NUVEEN OHIO QUALITY INCOME MUNICIPAL FUND INC
Form N-CSR/A
October 12, 2004

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-6385

Nuveen Ohio Quality Income Municipal Fund, Inc.

(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

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

Date of fiscal year end: July 31

Date of reporting period: July 31, 2004

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

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

ITEM 1. REPORTS TO STOCKHOLDERS.

ANNUAL REPORT July 31, 2004

Nuveen Investments
Municipal Closed-End
Exchange-Traded
Funds

NUVEEN MICHIGAN QUALITY INCOME MUNICIPAL FUND, INC.
NUM

NUVEEN MICHIGAN PREMIUM INCOME MUNICIPAL FUND, INC.
NMP

NUVEEN MICHIGAN DIVIDEND ADVANTAGE MUNICIPAL FUND
NZW

NUVEEN OHIO QUALITY INCOME MUNICIPAL FUND, INC.
NUO

NUVEEN OHIO DIVIDEND ADVANTAGE MUNICIPAL FUND
NXI

NUVEEN OHIO DIVIDEND ADVANTAGE MUNICIPAL FUND 2
NBJ

NUVEEN OHIO DIVIDEND ADVANTAGE MUNICIPAL FUND 3
NVJ

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

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

Logo: NUVEEN Investments

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

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OR

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

Logo: NUVEEN Investments

Photo of: Timothy R. Schwertfeger

Timothy R. Schwertfeger
Chairman of the Board

Chairman's
LETTER TO SHAREHOLDERS

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

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

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

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

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

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

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger
Chairman of the Board

September 15, 2004

Nuveen Investments Municipal Closed-End Exchange-Traded Funds
(NUM, NMP, NZW, NUO, NXI, NBJ, NVJ)

Portfolio Managers'
PERSPECTIVE

Portfolio managers Dan Solender and Cathryn Steeves discuss the market environment, key investment strategies and the annual performance of the Michigan and Ohio Funds. With 12 years of investment experience, including eight at Nuveen, Dan assumed portfolio management responsibility for these Funds in November 2003. After the end of this reporting period, in August 2004, Cathryn assumed responsibility for the four Ohio Funds (NUO, NXI, NBJ, and NVJ). Cathryn has been a research analyst and portfolio manager with Nuveen since 1996.

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

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

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

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

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

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

HOW ABOUT ECONOMIC AND MARKET CONDITIONS IN MICHIGAN AND OHIO?
Although challenges remain, Michigan's economy finally appeared to be on the road to recovery. The state's business and services industries, as well as the life sciences and high-tech sectors, experienced modest, but accelerated, growth, and its industrial base slowly continued to diversify. Although down significantly from the 7.5% rate in July 2003, Michigan's unemployment rate of 6.8% in July 2004 remained well above the national average of 5.5%. The state's high cost structure and unionized workforce continued to provide impetus for consolidations, plant shutdowns and outsourcing to countries with lower labor costs. The state's rainy day and reserve funds were depleted in fiscal 2003, and Michigan turned to issuing $1.2 billion in cashflow notes to balance the fiscal 2004 budget. As of July 31, 2004, state lawmakers had not agreed on a plan to close the $1.3 billion budget shortfall for fiscal 2005, which begins October 1, 2004. However, we believe that Michigan's debt levels remain manageable, and leave some flexibility in bond financing if revenues fail to meet projected targets. During this 12-month reporting period, issuers in Michigan sold $8.8 billion in new municipal bonds, a decrease of 25% from the previous 12 months. In late 2003, Moody's downgraded Michigan's general obligation debt to Aa1 from Aaa, and Standard & Poor's also revised its rating to AA+ from AAA. Both credit agencies maintained a stable outlook for the state based on Michigan's efforts to overcome the decline in state revenues and achieve a balanced budget.

Ohio's economy also appeared to be gradually emerging from recession. Modest job creation has replaced some of the massive job losses in manufacturing, and growth in the business/professional services and education sectors provided welcome diversity to the state economy. As of July 2004, unemployment in Ohio was 5.9%, down from 6.3% in July 2003. Ohio's budget shortfall of $373 million for fiscal 2005 was closed through spending cuts, including Medicaid reductions, and the delay of a $100 million transfer to the state's budget stabilization fund. The fiscal 2004-2005 $48.9 billion biennial budget is also reliant on a two-year sales tax increase, which is expected to generate $1.25 billion annually. In contrast to the national trend, municipal issuance in Ohio was up 15% over

the 12 months ended July 2004, with $10.9 billion in new securities. Over the year period, the state's general obligation debt retained its ratings of Aa1 with a negative outlook from Moody's and AA+ with a stable outlook from S&P. Moody's negative outlook reflects the state's continued shortfalls in tax receipts and budget deficits that created pressure in 2004 and into 2005.

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

As the market continued to anticipate rising interest rates, our major focus during this fiscal year remained on positioning our Funds in maturities with the best expected returns, and on aligning the Funds to have more consistent interest rate risk. Interest rate risk is the risk that the value of a Fund's portfolio will decline if market interest rates rise (since bond prices move in the opposite direction of interest rates). We focused primarily on the 15 to 20 year maturity range, and we also bought bonds with coupons above current market rates to provide a degree of cushion for the Funds if rates were to rise. In many cases, bonds in the 15 to 20 year maturity range offered yields similar to those of longer-term bonds with less inherent interest rate risk and, we believed, greater total return prospects. We also added some bonds in the 10-year maturity range when we found what we believed were attractive opportunities. We think this yield curve positioning should also help the Funds produce more consistent returns over time as interest rates rise and fall.

In keeping with this strategy, some of the bonds we purchased carried coupons that were higher than current market rates. These "premium" bonds have the potential to help cushion the impact on the value of the Funds' portfolios if interest rates continue to rise. Some of these additions were financed through the sale of bonds with longer maturities (i.e., beyond 20 years). We also reduced our positions in pre-refunded and escrowed bonds in the three older Funds (NUM, NMP, and NUO). In NUO, for example, we cut our pre-refunded and escrowed holdings in half over the 12 month period, from 20% to 10%. In addition, because healthcare bonds were performing well, certain Funds took advantage of opportunities to sell selected bonds at attractive prices and modestly reduce their healthcare holdings. We tried to reinvest these proceeds in a variety of sectors to enhance the Funds' overall diversification.

In addition, we tried to balance the desire for quality with the need to generate income, especially in the newer Funds. For example, while we sold some lower-rated Puerto Rico tobacco bonds from NUO's and NBJ's portfolios, we maintained or added to our holdings in NXI and NVJ because of the higher yields offered by these bonds. We also added new BBB rated and sub-investment grade rated bonds to some of the portfolios to better diversify their lower credit quality holdings.

HOW DID THE FUNDS PERFORM?
Individual results for the Nuveen Michigan and Ohio Funds, as well as for relevant benchmarks, are presented in the accompanying table.

TOTAL RETURNS ON NET ASSET VALUE
For periods ended 7/31/04
(Annualized)

MICHIGAN FUNDS	1-YEAR	5-YEAR	10-YEAR
NUM	9.52%	7.14%	7.03%
NMP	8.56%	7.18%	7.37%
NZW	10.00%	NA	NA
Lipper Michigan Municipal Debt Funds Average1	9.13%	7.25%	6.92%

OHIO FUNDS			
NUO	7.87%	6.51%	7.25%
NXI	9.54%	NA	NA
NBJ	10.33%	NA	NA
NVJ	9.72%	NA	NA
Lipper Other States Municipal Debt Funds Average2	9.64%	7.01%	7.28%
Lehman Brothers Municipal Bond Index3	5.79%	6.07%	6.38%

Past performance is not predictive of future results.

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

For the 12 months ended July 31, 2004, the total returns on net asset value (NAV) for all seven Funds in this report outperformed the return on the Lehman Brothers index. NUM and NZW also outperformed their Lipper Michigan peer group, while NMP trailed this average. Among the Ohio Funds, NBJ bested the Lipper Other States group average, NVJ and NXI performed roughly in line with this measure, and NUO lagged its peer group.

1 The Lipper Michigan Municipal Debt Funds category average is calculated using the returns of all leveraged and unleveraged closed-end exchange-traded funds in this category for each period as follows: 1 year, 7 funds; 5 years, 5 funds; and 10 years, 4 funds. Fund and Lipper returns assume reinvestment of dividends.

2 The Lipper Other States Municipal Debt Funds category average is calculated using the returns of all leveraged and unleveraged closed-end exchange-traded funds in this category for each period as follows: 1 year, 44 funds; 5 years, 19 funds; and 10 years, 17 funds. Fund and Lipper returns assume reinvestment of dividends. It should be noted that the performance of the Lipper Other States category represents the overall average of annual returns for funds from 10 different states with a wide variety of economic and municipal market conditions and investment guidelines, making direct comparisons less applicable.

3 The Lehman Brothers Municipal Bond Index is an unleveraged, unmanaged national index comprising a broad range of investment-grade municipal bonds. Results for the Lehman indexes do not reflect any expenses.

7

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

All of these Funds also benefited from their allocations of lower quality bonds, which outperformed higher quality securities as the economy improved. In fact, some of the differences between the returns of these Funds reflect the varying allocations to these lower-rated securities, especially in Michigan. As of July 31, 2004, NZW had the greatest allocation (7%) of bonds rated BBB or lower among the Michigan Funds, while NMP had the lowest (3%). Among the Ohio Funds, NBJ's total return was enhanced by its holdings of BBB rated bonds. One example was the strong performance of bonds issued by Ohio Higher Educational Facilities Commission for Wittenberg University.

The healthcare sector, and particularly lower-rated hospital credits, also was a strong performer over the 12 month period. All seven Funds had sizeable allocations to this sector, ranging from 17% in NUO to 16% in NBJ, 15% in NVJ, 14% in NXI, 13% in NUM, 12% in NMP, and 11% in NZW. For at least part of this reporting period, all three Michigan Funds held positions in Ba3 rated bonds issued for Detroit Medical Center, which helped to boost their performance. Similarly, all four Ohio Funds held Baa1 rated Summa Health System bonds issued by the Akron, Bath and Copley Joint Township Hospital District for at least part of the period.

Also making a positive contribution to the Ohio Funds' total returns were BBB rated bonds issued by Puerto Rico and backed by revenues from the 1998 master tobacco settlement agreement. These bonds had the largest impact on NVJ.

Among the Funds' holdings that did not perform as well during this period were pre-refunded bonds, which underperformed the market as a whole, as measured by the Lehman index. Among the Michigan Funds, NMP had the heaviest weighting of

U.S. Guaranteed bonds, while NUO had the highest exposure among the Ohio Funds. We worked to reduce our positions in these bonds over the 12 month period.

HOW ABOUT THE FUNDS' DIVIDENDS AND SHARE PRICES?

With short-term interest rates remaining at historically low levels during this reporting period, the leveraged structures of these seven Funds continued to support their dividend-paying capabilities. The extent of this benefit is tied in part to the short-term rates the Funds pay their MuniPreferred(R) shareholders. During periods of low short-term rates, the Funds generally pay relatively lower dividends to their MuniPreferred shareholders, which can leave more earnings to support common share dividends. During this reporting period, this strategy enabled us to implement two dividend increases in NBJ and one increase in NUM and NXI, while helping to maintain the dividends of NMP, NZW, NUO and NVJ throughout the period. In addition, due to capital gains generated by trading activity as part of our yield curve positioning strategy, common shareholders of NUM, NMP, NUO, NXI and NVJ received substantial capital gains and net ordinary income distributions at the end of December 2003.

