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NUVEEN INSURED NEW YORK TAX FREE ADVANTAGE MUNICIPAL FUND

Form PRE 14A

August 07, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement.
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).**
- Definitive Proxy Statement.
- Definitive Additional Materials.
- Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

NUVEEN INSURED NEW YORK TAX-FREE ADVANTAGE MUNICIPAL FUND (NRK)

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
  - 1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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**Important Notice  
to Fund Shareholders**

, 2007

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

**Q. Why am I receiving this Proxy Statement?**

**A.** You are being asked to vote on two important matters affecting your Fund:

(1) Approval of a New Investment Management Agreement. Nuveen Asset Management ( NAM ) serves as your Fund's investment adviser. Nuveen Investments, Inc. ( Nuveen ), the parent company of NAM, recently announced its intention to be acquired by investors led by Madison Dearborn Partners, LLC, and to thereby become a privately-held company. In the event this takes place, securities laws require your Fund's shareholders to approve a new investment management agreement between NAM and the Fund; and

(2) Ratification of Independent Registered Public Accounting Firm. This year, you and other Fund shareholders are being asked to ratify the selection of the independent registered public accounting firm. Ernst and Young LLP has been selected to serve as your Fund's independent registered public accounting firm.

Your Fund's Board, including the independent Board members, unanimously recommends that you vote **FOR** each proposal.

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

**Q. How will I as a Fund shareholder be affected if Nuveen becomes a privately-held company?**

**A.** Your Fund investment will not change as a result of NAM's change of ownership. You will still own the same Fund shares and the value of those shares will not change as a result of the transaction. NAM will continue to manage your Fund according to the same objectives and policies as before, and does not anticipate any significant changes to its operations.

**Q. Will there be any important differences between my Fund's new investment management agreement and the current agreement?**

**A.** No. The terms of the two agreements are substantially the same. There will be no change in the fees you pay, who manages your Fund, your Fund's objectives and policies, or your Fund's day-to-day management.

**Q. What will happen if shareholders do not approve the new investment management agreement?**

**A.** NAM will continue to manage your Fund under an interim investment management agreement, but must place its compensation for its services during this

interim period in escrow, pending shareholder approval. This is discussed in more detail in the proxy statement. **Your Fund's Board urges you to vote without delay in order to avoid potential disruption to the Fund's operations.**

**Q. Who do I call if I have questions?**

**A.** If you need any assistance, or have any questions regarding the proposals or how to vote your shares, please call Computershare Fund Services, your Fund proxy solicitor, at 866-434-7510 with your proxy material.

**Q. How do I vote my shares?**

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

**Q. Will anyone contact me?**

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

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333 West Wacker Drive  
Chicago, Illinois 60606  
(800) 257-8787  
**Notice of Special Meeting  
of Shareholders**

, 2007

**Nuveen California Dividend Advantage Municipal Fund (NAC)**  
**Nuveen California Dividend Advantage Municipal Fund 2 (NVX)**  
**Nuveen California Dividend Advantage Municipal Fund 3 (NZH)**  
**Nuveen California Premium Income Municipal Fund (NCU)**  
**Nuveen Insured California Dividend Advantage Municipal Fund (NKL)**  
**Nuveen Insured California Tax-Free Advantage Municipal Fund (NKX)**  
**Nuveen Insured Premium Income Municipal Fund 2 (NPX)**  
**Nuveen Dividend Advantage Municipal Fund (NAD)**  
**Nuveen Dividend Advantage Municipal Fund 2 (NXZ)**  
**Nuveen Dividend Advantage Municipal Fund 3 (NZF)**  
**Nuveen Insured Dividend Advantage Municipal Fund (NVG)**  
**Nuveen Insured Tax-Free Advantage Municipal Fund (NEA)**  
**Nuveen Municipal High Income Opportunity Fund (NMZ)**  
**Nuveen Select Maturities Municipal Fund (NIM)**  
**Nuveen Select Tax-Free Income Portfolio (NXP)**  
**Nuveen Select Tax-Free Income Portfolio 2 (NXQ)**  
**Nuveen Select Tax-Free Income Portfolio 3 (NXR)**  
**Nuveen California Select Tax-Free Income Portfolio (NXC)**  
**Nuveen New York Select Tax-Free Income Portfolio (NXN)**  
**Nuveen New York Dividend Advantage Municipal Fund (NAN)**  
**Nuveen New York Dividend Advantage Municipal Fund 2 (NXK)**  
**Nuveen Insured New York Dividend Advantage Municipal Fund (NKO)**  
**Nuveen Insured New York Tax-Free Advantage Municipal Fund (NRK)**

