

Edgar Filing: Cinedigm Corp. - Form 10-Q

Cinedigm Corp.  
Form 10-Q  
February 14, 2018

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal period ended: December 31, 2017

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from --- to ---

Commission File Number: 000-31810

\_\_\_\_\_  
Cinedigm Corp.  
(Exact name of registrant as specified in its charter)

\_\_\_\_\_  
Delaware  
(State or Other Jurisdiction of Incorporation or Organization) 22-3720962  
(I.R.S. Employer Identification No.)

45 West 36th Street, 7th Floor, New York, NY 10018  
(Address of principal executive offices) (Zip Code)

(212) 206-8600  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class Name of each exchange on which registered  
CLASS A COMMON STOCK, PAR VALUE \$0.001 PER SHARE NASDAQ GLOBAL MARKET

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  
 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  
 No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging Growth Company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

As of February 12, 2018, 34,947,790 shares of Class A Common Stock, \$0.001 par value were outstanding.

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CINEDIGM CORP.  
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CINEDIGM CORP.  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (In thousands, except for share and per share data)

	December 31, 2017	March 31, 2017
	(Unaudited)	
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 17,218	\$12,566
Accounts receivable, net	37,870	53,608
Inventory, net	812	1,137
Unbilled revenue	4,747	5,655
Prepaid and other current assets	10,885	13,484
Total current assets	71,532	86,450
Restricted cash	1,000	1,000
Property and equipment, net	23,479	33,138
Intangible assets, net	16,045	20,227
Goodwill	8,701	8,701
Debt issuance costs	134	260
Other assets	1,336	1,558
Total assets	\$ 122,227	\$ 151,334
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 63,460	\$73,679
Current portion of notes payable, including unamortized debt discount of \$318 and \$0 (See Note 5)	16,491	19,599
Current portion of notes payable, non-recourse (see Note 5)	2,954	6,056
Current portion of capital leases	—	66
Current portion of deferred revenue	1,855	2,461
Total current liabilities	84,760	101,861
Notes payable, non-recourse, net of current portion and unamortized debt issuance costs and debt discounts of \$2,289 and \$2,701 respectively (see Note 5)	38,331	55,048
Notes payable, net of current portion and unamortized debt issuance costs and debt discounts of \$3,445 and \$5,340 respectively (see Note 5)	16,997	59,396
Deferred revenue, net of current portion	4,213	5,324
Other long-term liabilities	331	408
Total liabilities	144,632	222,037
Stockholders' deficit		
Preferred stock, 15,000,000 shares authorized; Series A 10% - \$0.001 par value per share; 20 shares authorized; 7 shares issued and outstanding at December 31, 2017 and March 31, 2017, respectively. Liquidation preference of \$3,648	3,559	3,559
Common stock, \$0.001 par value; Class A and Class B stock; Class A stock 60,000,000 shares and 25,000,000 shares authorized at December 31, 2017 and March 31, 2017 respectively; 36,138,785 and 11,841,983 shares issued and 34,824,949 and 11,841,983 shares outstanding at December 31, 2017 and March 31, 2017, respectively; 1,241,000 Class B stock authorized and issued and zero shares outstanding at March 31, 2017	35	12
Additional paid-in capital	366,092	287,393
Treasury stock, at cost; 1,313,836 Class A common shares at December 31, 2017	(11,603	) —
Accumulated deficit	(379,191	) (360,415 )
Accumulated other comprehensive loss	(51	) (38 )

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Total stockholders' deficit of Cinedigm Corp.	(21,159	)	(69,489	)
Deficit attributable to noncontrolling interest	(1,246	)	(1,214	)
Total deficit	(22,405	)	(70,703	)
Total liabilities and deficit	\$ 122,227		\$ 151,334	
See accompanying Notes to Condensed Consolidated Financial Statements				