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

As of the end of this reporting period, NUO was trading at a premium to its NAV, while the other six Funds were trading at discounts. As of July 31, 2004, all of the Funds were trading at smaller premiums or larger discounts than their average premium or discount over the course of the entire 12 month fiscal year.

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

Given the current geopolitical and economic climate, we continued to believe that maintaining strong credit quality was an important requirement. As of the end of July 2004, these seven Funds continued to offer excellent credit quality, with allocations of bonds rated AAA/U.S. guaranteed and AA ranging from 90% in NMP to 89% in NUM, 86% in NZW, 84% in NUO, 77% in NVJ, 75% in NBJ and 71% in NXI.

As of July 31, 2004, potential call exposure for these Funds during 2004-2005 ranged from zero in NZW and NVJ to 2% in NBJ, 6% in NUM, 10% in NXI, 12% in NUO and 13% in NMP. The number of actual bond calls in all of the Funds will depend largely on market interest rates.

Nuveen Michigan Quality Income Municipal Fund, Inc.
NUM

Performance
OVERVIEW As of July 31, 2004

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

AAA/U.S. Guaranteed	77%
AA	12%
A	6%
BBB	3%
NR	1%
BB or Lower	1%

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

Aug	0.078
Sep	0.079
Oct	0.079
Nov	0.079
Dec	0.079

Jan	0.079
Feb	0.079
Mar	0.079
Apr	0.079
May	0.079
Jun	0.079
Jul	0.079

Line Chart:
SHARE PRICE PERFORMANCE
Weekly Closing Price
Past performance is not predictive of future results.

8/1/03	15.26
	15.21
	15.23
	15.07
	15.18
	15.28
	15.05
	15.43
	15.51
	15.87
	15.77
	15.83
	15.9
	16
	16.15
	16.15
	16.25
	15.96
	15.92
	16.47
	16.11
	16.38
	16.5
	16.34
	16.37
	16.37
	16.39
	16.4
	16.53
	16.59
	16.55
	16.43
	16.05
	15.65
	15.22
	15.25
	15.16
	14.7
	14.55
	14.44
	14.77
	14.84
	14.89
	14.75
	14.63
	14.9
	15
	15.05
	15.07

7/31/04	15.2

FUND SNAPSHOT

Share Price	$15.20
Common Share Net Asset Value	$15.51
Premium/(Discount) to NAV	-2.00%
Market Yield	6.24%
Taxable-Equivalent Yield1	9.04%
Net Assets Applicable to Common Shares ($000)	$181,114
Average Effective Maturity (Years)	17.00
Leverage-Adjusted Duration	9.31

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

	ON SHARE PRICE	ON NAV
1-Year	5.17%	9.52%
5-Year	4.78%	7.14%
10-Year	6.58%	7.03%

SECTORS
(as a % of total investments)

Tax Obligation/General	29%
U.S. Guaranteed	15%
Tax Obligation/Limited	15%
Healthcare	13%
Utilities	9%
Water and Sewer	6%
Education and Civic Organizations	6%
Other	7%

1 Taxable equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax

rate of 31%. For investments that generate qualified dividend income, the taxable equivalent yield is lower.

2 The Fund also paid shareholders a capital gains and net ordinary income distributions in December 2003 of $0.1083 per share.

11

Nuveen Michigan Premium Income Municipal Fund, Inc.
NMP

Performance
OVERVIEW As of July 31, 2004

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

AAA/U.S. Guaranteed	70%
AA	20%
A	7%
BBB	1%
BB or Lower	2%

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

Aug	0.077
Sep	0.077
Oct	0.077
Nov	0.077
Dec	0.077
Jan	0.077
Feb	0.077
Mar	0.077
Apr	0.077
May	0.077
Jun	0.077
Jul	0.077

Line Chart:
SHARE PRICE PERFORMANCE
Weekly Closing Price
Past performance is not predictive of future results.

8/1/03	14.71
	15.05
	14.91
	14.6
	14.55
	14.72
	14.83
	15.03
	15.06
	15.5
	15.5
	15.42
	15.55

	15.9
	15.86
	15.89
	15.88
	15.9
	15.53
	16.02
	15.73
	16
	16.15
	15.97
	15.97
	15.81
	15.88
	15.95
	16.03
	16.1
	16.1
	16.05
	15.75
	15.7
	15.1
	14.26
	14.6
	14.4
	13.85
	13.9
	14.03
	14.08
	14.04
	14.1
	13.82
	14.17
	14.4
	14.5
	14.3
7/31/04	14.37

FUND SNAPSHOT

Share Price	$14.37
Common Share Net Asset Value	$15.19
Premium/(Discount) to NAV	-5.40%
Market Yield	6.43%
Taxable-Equivalent Yield1	9.32%
Net Assets Applicable to Common Shares ($000)	$117,529
Average Effective Maturity (Years)	16.52
Leverage-Adjusted Duration	7.77

AVERAGE ANNUAL TOTAL RETURN

(Inception 12/17/92)

	ON SHARE PRICE	ON NAV
1-Year	5.46%	8.56%
5-Year	5.75%	7.18%
10-Year	7.91%	7.37%

SECTORS
(as a % of total investments)

Tax Obligation/General	24%
Tax Obligation/Limited	19%
U.S. Guaranteed	17%
Healthcare	12%
Utilities	11%
Education and Civic Organizations	6%
Water and Sewer	5%
Housing/Multifamily	5%
Other	1%

1 Taxable equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 31%. For investments that generate qualified dividend income, the taxable equivalent yield is lower.

2 The Fund also paid shareholders capital gains and net ordinary income distributions in December 2003 of $0.4099 per share.

12

Nuveen Michigan Dividend Advantage Municipal Fund
NZW

Performance
OVERVIEW As of July 31, 2004

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

AAA/U.S. Guaranteed	68%
AA	18%
A	9%

BBB	3%
BB or Lower	2%

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

Aug	0.0745
Sep	0.0745
Oct	0.0745
Nov	0.0745
Dec	0.0745
Jan	0.0745
Feb	0.0745
Mar	0.0745
Apr	0.0745
May	0.0745
Jun	0.0745
Jul	0.0745

Line Chart:
SHARE PRICE PERFORMANCE
Weekly Closing Price
Past performance is not predictive of future results.

8/1/03	15.1
	14.98
	14.66
	14.5
	14.45
	14.55
	14.66
	14.8
	14.65
	15.02
	14.98
	15.12
	15.18
	15.06
	15.12
	15.23
	15.25
	15.35
	15.2
	15.6
	15.42
	15.59
	15.84
	15.66
	15.7
	15.79
	15.8
	15.83
	16.07
	15.73
	15.9
	15.96
	15.89
	14.8
	14.2
	13.97
	14.35
	14.1
	14.26

	13.76
	13.97
	13.81
	13.74
	13.65
	13.52
	13.7
	14.01
	14.08
	14.35
7/31/04	14.65

FUND SNAPSHOT

Share Price	$14.65
Common Share Net Asset Value	$14.82
Premium/(Discount) to NAV	-1.15%
Market Yield	6.10%
Taxable-Equivalent Yield1	8.84%
Net Assets Applicable to Common Shares ($000)	$30,538
Average Effective Maturity (Years)	19.75
Leverage-Adjusted Duration	6.66

AVERAGE ANNUAL TOTAL RETURN
(Inception 9/25/01)

	ON SHARE PRICE	ON NAV
1-Year	2.99%	10.00%
Since Inception	4.93%	7.08%

SECTORS
(as a % of total investments)

Tax Obligation/General	31%
Tax Obligation/Limited	19%
Healthcare	11%
Utilities	10%
U.S. Guaranteed	8%
Water and Sewer	8%
Education and Civic Organizations	5%

Other	8%

1 Taxable equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 31%. For investments that generate qualified dividend income, the taxable equivalent yield is lower.

13

Nuveen Ohio Quality Income Municipal Fund, Inc.
NUO

Performance
OVERVIEW As of July 31, 2004

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

AAA/U.S. Guaranteed	65%
AA	19%
A	9%
BBB	5%
NR	1%
BB or Lower	1%

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

Aug	0.0835
Sep	0.0835
Oct	0.0835
Nov	0.0835
Dec	0.0835
Jan	0.0835
Feb	0.0835
Mar	0.0835
Apr	0.0835
May	0.0835
Jun	0.0835
Jul	0.0835

Line Chart:
SHARE PRICE PERFORMANCE
Weekly Closing Price
Past performance is not predictive of future results.

8/1/03	17
	16.84
	16.17
	16.14
	16.36
	16.5
	16.65
	16.72
	16.75
	16.74
	16.65

	16.83
	16.92
	17.27
	17.52
	17.2
	17.36
	17.57
	17.73
	18.35
	18.16
	18.18
	18.45
	18.31
	18.1
	18.08
	18.06
	18.35
	18.4
	18.49
	18.73
	18.78
	18.3
	17.78
	17.3
	16.55
	16
	15.8
	15.31
	15.53
	15.93
	16.09
	16.05
	15.62
	15.72
	16.03
	16.58
	16.62
	16.64
7/31/04	16.3

FUND SNAPSHOT

Share Price	$16.30
Common Share Net Asset Value	$16.21
Premium/(Discount) to NAV	0.56%
Market Yield	6.15%
Taxable-Equivalent Yield1	9.18%
Net Assets Applicable to Common Shares ($000)	$156,634
Average Effective Maturity (Years)	17.45
Leverage-Adjusted Duration	8.38

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

	ON SHARE PRICE	ON NAV
1-Year	2.59%	7.87%
5-Year	4.06%	6.51%
10-Year	6.86%	7.25%

SECTORS
(as a % of total investments)

Tax Obligation/General	31%
Healthcare	17%
U.S. Guaranteed	10%
Water and Sewer	8%
Utilities	7%
Housing/Multifamily	6%
Education and Civic Organizations	6%
Transportation	5%
Other	10%

1 Taxable equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 33%. For investments that generate qualified dividend income, the taxable equivalent yield is lower.

2 The Fund also paid shareholders capital gains and net ordinary income distributions in December 2003 of $0.2139 per share.

Nuveen Ohio Dividend Advantage Municipal Fund
NXI

Performance
OVERVIEW As of July 31, 2004

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

AAA/U.S. Guaranteed	50%
AA	21%
A	13%
BBB	13%
NR	1%
BB or Lower	2%

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

Aug	0.0785
Sep	0.081
Oct	0.081
Nov	0.081
Dec	0.081
Jan	0.081
Feb	0.081
Mar	0.081
Apr	0.081
May	0.081
Jun	0.081
Jul	0.081

Line Chart:
SHARE PRICE PERFORMANCE
Weekly Closing Price
Past performance is not predictive of future results.