**To the Shareholders of the Above Funds:**

Notice is hereby given that a Special Meeting of Shareholders (the Meeting ) of Nuveen California Dividend Advantage Municipal Fund, Nuveen California Dividend Advantage Municipal Fund 2, Nuveen California Dividend Advantage Municipal Fund 3, Nuveen California Premium Income Municipal Fund, Nuveen Insured California Dividend Advantage Municipal Fund, Nuveen Insured California Tax-Free Advantage Municipal Fund, Nuveen Insured Premium Income Municipal Fund 2, Nuveen Dividend Advantage Municipal Fund, Nuveen Dividend Advantage Municipal Fund 2, Nuveen Dividend Advantage Municipal Fund 3, Nuveen Insured Dividend Advantage Municipal Fund, Nuveen Insured Tax-Free Advantage Municipal Fund, Nuveen Municipal High Income Opportunity Fund, Nuveen Select Maturities Municipal Fund, Nuveen Select Tax-Free Income Portfolio, Nuveen Select Tax-Free Income Portfolio 2, Nuveen Select Tax-Free Income Portfolio 3, Nuveen California Select Tax-Free Income Portfolio, Nuveen New York Select Tax-Free Income Portfolio, Nuveen New York Dividend Advantage Municipal Fund, Nuveen New York Dividend Advantage Municipal Fund 2, Nuveen Insured New York Dividend Advantage Municipal Fund and Nuveen Insured New York Tax-Free Advantage Municipal Fund, **each a Massachusetts business trust** (each a Fund and collectively, the Funds ), will be held (along with meetings of shareholders of several other Nuveen funds) in the 31st floor conference room of Nuveen Investments, 333 West Wacker Drive, Chicago,



Illinois 60606, on Friday, October 12, 2007, at 10:00 a.m., Central time, for the following purposes and to transact such other business, if any, as may properly come before the Meeting:

**Matters to Be Voted on by Shareholders:**

1. To approve a new investment management agreement between each Fund and Nuveen Asset Management ( NAM ), each Fund s investment adviser.
2. To ratify the selection of Ernst & Young LLP as independent registered public accounting firm for the current fiscal year.
3. To transact such other business as may properly come before the Meeting.

Shareholders of record at the close of business on August 1, 2007 are entitled to notice of and to vote at the Meeting.

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

Kevin J. McCarthy  
*Vice President and Secretary*

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333 West Wacker Drive  
Chicago, Illinois 60606  
(800) 257-8787  
**Joint Proxy Statement**

, 2007

**Nuveen California Dividend Advantage Municipal Fund (NAC)**  
**Nuveen California Dividend Advantage Municipal Fund 2 (NVX)**  
**Nuveen California Dividend Advantage Municipal Fund 3 (NZH)**  
**Nuveen California Premium Income Municipal Fund (NCU)**  
**Nuveen Insured California Dividend Advantage Municipal Fund (NKL)**  
**Nuveen Insured California Tax-Free Advantage Municipal Fund (NKX)**  
**Nuveen Insured Premium Income Municipal Fund 2 (NPX)**  
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**Nuveen Select Maturities Municipal Fund (NIM)**  
**Nuveen Select Tax-Free Income Portfolio (NXP)**  
**Nuveen Select Tax-Free Income Portfolio 2 (NXQ)**  
**Nuveen Select Tax-Free Income Portfolio 3 (NXR)**  
**Nuveen California Select Tax-Free Income Portfolio (NXC)**  
**Nuveen New York Select Tax-Free Income Portfolio (NXN)**  
**Nuveen New York Dividend Advantage Municipal Fund (NAN)**  
**Nuveen New York Dividend Advantage Municipal Fund 2 (NXK)**  
**Nuveen Insured New York Dividend Advantage Municipal Fund (NKO)**  
**Nuveen Insured New York Tax-Free Advantage Municipal Fund (NRK)**

This Joint Proxy Statement is first being mailed to shareholders on or about August , 2007.

