have identified a number of these risk factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, which should be taken into consideration when reviewing the information contained in this report. There have been no material changes with regard to the risk factors previously disclosed in the Form 10-K. For other factors that may cause actual results to differ materially from those indicated in any forward-looking statement or projection contained in this report, see "Forward-Looking Statements" under Part 1, Item 2 above.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On May 13, 2014, the Company's registration statement on Form S-1 (File No. 333-193401), which related to the Company's initial public offering, was declared effective by the SEC. Under that registration statement, we registered and sold an aggregate of 1,875,000 shares of common stock at a price to the public of $30.333 per share, generating gross offering proceeds of approximately $56.9 million. The net proceeds of the sale of such shares, after underwriting commissions and offering expenses, were approximately $52.1 million. There has been no material change in the planned use of proceeds from the initial public offering as described in the final prospectus filed with the SEC on May 14, 2014 under Rule 424(b) of the Securities Act of 1933, as amended. We applied approximately $20.9 million of the proceeds from the initial public offering toward the acquisition of Metro Bank on January 31, 2015.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit:	Description
31.01	Certification of principal executive officer pursuant to Rule 13a-14(a).
31.02	Certification of principal financial officer pursuant to Rule 13a-14(a).
32.01	Certification of principal executive officer pursuant to 18 U.S.C. Section 1350.
32.02	Certification of principal financial officer pursuant to 18 U.S.C. Section 1350.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SERVISFIRST BANCSHARES, INC.

Date: November 3, 2015 By /s/ Thomas A. Broughton III
Thomas A. Broughton III
President and Chief Executive Officer

Date: November 3, 2015 By /s/ William M. Foshee
William M. Foshee
Chief Financial Officer