8/1/03	14.2
	14.53
	14.36
	14.45
	14.33
	14.51
	14.4
	14.85
	14.64
	15.09
	14.75
	14.87
	15.12
	15.4
	15.38
	15.4
	15.4
	16
	15.51
	16.15
	16.25
	16.3
	16.5
	16
	16.2
	16.9
	16.49
	16.75
	16.95
	16.85
	16.96
	16.92
	16.3
	15.89
	15.1
	15.05

	14.65
	14.19
	14.36
	14.48
	14.56
	14.17
	14.31
	14.44
	14.57
	14.6
	14.81
	15
	14.86
7/31/04	14.8

FUND SNAPSHOT

Share Price	$14.80
Common Share Net Asset Value	$15.05
Premium/(Discount) to NAV	-1.66%
Market Yield	6.57%
Taxable-Equivalent Yield1	9.81%
Net Assets Applicable to Common Shares ($000)	$63,642
Average Effective Maturity (Years)	17.89
Leverage-Adjusted Duration	8.42

AVERAGE ANNUAL TOTAL RETURN
(Inception 3/27/01)

	ON SHARE PRICE	ON NAV
1-Year	10.70%	9.54%
Since Inception	5.58%	7.74%

SECTORS
(as a % of total investments)

Tax Obligation/General	27%
Education and Civic Organizations	17%
Healthcare	14%
Tax Obligation/Limited	10%
Utilities	9%

Water and Sewer	7%
Housing/Multifamily	5%
Housing/Single Family	4%
Other	7%

1 Taxable equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 33%. For investments that generate qualified dividend income, the taxable equivalent yield is lower.

2 The Fund also paid shareholders capital gains and net ordinary income distributions in December 2003 of $0.0170 per share.

15

Nuveen Ohio Dividend Advantage Municipal Fund 2
NBJ

Performance
OVERVIEW As of July 31, 2004

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

AAA/U.S. Guaranteed	63%
AA	12%
A	11%
BBB	11%
NR	3%

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

Aug	0.075
Sep	0.076
Oct	0.076
Nov	0.076
Dec	0.077
Jan	0.077
Feb	0.077
Mar	0.077
Apr	0.077
May	0.077
Jun	0.077
Jul	0.077

Line Chart:
SHARE PRICE PERFORMANCE
Weekly Closing Price
Past performance is not predictive of future results.

8/1/03	14.3
	14.59

	14.37
	13.98
	13.91
	14.07
	14.2
	14.45
	14.65
	14.81
	14.56
	14.7
	14.81
	15.11
	15.2
	15.11
	15.17
	15.09
	15.2
	15.64
	15.75
	16.59
	16.15
	16.21
	16.14
	16
	15.92
	15.97
	16.09
	15.95
	16.11
	16.42
	15.8
	15.12
	14.6
	14.3
	14.05
	14.15
	13.95
	14
	14.05
	13.76
	13.7
	13.8
	13.77
	14.01
	14.13
	14.62
	14.62
7/31/04	14.7

FUND SNAPSHOT

Share Price	$14.70
Common Share Net Asset Value	$14.85
Premium/(Discount) to NAV	-1.01%
Market Yield	6.29%
Taxable-Equivalent Yield1	9.39%

Net Assets Applicable to Common Shares ($000)	$46,268
Average Effective Maturity (Years)	17.67
Leverage-Adjusted Duration	9.11

AVERAGE ANNUAL TOTAL RETURN
(Inception 9/25/01)

	ON SHARE PRICE	ON NAV
1-Year	9.60%	10.33%
Since Inception	5.10%	7.23%

SECTORS
(as a % of total investments)

Tax Obligation/General	39%
Healthcare	16%
Tax Obligation/Limited	11%
Utilities	9%
Consumer Staples	6%
Transportation	5%
Water and Sewer	5%
Other	9%

1 Taxable equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 33%. For investments that generate qualified dividend income, the taxable equivalent yield is lower.

16

Nuveen Ohio Dividend Advantage Municipal Fund 3
NVJ

Performance
OVERVIEW As of July 31, 2004

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

AAA/U.S. Guaranteed	57%
AA	20%

A	16%
BBB	7%

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

Aug	0.073
Sep	0.073
Oct	0.073
Nov	0.073
Dec	0.073
Jan	0.073
Feb	0.073
Mar	0.073
Apr	0.073
May	0.073
Jun	0.073
Jul	0.073

Line Chart:
SHARE PRICE PERFORMANCE
Weekly Closing Price
Past performance is not predictive of future results.

8/1/03	14.44
	14.21
	13.99
	13.86
	13.71
	13.95
	14.01
	14.2
	14.1
	14.6
	14.38
	14.41
	14.35
	14.6
	14.5
	14.61
	14.74
	15.2
	15.28
	15.95
	16.01
	15.98
	15.92
	15.74
	16.1
	15.99
	16.25
	16.43
	15.95
	16.06
	16.6
	16.55
	15.89
	15.05
	14.6
	14.05
	13.8
	13.35
	13.1
	13.41

	13.6
	13.74
	13.65
	13.26
	13.41
	13.61
	14
	14.5
	14.2
7/31/04	14.3

FUND SNAPSHOT

Share Price	$14.30
Common Share Net Asset Value	$14.93
Premium/(Discount) to NAV	-4.22%
Market Yield	6.13%
Taxable-Equivalent Yield1	9.15%
Net Assets Applicable to Common Shares ($000)	$32,208
Average Effective Maturity (Years)	17.29
Leverage-Adjusted Duration	10.27

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

	ON SHARE PRICE	ON NAV
1-Year	5.86%	9.72%
Since Inception	3.98%	7.93%

SECTORS
(as a % of total investments)

Tax Obligation/General	32%
Tax Obligation/Limited	15%
Healthcare	15%
Education and Civic Organizations	9%
Water and Sewer	9%
Transportation	6%
Housing/Single Family	4%

Other	10%

1 Taxable equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 33%. For investments that generate qualified dividend income, the taxable equivalent yield is lower.

2 The Fund also paid shareholders a net ordinary income distribution in December 2003 of $0.0677 per share.

17

Report of
INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

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

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

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of investments owned as of July 31, 2004, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

/s/ Ernst & Young LLP

Chicago, Illinois
September 15, 2004

18

Nuveen Michigan Quality Income Municipal Fund, Inc. (NUM)
Portfolio of
INVESTMENTS July 31, 2004

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
	EDUCATION AND CIVIC ORGANIZATIONS - 9.1%	
$ 1,720	Ferris State College, Michigan, General Revenue Bonds, Series 1998, 5.000%, 10/01/23 - AMBAC Insured	4/08 at 100
1,685	Michigan Higher Education Facilities Authority, Limited Obligation Revenue Refunding Bonds, Kettering University, Series 2001, 5.500%, 9/01/17 - AMBAC Insured	9/11 at 100
1,500	Michigan Higher Education Student Loan Authority, Revenue Bonds, Series 2000 XII-T, 5.300%, 9/01/10 (Alternative Minimum Tax) - AMBAC Insured	No Opt. C
1,000	Michigan Higher Education Student Loan Authority, Revenue Bonds, Series 2002 XVII-G, 5.200%, 9/01/20 (Alternative Minimum Tax) - AMBAC Insured	9/12 at 100
	Michigan Technological University, General Revenue Bonds, Series 2004A:	
1,060	5.000%, 10/01/21 - MBIA Insured	10/13 at 100
1,115	5.000%, 10/01/22 - MBIA Insured	10/13 at 100
1,170	5.000%, 10/01/23 - MBIA Insured	10/13 at 100
1,000	Oakland University, Michigan, General Revenue Bonds, Series 1995, 5.750%, 5/15/15 - MBIA Insured	5/05 at 102
	Wayne State University, Michigan, General Revenue Bonds, Series 1999:	
3,430	5.250%, 11/15/19 - FGIC Insured	11/09 at 101
1,000	5.125%, 11/15/29 - FGIC Insured	11/09 at 101
1,000	Western Michigan University, General Revenue Refunding Bonds, Series 2003, 5.000%, 11/15/20 - MBIA Insured	11/13 at 100
	HEALTHCARE - 18.8%	

2,900	Dearborn Hospital Finance Authority, Michigan, Economic Development Corporation, Hospital Revenue Bonds, Oakwood Obligated Group, Series 1995A, 5.875%, 11/15/25 - FGIC Insured	11/05 at 102
1,235	Hancock Hospital Finance Authority, Michigan, FHA-Insured Mortgage Hospital Revenue Bonds, Portage Health System, Inc., Series 1998, 5.450%, 8/01/47 - MBIA Insured	8/08 at 100
3,500	Kent Hospital Finance Authority, Michigan, Revenue Bonds, Spectrum Health, Series 2001A, 5.250%, 1/15/21	7/11 at 101
2,052	Michigan State Hospital Finance Authority, Collateralized Loan, Detroit Medical Center, Series 2001, 7.360%, 4/01/07	No Opt. C
1,500	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Henry Ford Health System, Series 2003A, 5.625%, 3/01/17	3/13 at 100
1,000	Michigan State Hospital Finance Authority, Revenue Refunding Bonds, OSF Healthcare System, Series 1999, 6.125%, 11/15/19	11/09 at 101
1,700	Michigan State Hospital Finance Authority, Revenue Refunding Bonds, Mercy Health Services Obligated Group, Series 1999X, 5.750%, 8/15/19 - MBIA Insured	8/09 at 101
	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Mercy Mount Clemens Corporation Obligated Group, Series 1999A:	
3,385	5.750%, 5/15/17 - MBIA Insured	5/09 at 101
500	5.750%, 5/15/29 - MBIA Insured	5/09 at 101
2,700	Michigan State Hospital Finance Authority, Hospital Revenue Bonds, Detroit Medical Center Obligated Group, Series 1998A, 5.250%, 8/15/28	8/08 at 101
1,000	Michigan State Hospital Finance Authority, Revenue Refunding Bonds, Memorial Healthcare Center Obligated Group, Series 1999, 5.875%, 11/15/21	11/09 at 101
5,000	Michigan State Hospital Finance Authority, Hospital Revenue Bonds, Henry Ford Health System, Series 1999A, 6.000%, 11/15/24	11/09 at 101
5,500	Royal Oak Hospital Finance Authority, Michigan, Hospital Revenue Bonds, William Beaumont Hospital, Series 2001M, 5.250%, 11/15/31 - MBIA Insured	11/11 at 100
2,195	University of Michigan, Medical Service Plan Revenue Bonds, Series 1991, 0.000%, 12/01/10	No Opt. C