### **General Information**

This Joint Proxy Statement is furnished in connection with the solicitation by the Board of Trustees (each a Board and collectively, the Boards, and each Trustee a Board Member and collectively, the Board Members ) of Nuveen California Dividend Advantage Municipal Fund ( California Dividend Advantage ), Nuveen California Dividend Advantage Municipal Fund 2 ( California Dividend Advantage 2 ), Nuveen California Dividend Advantage Municipal Fund 3 ( California Dividend Advantage 3 ), Nuveen California Premium Income Municipal Fund ( California Premium Income ), Nuveen Insured California Dividend Advantage Municipal Fund ( Insured California Dividend Advantage ), Nuveen Insured California Tax-Free Advantage Municipal Fund ( Insured California Tax-Free Advantage ), Nuveen Insured Premium Income Municipal Fund 2 ( Insured Premium Income 2 ), Nuveen Dividend Advantage Municipal Fund ( Dividend Advantage ), Nuveen Dividend Advantage Municipal Fund 2 ( Dividend Advantage 2 ), Nuveen Dividend Advantage Municipal Fund 3 ( Dividend Advantage 3 ), Nuveen Insured Dividend Advantage Municipal Fund ( Insured Dividend Advantage ), Nuveen Insured Tax-Free Advantage Municipal Fund ( Insured Tax-Free Advantage ), Nuveen Municipal High Income Opportunity Fund ( Municipal High Income ), Nuveen Select Maturities Municipal Fund ( Select Maturities ), Nuveen Select Tax-Free Income Portfolio ( Select Portfolio ), Nuveen Select

Tax-Free Income Portfolio 2 ( Select Portfolio 2 ), Nuveen Select Tax-Free Income Portfolio 3

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( Select Portfolio 3 ), Nuveen California Select Tax-Free Income Portfolio ( California Portfolio ), Nuveen New York Select Tax-Free Income Portfolio ( New York Portfolio ), Nuveen New York Dividend Advantage Municipal Fund ( New York Dividend Advantage ), Nuveen New York Dividend Advantage Municipal Fund 2 ( New York Dividend Advantage 2 ), Nuveen Insured New York Dividend Advantage Municipal Fund ( Insured New York Dividend Advantage ) and Nuveen Insured New York Tax-Free Advantage Municipal Fund ( Insured New York Tax-Free Advantage ), **each a Massachusetts business trust** (each a Fund and collectively, the Funds ), of proxies to be voted at a Special Meeting of Shareholders to be held (along with the meeting of shareholders of several other Nuveen funds) in the 31st floor conference room of Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606, on Friday, October 12, 2007, at 10:00 a.m., Central time, (for each Fund, a Meeting and collectively, the Meetings ), and at any and all adjournments thereof.

On the matters coming before each Meeting as to which a choice has been specified by shareholders on the proxy, the shares will be voted accordingly. If a proxy is returned and no choice is specified, the shares will be voted **FOR** approval of the new investment management agreement and **FOR** the ratification of the selection of the independent registered public accounting firm. Shareholders who execute proxies may revoke them at any time before they are voted by filing with that Fund a written notice of revocation, by delivering a duly executed proxy bearing a later date or by attending the Meeting and voting in person. Merely attending the Meeting, however, will not revoke any previously submitted proxy.

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

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

Matter	Common Shares	Preferred Shares <sup>(1)</sup>
1. To approve a new investment management agreement between Nuveen Asset Management ( NAM or the Adviser ) and each Fund	X	X
2. To ratify the selection of independent registered public accounting firm	X	X

(1) Municipal Auction Rate Cumulative Preferred Shares are referred to as Preferred Shares. Select Maturities, Select Portfolio, Select Portfolio 2, Select Portfolio 3, California Portfolio and New York Portfolio have not issued Preferred Shares.