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CINEDIGM CORP.  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 (Unaudited)  
 (In thousands, except for share and per share data)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2017	2016	2017	2016
Revenues	\$18,492	\$24,445	\$50,010	\$70,800
Costs and expenses:				
Direct operating (excludes depreciation and amortization shown below)	6,363	7,287	14,470	17,880
Selling, general and administrative	9,259	6,095	21,824	17,766
Provision for doubtful accounts	631	416	1,580	416
Restructuring expenses, net	—	22	—	132
Depreciation and amortization of property and equipment	2,213	6,271	10,215	22,558
Amortization of intangible assets	1,395	1,395	4,185	4,322
Total operating expenses	19,861	21,486	52,274	63,074
Income (loss) from operations	(1,369 )	2,959	(2,264 )	7,726
Interest expense, net	(3,147 )	(4,827 )	(11,163 )	(14,873 )
Debt conversion expense and loss on extinguishment of notes payable	(1,299 )	(1,099 )	(4,504 )	(1,099 )
Other (expense) income, net	(40 )	(55 )	(242 )	211
Gain on termination of capital lease	—	2,535	—	2,535
Change in fair value of interest rate derivatives	44	39	127	104
Loss from operations before income taxes	(5,811 )	(448 )	(18,046 )	(5,396 )
Income tax expense	(113 )	(33 )	(495 )	(143 )
Net loss	(5,924 )	(481 )	(18,541 )	(5,539 )
Net loss attributable to noncontrolling interest	15	18	32	54
Net loss attributable to controlling interests	(5,909 )	(463 )	(18,509 )	(5,485 )
Preferred stock dividends	(89 )	(89 )	(267 )	(267 )
Net loss attributable to common stockholders	\$(5,998 )	\$(552 )	\$(18,776 )	\$(5,752 )
Net loss per Class A and Class B common stock attributable to common stockholders - basic and diluted:				
Net loss attributable to common stockholders	\$(0.20 )	\$(0.07 )	\$(1.02 )	\$(0.78 )
Weighted average number of Class A and Class B common stock outstanding: basic and diluted	29,389,018	361,807	18,399,597	74,409,746

See accompanying Notes to Condensed Consolidated Financial Statements

CINEDIGM CORP.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

(In thousands)

	Three Months		Nine Months	
	Ended December		Ended December	
	31,	31,	31,	31,
	2017	2016	2017	2016
Net loss	\$(5,924)	\$(481)	\$(18,541)	\$(5,539)
Other comprehensive income (loss): foreign exchange translation	2	(9 )	(13 )	9
Comprehensive loss	(5,922 )	(490 )	(18,554 )	(5,530 )
Less: comprehensive loss attributable to noncontrolling interest	15	18	32	54
Comprehensive loss attributable to controlling interests	\$(5,907)	\$(472)	\$(18,522)	\$(5,476)

See accompanying Notes to Condensed Consolidated Financial Statements

CINEDIGM CORP.  
CONSOLIDATED STATEMENT OF DEFICIT  
(In thousands, except share data)  
(Unaudited)

	Series A Preferred Stock		Class A and Class B		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount	Shares	Amount				
Balances as of March 31, 2016	7	\$3,559	7,977,861	\$79	(277,244)	\$(2,839)	\$269,871	\$(342,448)	\$(64)	\$(71,842)
Adjust par value of common stock for 1-for-10 stock split	—	—	—	(70)	—	—	70	—	—	—
Adjusted balance as of March 31, 2016	7	\$3,559	7,977,861	\$9	(277,244)	\$(2,839)	\$269,941	\$(342,448)	\$(64)	\$(71,842)
Foreign exchange translation	—	—	—	—	—	—	—	—	26	26
Issuance of common stock for third-party professional services	—	—	419,838	—	—	—	342	—	—	342
Issuance of shares for CEO retention bonus	—	—	125,000	—	—	—	250	—	—	250
Amortization of stock based compensation issued to Board of Directors	—	—	—	—	—	—	206	—	—	—

Kathleen L. Prudhomme	Vice President and Assistant Secretary	Term: Annual	Managing Director and Assistant Secretary of Nuveen Securities, LLC (since 2011); Managing Director, Assistant Secretary and Associate	206
901 Marquette Avenue		Length of Service: Since 2011		
Minneapolis, MN 55402				
1953				



General  
Counsel  
(since 2011)  
of Nuveen  
Fund  
Advisors,  
LLC;  
Managing  
Director,  
Assistant  
Secretary and  
Associate  
General  
Counsel  
(since 2011)  
of Nuveen  
Asset  
Management,  
LLC;  
formerly,  
Deputy  
General  
Counsel, FAF  
Advisors, Inc.  
(2004-2010).

Name, Address and Year of Birth	Position(s) Held with Fund	Term of Office and Length of Time Served <sup>(1)</sup>	Principal Occupation(s) During Past 5 Years <sup>(2)</sup>	Number of Portfolios in Fund Complex Served by Officer <sup>(2)</sup>
Joel T. Slager 333 West Wacker Drive Chicago, IL 60606 1978	Vice President and Assistant Secretary	Term: Annual Length of Service: Since August 2013	Fund Tax Director for Nuveen Funds (since May 2013); previously, Vice President of Morgan Stanley Investment Management, Inc., Assistant Treasurer of the Morgan Stanley Funds (from 2010 to 2013); Tax Director at PricewaterhouseCoopers LLP (from 2008 to 2010).	206

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

<sup>(2)</sup> Information as of February 11, 2014.