PRINCIPAL OPTIONAL C

AMOUNT (000)	DESCRIPTION(1)	PROVISIO
	HOUSING/MULTIFAMILY - 6.6%	
$ 2,675	Michigan Housing Development Authority, FNMA Limited Obligation Multifamily Housing Revenue Bonds, Parkview Place Apartments, Series 2002A, 5.550%, 12/01/34 (Alternative Minimum Tax)	12/20 at 101
1,800	Michigan Housing Development Authority, FNMA Enhanced Limited Obligation Multifamily Revenue Bonds, Renaissance Apartments, Series 2002, 5.500%, 8/01/35 (Alternative Minimum Tax)	9/15 at 100
3,550	Michigan Housing Development Authority, Rental Housing Revenue Bonds, Series 1995B, 6.150%, 10/01/15 - MBIA Insured	6/05 at 102
3,595	Michigan Housing Development Authority, Rental Housing Revenue Bonds, Series 1999A, 5.300%, 10/01/37 (Alternative Minimum Tax) - MBIA Insured	4/09 at 101
	HOUSING/SINGLE FAMILY - 0.6%	
1,000	Michigan Housing Development Authority, Single Family Mortgage Revenue Bonds, Series 2001, 5.300%, 12/01/16 (Alternative Minimum Tax) - MBIA Insured	1/11 at 100
	LONG-TERM CARE - 1.8%	
3,300	Michigan State Hospital Finance Authority, Revenue Bonds, Presbyterian Villages of Michigan Obligated Group, Series 1997, 6.375%, 1/01/25	1/07 at 102
200	Michigan Strategic Fund, Limited Obligation Revenue Refunding Bonds, Porter Hills Presbyterian Village, Series 1998, 5.375%, 7/01/28	7/08 at 101
	TAX OBLIGATION/GENERAL - 43.3%	
	Allegan County Public School District, Michigan, General Obligation Bonds, Series 2000:	
1,850	5.600%, 5/01/20 - FSA Insured	5/10 at 100
1,435	5.750%, 5/01/30 - FSA Insured	5/10 at 100
	Anchor Bay School District, Macomb and St. Clair Counties, Michigan, Unlimited Tax General Obligation Refunding Bonds, Series 2001:	
2,500	5.000%, 5/01/21	5/11 at 100
4,200	5.000%, 5/01/29	5/11 at 100
1,000	Anchor Bay School District, Macomb and St. Clair Counties, Michigan, General Obligation Refunding Bonds, Series 2002, 5.000%, 5/01/25	5/12 at 100

1,000	Belding School District, Ionia, Kent and Montcalm Counties, Michigan, General Obligation Refunding Bonds, Series 1998, 5.000%, 5/01/26 - AMBAC Insured	5/08 at 100
1,200	Birmingham, Michigan, General Obligation Bonds, Series 2002, 5.000%, 10/01/20	10/12 at 100
1,320	Bridgeport Spaulding Community School District, Saginaw County, Michigan, General Obligation Bonds, Series 2002, 5.500%, 5/01/16	5/12 at 100
2,110	Caledonia Community Schools, Kent, Allegan and Barry Counties, Michigan, General Obligation Bonds, Series 2003, 5.250%, 5/01/20	5/13 at 100
1,000	Charlotte Public School District, Easton County, Michigan, General Obligation Unlimited Tax School Building and Site Bonds, Series 1999, 5.250%, 5/01/25 - FGIC Insured	5/09 at 100
2,000	Clarkston Community Schools, Michigan, General Obligation Bonds, School Bond Loan Fund - QSBLF, Series 1997, 5.250%, 5/01/23 - MBIA Insured	5/07 at 100
2,000	Detroit City School District, Wayne County, Michigan, General Obligation Bonds, Series 2002A, 6.000%, 5/01/19 - FGIC Insured	No Opt. C
1,000	East China School District, St. Clair County, Michigan, General Obligation Bonds, Series 2001, 5.500%, 5/01/20	11/11 at 100
1,085	Freeland Community School District, Saginaw, Midland, and Bay Counties, Michigan, General Obligation Bonds, Series 2000, 5.250%, 5/01/19	5/10 at 100
3,300	Grand Ledge Public Schools, Eaton, Clinton and Ionia Counties, Michigan, General Obligation Refunding Bonds, Series 1995, 5.375%, 5/01/24 - MBIA Insured	5/05 at 102
	Grand Rapids and Kent County Joint Building Authority, Michigan, Limited Tax General Obligation Bonds, Devos Place Project, Series 2001:	
8,900	0.000%, 12/01/25	No Opt. C
3,000	0.000%, 12/01/26	No Opt. C
1,400	Howell Public Schools, Livingston County, Michigan, General Obligation Bonds, Series 2003, 5.000%, 5/01/21	11/13 at 100

20

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
	TAX OBLIGATION/GENERAL (continued)	
$ 1,500	Huron Valley School District, Oakland and Livingston Counties, Michigan, General Obligation Bonds, Series 2001, 5.500%, 5/01/17	11/11 at 100

2,000	Lake Fenton Community Schools, Genesee County, Michigan, General Obligation Bonds, Series 2002, 5.000%, 5/01/24	5/12 at 100
725	Lake Orion Community School District, Oakland County, Michigan, Unlimited Tax General Obligation Refunding Bonds, Series 1995, 5.500%, 5/01/20 - AMBAC Insured	5/05 at 101
1,790	Lansing Building Authority, Michigan, General Obligation Bonds, Series 2003A, 5.000%, 6/01/26 - MBIA Insured	6/13 at 100
1,785	Livonia Public Schools, Wayne County, Michigan, General Obligation Bonds, Series 2004A, 5.000%, 5/01/21 - MBIA Insured	5/14 at 100
4,000	Michigan, General Obligation Bonds, Environmental Protection Program, Series 2003A, 5.250%, 5/01/20	5/13 at 100
4,300	Montcalm County Building Authority, Michigan, Correctional Facility Improvement General Obligation Bonds, Series 2000, 5.250%, 5/01/25 - AMBAC Insured	5/10 at 100
2,500	Montrose School District, Michigan, School Building and Site Bonds, Series 1997, 6.000%, 5/01/22 - MBIA Insured	No Opt. C
1,255	Morenci Area Schools, Lenawee County, Michigan, General Obligation Bonds, Series 2002, 5.250%, 5/01/19 - MBIA Insured	5/12 at 100
1,000	Muskegon Heights Public Schools, Muskegon County, Michigan, Unlimited Tax General Obligation School Building and Site Bonds, Series 1999, 5.000%, 5/01/29 - MBIA Insured	5/09 at 100
1,625	Northville Public Schools, Wayne County, Michigan, General Obligation Bonds, Series 2001, 5.375%, 5/01/18	11/11 at 100
1,000	Oakland County Building Authority, Michigan, General Obligation Bonds, Series 2002, 5.125%, 9/01/22	9/11 at 100
1,225	Paw Paw Public School District, Van Buren, Michigan, General Obligation Refunding Bonds, Series 1998, 5.000%, 5/01/21 - FGIC Insured	No Opt. C
4,000	Pinckney Community Schools, Livingston and Washtenaw Counties, Michigan, Unlimited Tax General Obligation School Building and Site Bonds, Series 1997, 5.500%, 5/01/27 - FGIC Insured	5/07 at 100
4,200	Puerto Rico, Public Improvement General Obligation Refunding Bonds, Series 2001A, 5.500%, 7/01/20 - MBIA Insured	No Opt. C
685	Reeths-Puffer Schools, Muskegon County, Michigan, School Building and Site Refunding Bonds, Series 1995, 5.750%, 5/01/15 - FGIC Insured	5/05 at 101
2,500	Taylor Building Authority, Wayne, Michigan, Limited Tax General Obligation Bonds, Series 2000, 5.125%, 3/01/17 - AMBAC Insured	3/10 at 100
1,050	Warren Consolidated School District, Macomb and Oakland Counties, Michigan, General Obligation Bonds, Series 2001, 5.375%, 5/01/19 - FSA Insured	11/11 at 100

1,980	Washtenaw County Building Authority, Michigan, Limited Tax General Obligation Bonds, Series 1999, 5.400%, 9/01/17 - FGIC Insured	9/07 at 100
1,125	Whitehall District Schools, Muskegon County, Michigan, General Obligation Bonds, Series 2001, 5.500%, 5/01/17	11/11 at 100
1,725	Williamston Community School District, Michigan, Unlimited Tax General Obligation QSBLF Bonds, Series 1996, 5.500%, 5/01/25 - MBIA Insured	No Opt. C
	TAX OBLIGATION/LIMITED - 22.9%	
1,800	Dearborn Heights Tax Increment Financing Authority, Wayne County, Michigan, Limited Tax General Obligation Bonds, Police and Courthouse Facility Project, Series 2001A, 5.000%, 10/01/26 - MBIA Insured	10/10 at 100
1,000	Grand Rapids Building Authority, Kent County, Michigan, Limited Tax General Obligation Bonds, Series 1998, 5.000%, 4/01/16	No Opt. C
1,145	Grand Rapids Building Authority, Kent County, Michigan, Limited Tax General Obligation Bonds, Series 2001, 5.125%, 10/01/26 - MBIA Insured	10/11 at 100

21

Nuveen Michigan Quality Income Municipal Fund, Inc. (NUM) (continued)
Portfolio of INVESTMENTS July 31, 2004

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
	TAX OBLIGATION/LIMITED (continued)	
$ 1,100	Michigan Municipal Bond Authority, Clean Water Revolving Fund Revenue Refunding Bonds, Series 2002, 5.250%, 10/01/18	10/12 at 100
75	Michigan Municipal Bond Authority, Local Government Loan Program Revenue Sharing Bonds, Series 1992D, 6.650%, 5/01/12	11/04 at 100
4,210	Michigan Municipal Bond Authority, Clean Water Revolving Fund Revenue Bonds, Series 2004, 5.000%, 10/01/19	10/14 at 100
750	Michigan State Building Authority, Revenue Refunding Bonds, Facilities Program, Series 1998-I, 4.750%, 10/15/21	10/09 at 100
	Michigan State Building Authority, Revenue Refunding Bonds, Facilities Program, Series 2003-II:	
5,100	5.000%, 10/15/22 - MBIA Insured	10/13 at 100
5,000	5.000%, 10/15/23 - MBIA Insured	10/13 at 100
	Michigan State, Certificates of Participation, Series 2000:	

2,000	5.500%, 6/01/19 - AMBAC Insured	6/10 at 100
2,000	5.500%, 6/01/27 - AMBAC Insured	6/10 at 100
1,000	Michigan State Trunk Line, Trunk Line Fund Bonds, Series 2001A, 5.000%, 11/01/25	11/11 at 100
3,500	Michigan State Trunk Line, Refunding Bonds, Series 2002, 5.250%, 10/01/21 - FSA Insured	10/12 at 100
1,100	Muskegon County, Michigan, Limited Tax General Obligation Revenue Bonds, Wastewater Management System 2, Series 2002, 5.000%, 7/01/26 - FGIC Insured	7/11 at 100
4,100	Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 1996Y, 5.500%, 7/01/36	7/16 at 100
915	Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, Series 2002E, 6.000%, 8/01/26	No Opt. C
5,000	Wayne County, Michigan, Limited Tax General Obligation Airport Hotel Revenue Bonds, Detroit Metropolitan Wayne County Airport, Series 2001A, 5.000%, 12/01/21 - MBIA Insured	12/11 at 101
	TRANSPORTATION - 1.2%	
1,000	Capital Region Airport Authority, Michigan, Revenue Refunding Bonds, Series 2002, 5.250%, 7/01/21 (Alternative Minimum Tax) - MBIA Insured	7/12 at 100
1,195	Wayne County, Michigan, Airport Revenue Bonds, Detroit Metropolitan Airport, Series 1998B, 4.875%, 12/01/23 - MBIA Insured	12/08 at 101
	U.S. GUARANTEED - 22.5%	
2,190	Anchor Bay School District, Macomb and St. Clair Counties, Michigan, General Obligation Bonds, Series 1999I, 6.000%, 5/01/29 (Pre-refunded to 5/01/09) - FGIC Insured	5/09 at 100
250	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Bonds, Series 2000, 5.750%, 7/01/20 (Pre-refunded to 7/01/10)	7/10 at 100
1,000	Detroit, Michigan, Sewerage Disposal System Revenue Bonds, Series 1999A, 5.875%, 7/01/27 (Pre-refunded to 1/01/10) - FGIC Insured	1/10 at 101
	Detroit, Michigan, Sewerage Disposal System Revenue Bonds, Series 1997A:	
950	5.500%, 7/01/20 (Pre-refunded to 7/01/07) - MBIA Insured	7/07 at 101
2,050	5.500%, 7/01/20 (Pre-refunded to 7/01/07) - MBIA Insured	7/07 at 101
2,000	Detroit, Michigan, Water Supply System Senior Lien Revenue Bonds, Series 1999A, 5.750%, 7/01/26 (Pre-refunded to 1/01/10) - FGIC Insured	1/10 at 101
	Detroit, Michigan, Water Supply System Senior Lien Revenue	