A quorum of shareholders is required to take action at each Meeting. A majority of the shares entitled to vote at each Meeting, represented in person or by proxy, will constitute a quorum of shareholders at that Meeting. Votes cast by proxy or in person at each Meeting will be tabulated by the inspectors of election appointed for that Meeting. The inspectors of election will determine whether or not a quorum is present at the Meeting. The inspectors of election will treat abstentions and broker non-votes (i.e., shares held by brokers or nominees, typically in street name, as to which (i) instructions have not been received from the beneficial owners or persons entitled to vote and (ii) the broker or nominee does not have discretionary voting power on a particular matter) as present for purposes of determining a

quorum.

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For purposes of determining the approval of the new investment management agreement and ratification of the selection of independent auditors, abstentions and broker non-votes will be treated as shares voted against the proposal. The details of the proposals to be voted on by the shareholders of each Fund and the vote required for approval of the proposals are set forth under the description of the proposals below.

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

Those persons who were shareholders of record at the close of business on August 1, 2007, will be entitled to one vote for each share held and a proportionate fractional vote for each fractional share held (the Record Date). As of the Record Date, the shares of the Funds were issued and outstanding as follows:

<b>Fund</b>	<b>Ticker Symbol*</b>	<b>Common Shares</b>	<b>Preferred Shares</b>	
California Dividend Advantage	NAC	23,480,254	Series TH Series F	3,500 3,500
California Dividend Advantage 2	NVX	14,797,422	Series M Series F	2,200 2,200
California Dividend Advantage 3	NZH	24,132,334	Series M Series TH Series F	3,740 3,740 2,200
California Premium Income	NCU	5,775,188	Series M	1,720
Insured California Dividend Advantage	NKL	15,286,005	Series T Series F Series TH	2,360 2,360 1,900
	NKX	5,885,441	Series TH	1,800

Insured California Tax-Free  
Advantage

Insured Premium Income 2	NPX	37,353,512	Series M	2,080
			Series T	2,200
			Series W	2,080
			Series TH	2,200
			Series F	2,196
Dividend Advantage	NAD	39,287,298	Series M	4,000
			Series T	4,000
			Series TH	3,800

<b>Fund</b>	<b>Ticker Symbol*</b>	<b>Common Shares</b>	<b>Preferred Shares</b>	
Dividend Advantage 2	NXZ	29,392,010	Series M	3,000
			Series T	3,000
			Series F	2,880
Dividend Advantage 3	NZF	40,378,174	Series W	4,160
			Series TH	4,160
			Series F	4,160
Insured Dividend Advantage	NVG	29,813,300	Series M	3,160
			Series T	3,080
			Series TH	3,080
Insured Tax-Free Advantage	NEA	18,521,322	Series T	2,880
			Series W	2,880
Municipal High Income	NMZ	23,331,865	Series M	3,000
			Series T	1,600
			Series W	1,600
Select Maturities	NIM	12,396,406	N/A	
Select Portfolio	NXP	16,394,661	N/A	
Select Portfolio 2	NXQ	17,607,068	N/A	
Select Portfolio 3	NXR	12,964,124	N/A	
California Portfolio	NXC	6,258,496	N/A	
New York Portfolio	NXN	3,908,223	N/A	
New York Dividend Advantage	NAN	9,265,330	Series F	2,760

New York Dividend Advantage 2	NXK	6,495,716	Series W	1,880
Insured New York Dividend Advantage	NKO	7,964,131	Series TH	2,440
Insured New York Tax-Free Advantage	NRK	3,513,360	Series TH	1,080

\* The common shares of all of the Funds are listed on the New York Stock Exchange, except NVX, NZH, NCU, NKL, NKX, NXZ, NZF, NVG, NEA, NMZ, NKO, NXK and NRK, which are listed on the American Stock Exchange.