#### **Audit Committee Report**

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

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

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

The current members of the Committee are:

Jack B. Evans

Robert P. Bremner

David J. Kundert

Carole E. Stone

Terence J. Toth

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

	Audit Fees <sup>(1)</sup>		Audit Related Fees <sup>(2)</sup>				Tax Fees <sup>(3)</sup>				All Other Fees <sup>(4)</sup>			
	Funds		Fund		Adviser and Adviser Entities		Fund		Adviser and Adviser Entities		Fund		Adviser and Adviser Entities	
	Fiscal Year Ended 2012	Fiscal Year Ended 2013	Fiscal Year Ended 2012	Fiscal Year Ended 2013	Fiscal Year Ended 2012	Fiscal Year Ended 2013	Fiscal Year Ended 2012	Fiscal Year Ended 2013	Fiscal Year Ended 2012	Fiscal Year Ended 2013	Fiscal Year Ended 2012	Fiscal Year Ended 2013	Fiscal Year Ended 2012	Fiscal Year Ended 2013
Credit Strategies	\$ 27,000	\$ 28,250	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,800	\$ 2,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Flexible Investment <sup>(5)</sup>	0	12,650	0	0	0	0	0	0	0	0	0	0	0	0
Intermediate Duration <sup>(6)</sup>	0	22,500	0	6,000	0	0	0	0	0	0	0	0	0	0
Intermediate Duration Quality <sup>(7)</sup>	0	18,500	0	0	0	0	0	0	0	0	0	0	0	0
Preferred Income	27,000	25,300	0	0	0	0	5,280	2,000	0	0	0	0	0	0
Quality Preferred	24,300	25,300	0	0	0	0	0	0	0	0	0	0	0	0
Quality Preferred 2	24,300	25,300	0	0	0	0	0	0	0	0	0	0	0	0
Quality Preferred 3	24,300	25,300	0	0	0	0	0	0	0	0	0	0	0	0

- (1) Audit Fees are the aggregate fees billed for professional services for the audit of the Fund's annual financial statements and services provided in connection with statutory and regulatory filings or engagements.
- (2) Audit Related Fees are the aggregate fees billed for assurance and related services reasonably related to the performance of the audit or review of financial statements that are not reported under Audit Fees. These fees include offerings related to the Fund's common shares and leverage.
- (3) Tax Fees are the aggregate fees billed for professional services for tax advice, tax compliance, and tax planning. These fees include: all global withholding tax services; excise and state tax reviews; capital gain, tax equalization and taxable basis calculation performed by the principal accountant.
- (4) All Other Fees are the aggregate fees billed for products and services other than Audit Fees, Audit-Related Fees and Tax Fees. These fees represent all Agreed-Upon Procedures engagements pertaining to the Fund's use of leverage.
- (5) The Fund commenced operations on June 25, 2013.
- (6) The Fund commenced operations on December 5, 2012.
- (7) The Fund commenced operations on February 7, 2013.

	Total Non-Audit Fees Billed to Fund		Total Non-Audit Fees Billed to Advisers and Adviser Entities (Engagements Related Directly to the Operations and Financial Reporting of Fund)		Total Non-Audit Fees Billed to Advisers and Adviser Entities (All Other Engagements)		Total	
	Fiscal Year Ended	Fiscal Year Ended	Fiscal Year Ended	Fiscal Year Ended	Fiscal Year Ended	Fiscal Year Ended	Fiscal Year Ended	Fiscal Year Ended
	2012	2013	2012	2013	2012	2013	2012	2013
Credit Strategies	\$ 4,800	\$ 2,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,800	\$ 2,000
Flexible Investment	0	0	0	0	0	0	0	0
Intermediate Duration	0	0	0	0	0	0	0	0
Intermediate Duration Quality	0	0	0	0	0	0	0	0
Preferred Income	5,280	2,000	0	0	0	0	5,280	2,000
Quality Preferred	0	0	0	0	0	0	0	0
Quality Preferred 2	0	0	0	0	0	0	0	0
Quality Preferred 3	0	0	0	0	0	0	0	0

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

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

#### Additional Information

##### Appointment of the Independent Registered Public Accounting Firm

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

### **Section 16(a) Beneficial Interest Reporting Compliance**

Section 30(h) of the 1940 Act and Section 16(a) of the 1934 Act require Board Members and officers, the Adviser, affiliated persons of the Adviser and persons who own more than 10% of a registered class of a Fund's equity securities to file forms reporting their affiliation with that Fund and reports of ownership and changes in ownership of that Fund's shares with the SEC and the New York Stock Exchange, NYSE MKT, LLC or NASDAQ Stock Market, LLC, as applicable. These persons and entities are required by SEC regulation to furnish the Funds with copies of all Section 16(a) forms they file. Based on a review of these forms furnished to each Fund, each Fund believes that its Board Members and officers, Adviser and affiliated persons of the Adviser have complied with all applicable Section 16(a) filing requirements during its last fiscal year, except as follows: William Adams IV made an amended filing on Form 4 with respect to Credit Strategies. To the knowledge of management of the Funds, no shareholder of a Fund owns more than 10% of a registered class of a Fund's equity securities, except as provided in Appendix B.