	Bonds, Series 2001A:	
3,400	5.750%, 7/01/28 (Pre-refunded to 7/01/11) - FGIC Insured	7/11 at 101
770	5.250%, 7/01/33 (Pre-refunded to 7/01/11) - FGIC Insured	7/11 at 100
2,000	East Grand Rapids Public Schools, Kent County, Michigan, Unlimited Tax General Obligation School Building and Site Bonds, Series 2000, 6.000%, 5/01/29 (Pre-refunded to 5/01/09) - FSA Insured	5/09 at 100
2,000	Grand Rapids Township Economic Development Corporation, Michigan, Limited Obligation Revenue Bonds, Porter Hills Obligated Group, Cook Valley Estate Project, Series 1999, 5.450%, 7/01/29 (Pre-refunded to 7/01/09)	7/09 at 101
1,000	Mancelona Public School District, Michigan, General Obligation Bonds, Antrim and Kalkaska Counties, Series 1997, 5.200%, 5/01/17 (Pre-refunded to 5/01/06) - FGIC Insured	5/06 at 100

22

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
	U.S. GUARANTEED (continued)	
$ 1,000	Michigan State, Certificates of Participation, New Center Development Inc., Series 2001, 5.375%, 9/01/21 (Pre-refunded to 9/01/11) - MBIA Insured	9/11 at 100
	Michigan State Hospital Finance Authority, Revenue Bonds, Ascension Health Credit Group, Series 1999A:	
1,000	6.125%, 11/15/23 (Pre-refunded to 11/15/09) - MBIA Insured	11/09 at 101
2,500	6.125%, 11/15/26 (Pre-refunded to 11/15/09)	11/09 at 101
3,460	Michigan State Hospital Finance Authority, Revenue Refunding Bonds, St. John's Health System, Series 1998A, 5.000%, 5/15/28 - AMBAC Insured	5/08 at 101
1,100	Michigan Strategic Fund, Limited Obligation Revenue Refunding Bonds, Porter Hills Presbyterian Village, Series 1998, 5.375%, 7/01/28 (Pre-refunded to 7/01/08)	7/08 at 101
2,875	Milan Area Schools, Washtenaw and Monroe Counties, Michigan, General Obligation Bonds, Series 2000A, 5.750%, 5/01/24 (Pre-refunded to 5/01/10) - FGIC Insured	5/10 at 100
1,125	Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2000B, 6.000%, 7/01/39 (Pre-refunded to 7/01/10)	7/10 at 101
85	Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, Series 2002E, 6.000%, 8/01/26	No Opt. C
1,000	Rochester Community School District, Oakland and Macomb Counties, Michigan, General Obligation Bonds, Series 2000I, 5.750%, 5/01/19 (Pre-refunded to 5/01/10) - FGIC Insured	5/10 at 100

2,100	Romulus Community Schools, Wayne County, Michigan, Unlimited Tax General Obligation School Building and Site Bonds, Series 1999, 5.750%, 5/01/25 (Pre-refunded to 5/01/09) - FGIC Insured	5/09 at 100
2,600	West Bloomfield School District, Oakland County, Michigan, Unlimited Tax General Obligation School Building and Site Bonds, Series 2000, 5.900%, 5/01/18 (Pre-refunded to 5/01/10) - FGIC Insured	5/10 at 100
	UTILITIES - 13.4%	
3,000	Michigan Public Power Agency, Revenue Bonds, Combustion Turbine 1 Project, Series 2001A, 5.250%, 1/01/27 - AMBAC Insured	1/12 at 100
4,475	Michigan South Central Power Agency, Power Supply System Revenue Bonds, Series 2000, 6.000%, 5/01/12	No Opt. C
3,630	Michigan Strategic Fund, Limited Obligation Refunding Revenue Bonds, Detroit Edison Company, Series 1991BB, 7.000%, 5/01/21 - AMBAC Insured	No Opt. C
2,000	Michigan Strategic Fund, Limited Obligation Remarketed Revenue Refunding Bonds, Detroit Edison Company, Series 1995CC, 4.850%, 9/01/30 (Mandatory put 9/01/11)	No Opt. C
4,000	Michigan Strategic Fund, Collateralized Limited Obligation Pollution Control Revenue Refunding Bonds, Detroit Edison Company, Series 2001C, 5.450%, 9/01/29	9/11 at 100
3,000	Michigan Strategic Fund, Limited Obligation Revenue Refunding Bonds, Detroit Edison Company, Series 2002C, 5.450%, 12/15/32 (Alternative Minimum Tax) - XLCA Insured	12/12 at 100
1,000	Michigan Strategic Fund, Collateralized Limited Obligation Pollution Control Revenue Refunding Bonds, Detroit Edison Company, Series 1999A, 5.550%, 9/01/29 (Alternative Minimum Tax) - MBIA Insured	9/09 at 102
400	Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2000HH, 5.250%, 7/01/29 - FSA Insured	7/10 at 101
1,000	Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 1995X, 5.500%, 7/01/25	7/05 at 100
	WATER AND SEWER - 9.5%	
1,500	Detroit, Michigan, Sewerage Disposal System Revenue Refunding Bonds, Series 1995B, 5.250%, 7/01/21 - MBIA Insured	7/05 at 101
1,730	Detroit, Michigan, Sewerage Disposal System Revenue Bonds, Series 1997A, 5.000%, 7/01/22 - MBIA Insured	7/07 at 101
1,500	Detroit, Michigan, Senior Lien Sewerage Disposal System Revenue Bonds, Series 2001B, 5.500%, 7/01/29 - FGIC Insured	No Opt. C

2,000	Detroit, Michigan, Senior Lien Sewerage Disposal System Revenue Refunding Bonds, Series 2003A, 5.000%, 7/01/17 - FSA Insured	7/13 at 100

Nuveen Michigan Quality Income Municipal Fund, Inc. (NUM) (continued)
Portfolio of INVESTMENTS July 31, 2004

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
	WATER AND SEWER (continued)	
	Detroit, Michigan, Water Supply System Senior Lien Revenue Bonds, Series 2003A:	
$ 4,025	5.000%, 7/01/24 - MBIA Insured	7/13 at 100
3,000	5.000%, 7/01/25 - MBIA Insured	7/13 at 100
730	Detroit, Michigan, Water Supply System Senior Lien Revenue Bonds, Series 2001A, 5.250%, 7/01/33 - FGIC Insured	7/11 at 100
	Muskegon Heights, Muskegon County, Michigan, Water Supply System Revenue Bonds, Series 2000A:	
1,040	5.625%, 11/01/25 - MBIA Insured	11/10 at 100
1,160	5.625%, 11/01/30 - MBIA Insured	11/10 at 100
$ 265,872	Total Long-Term Investments (cost $256,161,806) - 149.7%	
	Other Assets Less Liabilities - 2.2%	
	Preferred Shares, at Liquidation Value - (51.9)%	
	Net Assets Applicable to Common Shares - 100%	

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

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

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

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

N/R Investment is not rated.

See accompanying notes to financial statements.

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

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
	EDUCATION AND CIVIC ORGANIZATIONS - 9.0%	
	Eastern Michigan University, General Revenue Bonds, Series 2003:	
$ 1,000	5.000%, 6/01/28 - FGIC Insured	6/13 at 100
2,950	5.000%, 6/01/33 - FGIC Insured	6/13 at 100
2,000	Michigan Higher Education Student Loan Authority, Revenue Bonds, Series 2002 XVII-G, 5.200%, 9/01/20 (Alternative Minimum Tax) - AMBAC Insured	9/12 at 100
1,000	Saginaw Valley State University, Michigan, General Revenue Bonds, Series 1999, 5.625%, 7/01/29 - AMBAC Insured	7/09 at 100
3,500	Wayne State University, Michigan, General Revenue Bonds, Series 1999, 5.125%, 11/15/29 - FGIC Insured	11/09 at 101
	HEALTHCARE - 17.0%	
2,050	Dearborn Hospital Finance Authority, Michigan, Economic Development Corporation, Hospital Revenue Bonds, Oakwood Obligated Group, Series 1995A, 5.875%, 11/15/25 - FGIC Insured	11/05 at 102
2,200	Hancock Hospital Finance Authority, Michigan, FHA-Insured Mortgage Hospital Revenue Bonds, Portage Health System, Inc., Series 1998, 5.450%, 8/01/47 - MBIA Insured	8/08 at 100
	Michigan State Hospital Finance Authority, Revenue Refunding Bonds, Detroit Medical Center Obligated Group, Series 1993A:	
2,000	6.250%, 8/15/13	8/04 at 101
1,200	6.500%, 8/15/18	8/04 at 101
1,500	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Henry Ford Health System, Series 2003A, 5.625%, 3/01/17	3/13 at 100
2,000	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Otsego Memorial Hospital, Series 1995, 6.250%, 1/01/20	1/05 at 102
4,000	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Mercy Mount Clemens Corporation Obligated Group, Series 1999A, 5.750%, 5/15/29 -	5/09 at 101

	MBIA Insured	
500	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Sparrow Obligated Group, Series 2001, 5.625%, 11/15/31	11/11 at 101
4,300	Michigan State Hospital Finance Authority, Hospital Revenue Bonds, Henry Ford Health System, Series 1999A, 6.000%, 11/15/24	11/09 at 101
	HOUSING/MULTIFAMILY - 6.8%	
1,000	Michigan Housing Development Authority, GNMA Collateralized Limited Obligation Multifamily Housing Revenue Bonds, Burkshire Pointe Apartments, Series 2002A, 5.400%, 10/20/32 (Alternative Minimum Tax)	4/12 at 102
500	Michigan Housing Development Authority, FNMA Enhanced Limited Obligation Multifamily Revenue Bonds, Renaissance Apartments, Series 2002, 5.350%, 8/01/22 (Alternative Minimum Tax)	9/15 at 100
2,400	Michigan Housing Development Authority, Limited Obligation Revenue Bonds, Walled Lake Villa Project, Series 1993, 6.000%, 4/15/18 - FSA Insured	10/04 at 103
1,500	Michigan Housing Development Authority, Limited Obligation Revenue Bonds, Breton Village Green Project, Series 1993, 5.625%, 10/15/18 - FSA Insured	10/04 at 102
	Mount Clemens Housing Corporation, Michigan, FHA-Insured Section 8 Multifamily Housing Revenue Refunding Bonds, Clinton Place Project, Series 1992A:	
925	6.600%, 6/01/13	12/04 at 101
1,500	6.600%, 6/01/22	12/04 at 101