The number of shares of each Fund beneficially owned by each Board Member and by the Board Members and officers of the Funds as a group as of December 31, 2006 is set forth in Appendix A. On December 31, 2006, Board Members and executive officers as a group beneficially owned approximately 1,400,000 shares of all funds managed by NAM (including shares held by Board Members through the Deferred Compensation Plan for Independent Board Members and by executive officers in Nuveen's 401(k)/profit sharing plan). Each Board Member's individual beneficial shareholdings of each Fund constituted less than 1% of the outstanding shares of each Fund. **[As of the Record Date, the Board Members and executive officers as a group beneficially owned less than 1% of the outstanding shares of each Fund.] As of the Record Date, no shareholder beneficially owned more than 5% of any class of shares of any Fund, except as stated in Appendix F.**

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## 1. Approval of the New Investment Management Agreements

### Background

Under an investment management agreement between the Adviser and each Fund (each, an Original Investment Management Agreement and collectively, the Original Investment Management Agreements), NAM serves as each Fund's investment adviser and is responsible for each Fund's overall investment strategy and its implementation. The date of each Fund's Original Investment Management Agreement and the date on which it was last approved by shareholders and approved for continuance by the Board is provided in Appendix B. NAM is a wholly-owned subsidiary of Nuveen Investments, Inc. (Nuveen). Nuveen is currently a publicly traded company.

On June 19, 2007, Nuveen entered into a merger agreement providing for the acquisition of Nuveen by Windy City Investments, Inc. (Windy City), a corporation formed by investors led by Madison Dearborn Partners, LLC (MDP), a private equity investment firm based in Chicago, Illinois (the Transaction). Windy City is controlled by MDP on behalf of the Madison Dearborn Capital Partner V funds. Other owners of Windy City include Merrill Lynch & Co.'s Global Private Equity group and affiliates (including private equity funds) of Wachovia, Citigroup and Deutsche Bank. If the Transaction is completed, Nuveen will become a wholly-owned subsidiary of Windy City and Nuveen will become a privately-held company. Completion of the Transaction is subject to a number of conditions, including obtaining the approval of Nuveen's stockholders and obtaining consent to the Transaction by a certain percentage of NAM's clients representing at least 80% of annualized revenue (which includes fund shareholder approval of new investment management agreements with NAM). Nuveen and Windy City currently expect to complete the Transaction in the fourth quarter of 2007.

Upon completion of the Transaction, it is anticipated that Merrill Lynch will be an indirect affiliated person (as that term is defined in the Investment Company Act of 1940, as amended (the 1940 Act)) of each Fund. As a result, each Fund would then generally be prohibited from entering into principal transactions with Merrill Lynch and certain of its affiliates. NAM does not believe that any such prohibition or limitation would have a materially adverse effect on any Fund's ability to pursue its investment objective and policies.

Nuveen is relying on Section 15(f) of the 1940 Act. Section 15(f) provides in substance that when a sale of a controlling interest in an investment adviser occurs, the investment adviser or any of its affiliated persons may receive any amount or benefit in connection with the sale so long as two conditions are satisfied. The first condition of Section 15(f) is that, during the three-year period following the consummation of a transaction, at least 75% of the investment company's board of directors must not be interested persons (as defined in the 1940 Act) of the investment adviser or predecessor adviser. Each of the Funds currently meets this test. Second, an unfair burden (as defined in the 1940 Act, including any interpretations or no-action letters of the Securities and Exchange Commission (the SEC)) must not be imposed on the investment company as a result of the transaction relating to the sale of such interest, or any express or implied terms, conditions or understandings applicable thereto. The term unfair burden (as defined in the 1940 Act) includes any arrangement, during the two-year period after the transaction, whereby the investment adviser (or predecessor or successor adviser), or any interested person (as defined in the 1940 Act) of such an adviser, receives or is entitled to receive any compensation directly or indirectly, from the investment company or its security holders (other than fees for bona fide investment advisory or other services) or from any person

in connection with the purchase or sale of securities or other property to, from or on behalf of the investment company (other than bona fide ordinary compensation as principal underwriter for the investment company). Under the Transaction Agreement, Windy City acknowledges Nuveen's reliance on Section 15(f) of the 1940 Act and had agreed that it and its affiliates (as defined in the Transaction Agreement) shall conduct its business and use commercially reasonable efforts to enable the provisions of Section 15(f) to be true in relation to the Funds.