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
	TAX OBLIGATION/GENERAL - 33.0%	
$ 2,500	Anchor Bay School District, Macomb and St. Clair Counties, Michigan, Unlimited Tax General Obligation Refunding Bonds, Series 2001, 5.000%, 5/01/21	5/11 at 100
1,475	Anchor Bay School District, Macomb and St. Clair Counties, Michigan, General Obligation Bonds, Series 2003, 5.000%, 5/01/21	11/13 at 100
1,000	Central Montcalm Public Schools, Montcalm and Ionia	5/09 at 100

	Counties, Michigan, General Obligation Unlimited Tax School Building and Site Bonds, Series 1999, 5.750%, 5/01/24 - MBIA Insured	
1,375	Chippewa Valley Schools, Macomb County, Michigan, General Obligation Bonds, Series 2001, 5.000%, 5/01/26	5/11 at 100
	Detroit City School District, Wayne County, Michigan, General Obligation Bonds, Series 2002A:	
1,815	6.000%, 5/01/20 - FGIC Insured	No Opt. C
750	6.000%, 5/01/21 - FGIC Insured	No Opt. C
2,500	Detroit City School District, Wayne County, Michigan, General Obligation Bonds, Series 2003B, 5.000%, 5/01/23 - FGIC Insured	5/13 at 100
500	Detroit City School District, Wayne County, Michigan, Unlimited Tax School Building and Site Improvement Bonds, Series 2001A, 5.500%, 5/01/21 - FSA Insured	5/12 at 100
3,815	East Lansing Building Authority, Ingham and Clinton Counties, Michigan, Unlimited Tax General Obligation Building Authority Bonds, Series 2000, 5.375%, 4/01/25	4/11 at 100
2,000	Howell Public Schools, Livingston County, Michigan, General Obligation Bonds, Series 2003, 5.000%, 5/01/22	11/13 at 100
1,000	Lansing School District, Ingham County, Michigan, General Obligation Bonds, Series 2004, 5.000%, 5/01/22	5/14 at 100
1,000	Livonia Public Schools, Wayne County, Michigan, General Obligation Bonds, Series 2004A, 5.000%, 5/01/21 - MBIA Insured	5/14 at 100
	Michigan, General Obligation Bonds, Environmental Protection Program, Series 2003A:	
1,000	5.250%, 5/01/20	5/13 at 100
2,000	5.250%, 5/01/21	5/13 at 100
2,515	Plainwell Community Schools, Allegan County, Michigan, General Obligation Bonds, Series 2002, 5.000%, 5/01/28	11/12 at 100
380	Reeths-Puffer Schools, Muskegon County, Michigan, School Building and Site Refunding Bonds, Series 1995, 5.750%, 5/01/15 - FGIC Insured	5/05 at 101
	South Lyon Community Schools, Oakland, Washtenaw and Livingston Counties, Michigan, General Obligation Bonds, Series 2003:	
2,350	5.250%, 5/01/19 - FGIC Insured	11/12 at 100
1,575	5.250%, 5/01/22 - FGIC Insured	11/12 at 100
1,425	Walled Lake Consolidated School District, Oakland County, Michigan, General Obligation Bonds, Series 2004, 5.250%, 5/01/20 - MBIA Insured	5/14 at 100
2,830	Warren Consolidated School District, Macomb and Oakland Counties, Michigan, General Obligation Refunding Bonds, Series 2003, 5.250%, 5/01/20	5/13 at 100
2,950	West Bloomfield School District, Oakland County, Michigan, General Obligation Bonds, Series 2004, 5.000%, 5/01/22	5/14 at 100

	(WI, settling 8/12/04) - FSA Insured	
	TAX OBLIGATION/LIMITED - 28.7%	
7,000	Detroit-Wayne County Stadium Authority, Michigan, Limited Tax General Obligation Building Authority Stadium Bonds, Series 1997, 5.250%, 2/01/27 - FGIC Insured	2/07 at 102
1,500	Michigan State Building Authority, Revenue Bonds, Facilities Program, Series 2000-I, 5.375%, 10/15/20	10/10 at 100
	Michigan State Building Authority, Revenue Refunding Bonds, Facilities Program, Series 2001-I:	
2,570	5.500%, 10/15/19	10/11 at 100
6,500	5.000%, 10/15/24	10/11 at 100
	Michigan State Building Authority, Revenue Refunding Bonds, Facilities Program, Series 2003-II:	
5,000	5.000%, 10/15/22 - MBIA Insured	10/13 at 100
2,480	5.000%, 10/15/23 - MBIA Insured	10/13 at 100

26

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
	TAX OBLIGATION/LIMITED (continued)	
$ 1,500	Michigan State, Comprehensive Transportation Revenue Refunding Bonds, Series 2001A, 5.000%, 11/01/19 - FSA Insured	11/11 at 100
	Wayne County, Michigan, Limited Tax General Obligation Airport Hotel Revenue Bonds, Detroit Metropolitan Wayne County Airport, Series 2001A:	
1,500	5.500%, 12/01/18 - MBIA Insured	12/11 at 101
4,670	5.000%, 12/01/30 - MBIA Insured	12/11 at 101
	TRANSPORTATION - 1.4%	
1,000	Puerto Rico Ports Authority, Special Facilities Revenue Bonds, American Airlines Inc., Series 1993A, 6.300%, 6/01/23 (Alternative Minimum Tax)	12/04 at 101
1,000	Wayne County, Michigan, Airport Revenue Bonds, Detroit Metropolitan Airport, Series 1998B, 4.875%, 12/01/23 - MBIA Insured	12/08 at 101
	U.S. GUARANTEED - 25.6%	
355	Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Bonds, Series 2000, 5.750%, 7/01/20	7/10 at 100

	(Pre-refunded to 7/01/10)	
2,000	Detroit, Michigan, Sewerage Disposal System Revenue Bonds, Series 1999A, 5.875%, 7/01/27 (Pre-refunded to 1/01/10) - FGIC Insured	1/10 at 101
1,370	Detroit, Michigan, Sewerage Disposal System Revenue Bonds, Series 1997A, 5.500%, 7/01/20 (Pre-refunded to 7/01/07) - MBIA Insured	7/07 at 101
1,385	Detroit, Michigan, Water Supply System Senior Lien Revenue Bonds, Series 2001A, 5.250%, 7/01/33 (Pre-refunded to 7/01/11) - FGIC Insured	7/11 at 100
4,000	Detroit, Michigan, Water Supply System Senior Lien Revenue Bonds, Series 1999A, 5.750%, 7/01/26 (Pre-refunded to 1/01/10) - FGIC Insured	1/10 at 101
2,500	Kalamazoo Hospital Finance Authority, Michigan, Hospital Revenue Refunding and Improvement Bonds, Bronson Methodist Hospital, Series 1996, 5.750%, 5/15/16 (Pre-refunded to 5/15/06) - MBIA Insured	5/06 at 102
2,000	Michigan Municipal Bond Authority, Drinking Water Revolving Fund Revenue Bonds, Series 1999, 5.500%, 10/01/21 (Pre-refunded to 10/01/09)	10/09 at 101
1,000	Michigan State, Certificates of Participation, New Center Development Inc., Series 2001, 5.375%, 9/01/21 (Pre-refunded to 9/01/11) - MBIA Insured	9/11 at 100
3,000	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, St. John's Hospital, Series 1993A, 6.000%, 5/15/13 - AMBAC Insured	10/04 at 101
2,500	Michigan State Hospital Finance Authority, Revenue Bonds, Ascension Health Credit Group, Series 1999A, 6.125%, 11/15/26 (Pre-refunded to 11/15/09)	11/09 at 101
1,240	Milan Area Schools, Washtenaw and Monroe Counties, Michigan, General Obligation Bonds, Series 2000A, 5.625%, 5/01/16 (Pre-refunded to 5/01/10) - FGIC Insured	5/10 at 100
620	Reeths-Puffer Schools, Muskegon County, Michigan, School Building and Site Refunding Bonds, Series 1995, 5.750%, 5/01/15 (Pre-refunded to 5/01/05) - FGIC Insured	5/05 at 101
1,000	Rochester Community School District, Oakland and Macomb Counties, Michigan, General Obligation Bonds, Series 2000I, 5.750%, 5/01/19 (Pre-refunded to 5/01/10) - FGIC Insured	5/10 at 100
1,500	Romulus Community Schools, Wayne County, Michigan, Unlimited Tax General Obligation School Building and Site Bonds, Series 1999, 5.750%, 5/01/25 (Pre-refunded to 5/01/09) - FGIC Insured	5/09 at 100
2,500	West Bloomfield School District, Oakland County, Michigan, Unlimited Tax General Obligation School Building and Site Bonds, Series 2000, 5.800%, 5/01/17 (Pre-refunded to 5/01/10) - FGIC Insured	5/10 at 100

	UTILITIES - 16.7%	
1,000	Michigan Public Power Agency, Revenue Bonds, Combustion Turbine 1 Project, Series 2001A, 5.250%, 1/01/27 - AMBAC Insured	1/12 at 100
1,000	Michigan South Central Power Agency, Power Supply System Revenue Bonds, Series 2000, 6.000%, 5/01/12	No Opt. C
3,500	Michigan Strategic Fund, Collateralized Limited Obligation Revenue Refunding Bonds, Consumers Power Company Project, Series 1993B, 5.800%, 6/15/10 - CAPMAC Insured	12/04 at 101

27

Nuveen Michigan Premium Income Municipal Fund, Inc. (NMP) (continued)
Portfolio of INVESTMENTS July 31, 2004

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
	UTILITIES (continued)	
$ 3,000	Michigan Strategic Fund, Limited Obligation Remarketed Revenue Refunding Bonds, Detroit Edison Company, Series 1995CC, 4.850%, 9/01/30 (Mandatory put 9/01/11)	No Opt. C
5,000	Michigan Strategic Fund, Collateralized Limited Obligation Pollution Control Revenue Refunding Bonds, Detroit Edison Company, Series 2001C, 5.450%, 9/01/29	9/11 at 100
3,000	Michigan Strategic Fund, Limited Obligation Revenue Refunding Bonds, Detroit Edison Company, Series 2002C, 5.450%, 12/15/32 (Alternative Minimum Tax) - XLCA Insured	12/12 at 100
1,000	Michigan Strategic Fund, Collateralized Limited Obligation Pollution Control Revenue Refunding Bonds, Detroit Edison Company, Series 1999A, 5.550%, 9/01/29 (Alternative Minimum Tax) - MBIA Insured	9/09 at 102
1,500	Wyandotte, Michigan, Electric Revenue Refunding Bonds, Series 2002, 5.375%, 10/01/17 - MBIA Insured	10/08 at 101
	WATER AND SEWER ;">	

GAAP Operating Profit Reconciled to Adjusted Operating Profit

$ Millions	FY 2017	FY 2012[1]	FY 2007[2]
Reported GAAP Operating Profit	$367	$73	$165
Adjustments to GAAP Operating Profit			
• Pension settlement charge	$12	—	—
• Restructuring & Asset impairment charges	—	$18	$26
• Adjusted equity income from UBBP	$59	—	—
Total Adjusted Operating Profit	$438	$91	$191

1. Amounts are Unadjusted for the sale of L&W (not recast to reflect L&W supply as a discontinued operation).
2. Reported GAAP operating profit and adjustments are as presented in the 2007 Form 10-K.