In addition, to help ensure that an unfair burden is not imposed on the Funds, Nuveen has committed for a period of two years from the date of the closing of the Transaction (i) not to increase gross management fees for any Fund; (ii) not to reduce voluntary expense reimbursement levels for any Fund from their currently scheduled prospective levels during that period; (iii) that no Fund whose portfolio is managed by a Nuveen affiliate shall use Merrill Lynch as a broker with respect to portfolio transactions done on an agency basis, except as may be approved in the future by the Compliance Committee of the Board; and (iv) that NAM shall not cause the Funds and the other municipal funds that NAM manages as a whole to enter into portfolio transactions with or through the other minority owners of Nuveen, on either a principal or agency basis, to a significantly greater extent than both what one would expect an investment team to use such firm in the normal course of business, and what NAM has historically done with respect to those funds, without prior Board or Compliance Committee approval (excluding the impact of proportionally increasing the use of such other minority owners to fill the void necessitated by not being able to use Merrill Lynch).

Each Original Investment Management Agreement, as required by Section 15 of the 1940 Act, provides for its automatic termination in the event of its assignment (as defined in the 1940 Act). Any change in control of the Adviser is deemed to be an assignment. The consummation of the Transaction will result in a change in control of the Adviser and therefore cause the automatic termination of each Original Investment Management Agreement, as required by the 1940 Act.

In anticipation of the Transaction, each Fund's Board met in person at a joint meeting on July 31, 2007 for purposes of, among other things, considering whether it would be in the best interests of each Fund and its shareholders to approve a new investment management agreement between the Fund and NAM in substantially the same form as the Original Investment Management Agreement to take effect immediately after the Transaction or shareholder approval, whichever is later (each a New Investment Management Agreement and collectively, the New Investment Management Agreements). The form of the New Investment Management Agreement is attached hereto as Appendix C.

The 1940 Act requires that each New Investment Management Agreement be approved by the Fund's shareholders in order for it to become effective. At the July 31, 2007 Board meeting, and for the reasons discussed below (see Board Considerations below), each Board, including the Board Members who are not parties to the Original Investment Management Agreements or New Investment Management Agreements entered into by the Adviser with respect to any Fund or who are not interested persons of the Funds or the Adviser as defined in the 1940 Act (the Independent Board Members), unanimously approved the New Investment Management Agreement and unanimously recommended its approval by shareholders in order to assure continuity of investment advisory services to the Fund after the Transaction. In the event shareholders of a Fund do not approve the New Investment Management Agreement at the Meeting or any adjournment thereof prior to the closing of the Transaction, an interim investment management agreement between the Adviser and each such Fund (each, an

Interim Investment Management Agreement and collectively, the Interim Investment Management Agreements ) will take effect upon the closing of the Transaction.

At the July 31, 2007 meeting, each Board, including the Independent Board Members, also unanimously approved the Interim Investment Management Agreements in order to assure continuity of investment advisory services to the Funds after the Transaction. The terms of each Interim Investment Management Agreement are substantially identical to those of the Original Investment Management Agreements and New Investment Management Agreements, except for the term and escrow provisions described below. If a Fund's shareholders have not approved a New Investment Management Agreement prior to the Transaction an Interim Investment Management Agreement will take effect upon the closing of the Transaction and will continue in effect for a term ending on the earlier of 150 days from the closing of the Transaction (the 150-day period ) or when shareholders of a Fund approve the New Investment Management Agreement. Pursuant to Rule 15a-4 under the 1940 Act, compensation earned by the Adviser under an Interim Investment Management Agreement will be held in an interest-bearing escrow account. If shareholders of a Fund approve the New Investment Management Agreement prior to the end of the 150-day period, the amount held in the escrow account under the Interim Investment Management Agreement will be paid to the Adviser. If shareholders of a Fund do not approve the New Investment Management Agreement prior to the end of the 150-day period, the Board will take such action as it deems to be in the best interests of the Fund and its shareholders, and the Adviser will be paid the lesser of its costs incurred in performing its services under the Interim Investment Management Agreement or the total amount in the escrow account, plus interest earned.