Adjusted Debt Reconciled to GAAP Debt

$ Millions	December 31, 2017	December 31, 2012
Total short-term and long-term Debt – GAAP	$1,089	$2,309
Operating leases	$118	$203
Postretirement benefit obligations	$223	$383
Asset retirement obligations	$77	$90
Accrued interest not included in reported debt	$12	$47
Workers compensation/self insurance	$16	$16
Excess cash[1]	($370)	($508)
Total adjustments[2]	$76	$231
Adjusted Net Debt	$1,165	$2,540

	FY 2017	FY 2012
Adjusted EBITDA	$636	$268
Leverage Ratio	1.8	9.5

1. Excess cash is based on a 75% ratio of cash, cash equivalents, and marketable securities.
2. Represents adjustments to GAAP debt and unadjusted EBITDA to arrive at a proxy for adjusted debt and adjusted EBITDA as used by the ratings agencies.

Historical Adjusted EBITDA Reconciled to Net Income/(Loss)

$ Millions	2017	2012
USG Net Income/(loss)	$88	($126)
Less: Loss/(income) from discontinued operations, net of tax	$9	($21)
Add: interest expense, net	$65	$202
Add: income tax expense	$238	$12
Add: depreciation, depletion, and amortization[1]	$129	$134
EBITDA	$529	$201
Add: share-based compensation expense	$18	$17
Add: ARO accretion expense	$7	$10
Add: pension settlement charges	$12	-
Add: restructuring, impairment, and amortization of excess reorganization value	-	$18
Add: loss on extinguishment of debt	$22	$41
Add/(Less): GTL Adjusted EBITDA[2]	-	($19)
Less: USG's equity income from UBBP	($59)	-
Add: USG's share of UBBP Adjusted EBITDA	$107	-
ADJUSTED EBITDA	$636	$268

1. Depreciation, depletion and amortization excludes the amortization of deferred financing fees which is included in interest expense.
2. GTL operated as an internal cost center prior to 2011, and thus did not drive a material consolidated EBITDA impact.

USG Boral Building Products Adjusted EBITDA Reconciliation

$ Millions	FY 2017
GAAP Operating profit	$160
Income tax expense	($53)
Income from equity method investments owned by UBBP, net of tax	$15
Other expense	($1)
Net Income	$121
Net income attributable to non-controlling interest	($4)
Net Income attributable to USG Boral Building Products	$117
Adjustments: Long-lived asset impairment charges and severance charges, net of tax	—
Adjusted Net Income attributable to USG Boral Building Products	$117
Add: income tax expense	$53
Add: depreciation, depletion, and amortization	$45
TOTAL USG Boral Building Products Adjusted EBITDA	$215
USG’s share of USG Boral Building Products Adjusted EBITDA	$107

GTL EBITDA and Adjusted Sales Reconciliations

$ Millions	FY 2012
GAAP Operating profit (loss)	$13
Interest income (expense), net	($2)
Other income, net	—
Income tax expense	—
Net income attributable to non-controlling interest	($1)
Net income (loss) attributable to USG	$10
Add: income tax expense	—
Add: interest (income) expense, net	$2
Add: depreciation, depletion, and amortization	$7
EBITDA	$19

$ Millions	FY 2012
Net Sales – GAAP Measure	$2,494
Adjustments:	
GTL - Shipping operations	($54)
Adjusted Net Sales – Non-GAAP Measure	$2,440

Cautionary Note Regarding Forward-Looking Statements

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website, www.sec.gov, or from USG at its website, www.usg.com, or through a request in writing sent to USG at 550 West Adams Street, Chicago, Illinois 60661-3676, attention: Corporate Secretary.

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EXHIBIT 2

USG Board Sends Letter to Stockholders

- Says Knauf's "Vote No" Campaign is Misguided Attempt to Pressure the Board into Accepting a Proposal That is Substantially Below USG's Intrinsic Value
- Notes that Campaign is Designed to Undermine Board's Ability to Work to Maximize Value
- Rebuts Knauf's Disingenuous and Misleading Comments Regarding USG's Engagement with Knauf
- Urges Stockholders to Vote FOR USG's Director Nominees

CHICAGO, April 12, 2018 -- USG Corporation (NYSE: USG) today sent a letter to stockholders urging them to vote the WHITE proxy card "FOR" the election of USG's highly qualified independent directors, in connection with the Company's upcoming Annual Meeting of Stockholders (the "Annual Meeting") to be held on May 9, 2018.

The full text of the letter follows:

Dear Fellow Stockholder,

Recently, Gebr. Knauf KG, a private German company which is a 10.5% stockholder in USG and a competitor in the global gypsum market, sent an open letter to all USG stockholders asking you to vote against four USG Board nominees who are up for election at the upcoming Annual Meeting of Stockholders on May 9, 2018. This is a misguided attempt to pressure the Board into accepting a proposal from Knauf to purchase USG, that we believe is substantially below our intrinsic value. The Board will not yield to this pressure and is committed to acting in the best interests of all USG stockholders even in the face of Knauf's campaign.

The Board is committed to creating value for all our stockholders through the execution of our strategic plan, which we outlined at our recent Investor Day. While the Board has not made the decision to sell the Company, it remains open to the evaluation of any proposal to acquire USG, as it has done with Knauf's proposals. If Knauf, or any other viable bidder, makes a proposal that reflects the Company's intrinsic value, the Board would seek to negotiate an appropriate confidentiality arrangement to allow it to share information with the potential counterparty. The USG Board has declined to share confidential information with Knauf because, in addition to being a competitor, Knauf's acquisition proposal is not at a value that the Board believes adequately compensates all stockholders.

To be clear – Knauf's campaign is designed to undermine the Board's ability to maximize value for all stockholders.

This vote, which has no legal bearing on any corporate action or the retention of the incumbent directors, only serves as a propaganda tool for a competitor who is unwilling to pay an appropriate value for your Company.

VOTE THE WHITE PROXY CARD "FOR" THE ELECTION OF USG'S HIGHLY QUALIFIED INDEPENDENT DIRECTORS

OUR BOARD HAS ENGAGED REPEATEDLY WITH KNAUF AND IS
ACTING IN THE BEST INTERESTS OF ALL STOCKHOLDERS

Since Knauf's first approach, our Board has engaged with them in good faith and has carefully evaluated their proposals – Knauf would have you believe that is not the case and has made disingenuous and misleading public statements regarding the Company's level of engagement. To set the record straight:

- On November 29, 2017, Knauf first proposed to acquire USG for $40.10 per share, which represented a 9% premium to our prior day closing stock price.
- After careful evaluation, our Board rejected this proposal and USG management subsequently spoke with Knauf to explain the Board's rationale and elements that impact USG's intrinsic value.
- Our stock traded as high as $41.18 in January 2018 – unaffected by public takeover speculation.
- On March 8, 2018, we held our Investor Day (which had been under development since mid-2017), where we outlined our strategy – Knauf representatives attended in person.
- On March 12, 2018, at Knauf's request, Steven Leer, our non-executive Chairman and Jennifer Scanlon, our CEO, met with Alexander Knauf and Manfred Grunke, Knauf's Managing Partners, in person.
- Three days later, Knauf submitted its revised proposal of $42.00 per share, which was then only a 2% premium to our recent 52-week high.
- Our Board again carefully considered and rejected this revised proposal on the basis of USG's intrinsic value, which has been increased by the materially positive impact of the reduction to U.S. corporate tax rates, which had been signed into law after the initial Knauf proposal.
- On March 26, 2018, in connection with a letter outlining the rationale for the rejection of Knauf's offer, we suggested a further call with Knauf's leadership team, which took place on March 29, 2018.
- Following the March 29, 2018, call, the Board directed USG's financial and legal advisors to meet in person with advisors from Knauf, which took place on April 5, 2018.
- On April 10, 2018, Knauf issued a letter to USG stockholders claiming – among other things – that the USG Board did not engage in good faith with them. This is clearly not true.

KNAUF HAS DISREGARDED THE FACT THAT USG IS A TRANSFORMED
COMPANY POISED TO DELIVER SIGNIFICANT VALUE

Knauf's letter to USG stockholders focuses on a decade-old history of USG, which includes the period of the great recession and housing bubble, and is completely irrelevant to where the Company is positioned today. The reality is that our Board and management team have completely transformed our company, most significantly in the last two years, resulting in a drastically improved cost position, profitability, capital structure and portfolio.

As an example of 10 years of dramatic change, consider that our 2017 Adjusted Operating Profit was approximately two times greater than our 2007 Adjusted Operating Profit, with housing starts approximately 11 percent lower. Knauf is well aware of these facts and is trying to mislead you.

- More recently, the last five years have shown significant improvements across key USG financial metrics:

Value Driver	Measure	2012	2017	Change	Future Value Upside
Profitability	Adjusted Operating Profit(1)	$91M	$438M	+$347M / +381%	Significant operating leverage with increased mid-cycle earnings
	Adjusted Operating Margin(1)	4%	14%	+1,000bps	
Capital Structure	Total Debt	$2,309M	$1,089M	-$1,220M	Balance sheet flexibility to fund growth and return capital
	Interest Expense	$206M	$69M	-$137M	
	Leverage(2)	9.5x	1.8x	-7.7x	
	Share Repurchases	$0M	$184M	+$184M	
Portfolio	Business and Geographic Mix	North America & Europe Manufacturing & Distribution	North America, Asia, Australasia, and Middle East Manufacturing	Exposure to Asia & Australasia; exited Europe and South America	Stronger growth profile and reduced cyclicality

1. Non-GAAP Metric. See reconciliation to GAAP results in the Appendix.
2. Non-GAAP Metric. Net adjusted debt/adjusted EBITDA. See reconciliation to GAAP results in the Appendix.

USG is now a pure manufacturer with an enhanced portfolio and greater exposure to the highest growth construction markets in the world. This transformation has positioned us for significant growth and value creation ahead.

USG HAS PIVOTED TO A NEW STRATEGY THAT WE ARE CONFIDENT WILL CREATE LONG-TERM VALUE FOR ALL OUR STOCKHOLDERS

Knauf indicates their proposal “de-risks” any future business plan – the reality is their proposal would prohibit all USG stockholders from sharing in the benefits of USG’s strategic plan, which positions the Company to drive meaningful financial and operational improvements, including significant margin expansion and more than double our 2017 free cash flow by 2020. Other key strategy elements include:

- Our favorable cost position is improving further through advanced manufacturing, which we expect to deliver $100M of run-rate EBITDA by the end of 2020. Our advanced manufacturing initiatives and other cost efficiency efforts are powerful levers that are independent of market conditions and are already funded in our plan.
- Recent innovative product launches are gaining meaningful traction due to strong customer demand, and are expected to deliver significant upside over the next few years. Exciting additional new products are in our pipeline.
- These innovations drive continued differentiation and support USG’s price premium in the market.