#### **Comparison of Original Investment Management Agreement and New Investment Management Agreement**

The terms of each New Investment Management Agreement, including fees payable to the Adviser by the Fund thereunder, are substantially identical to those of the Original Investment Management Agreement, except for the date of effectiveness. There is no change in the fee rate payable by each Fund to the Adviser. If approved by shareholders of a Fund, the New Investment Management Agreement for the Fund will expire on August 1, 2008, unless continued. Each New Investment Management Agreement will continue in effect from year to year thereafter if such continuance is approved for the Fund at least annually in the manner required by the 1940 Act and the rules and regulations thereunder. Below is a comparison of certain terms of the Original Investment Management Agreement to the terms of the New Investment Management Agreement.

**Investment Management Services.** The investment management services to be provided by the Adviser to each Fund under the New Investment Management Agreements will be identical to those services currently provided by the Adviser to each Fund under the Original Investment Management Agreements. Both the Original Investment Management Agreements and New Investment Management Agreements provide that the Adviser shall manage the investment and reinvestment of the Fund's assets in accordance with the Fund's investment objective and policies and limitations and administer the Fund's affairs to the extent requested by and subject to the oversight of the Fund's Board. In addition, the investment management services will be provided by the same Adviser personnel under the New Investment Management Agreements as under the Original Investment Management Agreements. The Adviser does not anticipate that the Transaction will have any adverse effect on the performance of its obligations under the New Investment Management Agreements.

**Fees.** Under each Original Investment Management Agreement and New Investment Management Agreement, the Fund pays to the Adviser an investment management fee that consists of two components a fund-level fee, calculated by applying a Fund-specific breakpoint fee schedule that pays progressively reduced fee rates at increased Fund-specific asset levels to the average daily managed assets (which includes assets attributable to all types of leverage used in leveraged funds) of that individual Fund, and a complex-level fee, calculated by applying a fee rate determined based on the aggregate managed assets of all Nuveen-branded closed-end and open-end registered investment companies organized in the United States, applied to a complex-wide fee schedule that would pay ever-reducing effective fee rates at increasing complex-wide assets, multiplied by that Fund's average daily managed assets. The investment management fee paid by each Fund equals the sum of the fund-level fee and complex-level fee calculated for that Fund.

The fee schedules for the fund-level fee and complex-level fee breakpoint schedules under the New Investment Management Agreements for each Fund are identical to the fund-level fee and complex-level fee breakpoint schedules under the Original Investment Management Agreements. The annual fund-level fee schedule for each Fund under the

(e) Current  
Value

\*

Banco Popular de Puerto Rico

BPPR Time deposit Open Account

\$

54,433

Ariel

Ariel Appreciation Fund

5,219

Columbia

Columbia Small Cap Fund

22,535

Allianz

Allianz Occ Value Fund

1,026,305

Federated

Federated Government Obligations

925,112

Federated

Federated Kaufman Fund

618,804

Franklin Templeton

Franklin Templeton Foreign Fund

303,918

Lord Abbett

Lord Abbett Mid-cap Fund

18,089

PIMCO

PIMCO Total Return Fund Administrative Class

319,980

T. Rowe Price

T. Rowe Price Growth Stock Fund

53,807

\*

Watson Pharmaceuticals, Inc.

Watson Pharmaceuticals Company Stock Fund

43,834

\*

Participant Loans

Varying maturity dates, interest ranging from 5% to 9.25% per annum



225,145

\$

3,617,181

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\* Party-in-interest for which a statutory exemption exists.

\*\* Cost information may be omitted with respect to participant directed investments.

Under ERISA, an asset held for investment purposes is any amount held by the Plan on the last day of the Plan's fiscal year.

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**Watson Laboratories Caribe, Inc.**

**1165(e) Plan**

**Signatures**

**The Plan**

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

**Watson Laboratories Caribe, Inc., 1165 (e) Plan**

By: WATSON PHARMACEUTICALS, INC. as plan administrator

By: /s/ Susan Skara  
Susan Skara  
Chairman, Employee Benefit Plans Committee

Dated: June 26, 2007

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**Index to Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
23.1	Consent of Independent Registered Public Accounting Firm
32.1	Certification of Chairman and Chief Executive Officer
32.2	Certification of Vice President, Corporate Controller and Treasurer

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