As reflected in the chart below, management expects its strategy to result in improved adjusted operating profit margin.

- This clear potential is, in part, why we view Knauf's proposal as opportunistic.
- Knauf is attempting to scare USG stockholders by claiming we will have to make significant capital investments, but in fact significant investments have been and are being made, and we expect to generate more than enough cash to fund capex needs in the coming years while also retaining the ability to return capital to stockholders.

THE HIGHLY SUPPORTIVE MACROECONOMIC ENVIRONMENT IS EXPECTED TO FURTHER ACCELERATE THE BENEFITS OF USG'S STRATEGY

Knauf's focus on industry cyclicality and cycle timing is another attempt to obscure observable market data: While there has been modest growth in this recovery, key industry indicators still meaningfully lag long-term means. We continue to believe significant industry upside remains in residential and non-residential starts and repair and remodel activity.

Our transformation, including the sale of our distribution business, expansion into Asia, Australasia and the Middle East, and reduction of debt, has dampened out our cyclicality. In addition, the initiatives underway will drive meaningful value regardless of where we are in the cycle.

THE STRATEGIC VALUE OF USG TO KNAUF IS SUBSTANTIAL AND THEY ARE NOT COMPENSATING ALL STOCKHOLDERS

Knauf is a private German company which has been in existence for 86 years, with stated net sales in excess of $8 billion and EBITDA in excess of $1.6 billion. While Knauf has operations in many regions of the world, it does not have a significant presence in North America and, in particular, the U.S. gypsum market.

- Knauf stands to benefit substantially from a combination with USG, as its proposals reference “compelling strategic logic” and its principals acknowledged its expectation of meaningful synergies for Knauf.
- USG’s #1 market position in North America and industry leading technology, patents and brands, such as our Sheetrock® brand, make us the “crown jewel” of the industry, and we are critical for Knauf to achieve their goal of being the global leader in wallboard.
  - Indeed, it is this technology and intellectual property portfolio that Boral sought and placed a high value on in the formation in 2014 of our highly successful USG Boral joint venture.

SEND A STRONG MESSAGE THAT YOU SUPPORT OUR BOARD’S EFFORTS TO MAXIMIZE VALUE FOR ALL STOCKHOLDERS

VOTE THE WHITE PROXY CARD “FOR”
THE RE-ELECTION OF USG’S STRONG BOARD TODAY

Vote the WHITE card “FOR” the re-election of USG’s highly qualified and experienced director nominees: Jose Armario, Gretchen R. Haggerty and William H. Hernandez and our new director nominee: Dana S. Cho.

Your Board and management team have successfully transformed USG to position the Company for the significant opportunities ahead. We are confident that we have the right strategy, the right management team and the right Board of Directors in place to continue delivering value for all USG stockholders.

Your vote is important and we strongly urge you to protect your investment by voting “FOR” on the white card today.

On behalf of USG’s Board of Directors, we thank you for your ongoing support, and look forward to continued engagement.

Sincerely,

USG Board of Directors

Appendix of Non-GAAP Financial Measures

In this letter, the Company's financial results are provided both in accordance with accounting principles generally accepted in the United States of America (GAAP) and using certain non-GAAP financial measures. In particular, the Company presents the non-GAAP financial measures adjusted operating profit and margin, free cash flow, EBITDA and leverage ratio, which exclude certain items. The non-GAAP financial measures are included as a complement to results provided in accordance with GAAP because management believes these non-GAAP financial measures help investors' ability to analyze underlying trends in the Company's business, evaluate its performance relative to other companies in its industry and provide useful information to both management and investors by excluding certain items that may not be indicative of the Company's core operating results. Adjusted operating profit includes the equity method income from USG Boral Building Products (UBBP) and USG's income from other equity investments because management views UBBP and its other equity investments as important businesses. In addition, the Company uses adjusted operating profit and adjusted operating margins as components in the measurement of incentive compensation. The non-GAAP measures should not be considered a substitute for or superior to GAAP results and may vary from others in the industry. For further information related to the Company's use of non-GAAP financial measures, and reconciliations to the nearest GAAP measures, see the Appendix.

Adjusted Operating Profit Reconciled to GAAP Operating Profit under New Reportable Segments

$ Millions	FY 2017
Reported GAAP Operating Profit (Loss)	
U.S. Wallboard and Surfaces	$314
U.S. Performance Materials	$26
U.S. Ceilings	$95
Canada	$12
Other	$11
Corporate & Eliminations	($91)
Total	$367
Adjustments to GAAP Operating Profit (Loss)	
U.S. Wallboard and Surfaces – Pension settlement charge	$7
U.S. Performance Materials – Pension settlement charge	$2
U.S. Ceilings – Pension settlement charge	$2
Corporate & Eliminations – Pension settlement charge	$1
Total	$12
Adjusted Operating Profit (Loss) – Non-GAAP measure	
U.S. Wallboard and Surfaces	$321
U.S. Performance Materials	$28
U.S. Ceilings	$97
Canada	$12
Other	$11
Corporate & Eliminations	($90)
Other Adjustments	
Adjusted equity income from UBBP	$59
Total Adjusted Operating Profit	$438

Adjusted Operating Profit Recast for Change in Employee Retirement Plan Accounting

$ Millions	FY 2017	AOP %
Reported Adjusted Operating Profit (Loss) – Non GAAP Measure		
U.S. Wallboard and Surfaces	$321	16.8%
U.S. Performance Materials	$28	7.5%
U.S. Ceilings	$97	20.3%
Canada	$12	3.0%
Other	$11	
Corporate & Eliminations	($90)	
Adjusted equity income from UBBP	$59	
Total	$438	13.7%
Adjustments to Adjusted Operating Profit (Loss)		
U.S. Wallboard and Surfaces – Employee Retirement Plan Accounting Change	($15)	
U.S. Performance Materials – Employee Retirement Plan Accounting Change	($4)	
U.S. Ceilings – Employee Retirement Plan Accounting Change	($5)	
Canada – Employee Retirement Plan Accounting Change	$1	
Corporate & Eliminations – Employee Retirement Plan Accounting Change	($3)	
Total	($26)	
Recasted Adjusted Operating Profit (Loss) – Non-GAAP measure		
U.S. Wallboard and Surfaces	$306	16.0%
U.S. Performance Materials	$24	6.4%
U.S. Ceilings	$92	19.3%
Canada	$13	3.2%
Other	$11	
Corporate & Eliminations	($93)	
Adjusted equity income from UBBP	$59	
Total Adjusted Operating Profit	$412	12.9%

GAAP Operating Profit Reconciled to Adjusted Operating Profit

$ Millions	FY 2017	FY 2012[1]	FY 2007[2]
Reported GAAP Operating Profit	$367	$73	$165
Adjustments to GAAP Operating Profit			
• Pension settlement charge	$12	—	—
• Restructuring & Asset impairment charges	—	$18	$26
• Adjusted equity income from UBBP	$59	—	—
Total Adjusted Operating Profit	$438	$91	$191

1. Amounts are Unadjusted for the sale of L&W (not recast to reflect L&W supply as a discontinued operation).
2. Reported GAAP operating profit and adjustments are as presented in the 2007 Form 10-K.

Adjusted Debt Reconciled to GAAP Debt

$ Millions	December 31, 2017	December 31, 2012
Total short-term and long-term Debt – GAAP	$1,089	$2,309
Operating leases	$118	$203
Postretirement benefit obligations	$223	$383
Asset retirement obligations	$77	$90
Accrued interest not included in reported debt	$12	$47
Workers compensation/self insurance	$16	$16
Excess cash[1]	($370)	($508)
Total adjustments[2]	$76	$231
Adjusted Net Debt	$1,165	$2,540

	FY 2017	FY 2012
Adjusted EBITDA	$636	$268
Leverage Ratio	1.8	9.5

1. Excess cash is based on a 75% ratio of cash, cash equivalents, and marketable securities.
2. Represents adjustments to GAAP debt and unadjusted EBITDA to arrive at a proxy for adjusted debt and adjusted EBITDA as used by the ratings agencies.

Historical Adjusted EBITDA Reconciled to Net Income/(Loss)

$ Millions	2017	2012
USG Net Income/(loss)	$88	($126)
Less: Loss/(income) from discontinued operations, net of tax	$9	($21)
Add: interest expense, net	$65	$202
Add: income tax expense	$238	$12
Add: depreciation, depletion, and amortization[1]	$129	$134
EBITDA	$529	$201
Add: share-based compensation expense	$18	$17
Add: ARO accretion expense	$7	$10
Add: pension settlement charges	$12	-
Add: restructuring, impairment, and amortization of excess reorganization value	-	$18
Add: loss on extinguishment of debt	$22	$41
Add/(Less): GTL Adjusted EBITDA[2]	-	($19)
Less: USG's equity income from UBBP	($59)	-
Add: USG’s share of UBBP Adjusted EBITDA	$107	-
ADJUSTED EBITDA	$636	$268

1. Depreciation, depletion and amortization excludes the amortization of deferred financing fees which is included in interest expense.
2. GTL operated as an internal cost center prior to 2011, and thus did not drive a material consolidated EBITDA impact.

USG Boral Building Products Adjusted EBITDA Reconciliation

$ Millions	FY 2017
GAAP Operating profit	$160
Income tax expense	($53)
Income from equity method investments owned by UBBP, net of tax	$15
Other expense	($1)
Net Income	$121
Net income attributable to non-controlling interest	($4)
Net Income attributable to USG Boral Building Products	$117
Adjustments: Long-lived asset impairment charges and severance charges, net of tax	—
Adjusted Net Income attributable to USG Boral Building Products	$117
Add: income tax expense	$53
Add: depreciation, depletion, and amortization	$45
TOTAL USG Boral Building Products Adjusted EBITDA	$215
USG’s share of USG Boral Building Products Adjusted EBITDA	$107

GTL EBITDA and Adjusted Sales Reconciliations

$ Millions	FY 2012
GAAP Operating profit (loss)	$13
Interest income (expense), net	($2)
Other income, net	—
Income tax expense	—
Net income attributable to non-controlling interest	($1)
Net income (loss) attributable to USG	$10
Add: income tax expense	—
Add: interest (income) expense, net	$2
Add: depreciation, depletion, and amortization	$7
EBITDA	$19

$ Millions	FY 2012
Net Sales – GAAP Measure	$2,494
Adjustments:	
GTL - Shipping operations	($54)
Adjusted Net Sales – Non-GAAP Measure	$2,440

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About USG Corporation
USG Corporation is an industry-leading manufacturer of building products and innovative solutions. Headquartered in Chicago, USG serves construction markets around the world through its Gypsum, Performance Materials, Ceilings, and USG Boral divisions. Its wall, ceiling, flooring, sheathing and roofing products provide the solutions that enable customers to build the outstanding spaces where people live, work and play. Its USG Boral Building Products joint venture is a leading plasterboard and ceilings producer across Asia, Australasia and the Middle East. For additional information, visit www.usg.com.

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EXHIBIT 3