### **Information About the Adviser**

The Adviser, located at 333 West Wacker Drive, Chicago, Illinois 60606, serves as investment adviser and manager for each Fund. The Adviser is a wholly-owned subsidiary of Nuveen. Nuveen is a wholly-owned subsidiary of Windy City, a corporation formed by investors led by Madison Dearborn Partners, LLC (MDP), a private equity investment firm based in Chicago, Illinois. Windy City is controlled by MDP on behalf of the Madison Dearborn Capital Partner V funds.

### **Shareholder Proposals**

To be considered for presentation at the annual meeting of shareholders for the Funds to be held in 2015, shareholder proposals submitted pursuant to Rule 14a-8 of the 1934 Act must be received at the offices of that Fund, 333 West Wacker Drive, Chicago, Illinois 60606, not later than November 13, 2014. A shareholder wishing to provide notice in the manner prescribed by Rule 14a-4(c)(1) of a proposal submitted outside of the process of Rule 14a-8 for the annual meeting must, pursuant to each Fund's By-Laws, submit such written notice to the Fund not later than January 27, 2015 or prior to January 12, 2015. Timely submission of a proposal does not mean that such proposal will be included in a proxy statement.

### **Shareholder Communications**

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

### **Expenses of Proxy Solicitation**

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

### **Fiscal Year**

The last fiscal year end for Intermediate Duration and Intermediate Duration Quality was May 31, 2013. The last fiscal year end for Credit Strategies, Flexible Investment, Preferred Income, Quality Preferred, Quality Preferred 2 and Quality Preferred 3 was July 31, 2013.

### **Shareholder Report Delivery**

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

### **Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on April 11, 2014:**

**Each Fund's proxy statement is available at <http://www.nuveenproxy.com/ProxyInfo/Default.aspx>. For more information, shareholders may also contact the applicable Fund at the address and phone number set forth above.**

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

### **General**

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

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

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

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

Kevin J. McCarthy

*Vice President and Secretary*

March 11, 2014



**Beneficial Ownership**

The following table lists the dollar range of equity securities beneficially owned by each Board Member nominee in each Fund and in all Nuveen funds overseen by the Board Member nominee as of December 31, 2013. The information as to beneficial ownership is based on statements furnished by each Board Member and officer.

Board Member	Credit	Dollar Range of Equity Securities			
		Flexible	Intermediate	Intermediate	Preferred
<b>Nominees</b>	<b>Strategies</b>	<b>Investment</b>	<b>Duration</b>	<b>Quality</b>	<b>Income</b>
Board Members/Nominees who are not interested persons of the Funds					
Robert P. Bremner	\$0	\$0	\$0	\$0	\$0
Jack B. Evans	\$0	\$0	\$0	\$0	\$0
William C. Hunter	\$0	\$0	\$0	\$0	\$0
David J. Kundert	\$0	\$0	\$0	\$0	\$0
John K. Nelson <sup>(2)</sup>	\$0	\$0	\$0	\$0	\$0
William J. Schneider	\$0	\$0	\$0	\$0	\$0
Judith M. Stockdale	\$10,001 - \$50,000	\$0	\$0	\$0	\$0
Carole E. Stone	\$0	\$0	\$0	\$0	\$0
Virginia L. Stringer	\$0	\$0	\$0	\$0	\$0
Terence J. Toth	\$0	\$0	\$0	\$0	\$0
Board Members/Nominees who are interested person of the Funds					
William Adams IV <sup>(2)</sup>	Over \$100,000	\$0	\$0	\$0	\$0
Thomas S. Schreier Jr. <sup>(2)</sup>	\$0	\$0	\$0	\$0	\$0

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	Dollar Range of Equity Securities			Aggregate Range of Equity;
	Quality	Quality	Quality	Securities in All Registered Investment Companies Overseen by Board Member Nominees in
Board Member Nominees	Preferred	Preferred 2	Preferred 3	Family of Investment Companies <sup>(1)</sup>
Board Members/Nominees who are not interested persons of the Funds				
Robert P. Bremner	\$0	\$0	\$0	Over \$100,000
Jack B. Evans	\$10,001 - \$50,000	\$0	\$0	Over \$100,000
William C. Hunter	\$0	\$0	\$0	Over \$100,000
David J. Kundert	\$0	\$0	\$0	Over \$100,000
John K. Nelson <sup>(2)</sup>	\$0	\$0	\$0	\$0
William J. Schneider	\$0	\$0	\$0	Over \$100,000
Judith M. Stockdale	\$0	\$0	\$0	Over \$100,000
Carole E. Stone	\$0	\$0	\$0	Over \$100,000
Virginia L. Stringer	\$0	\$0	\$0	Over \$100,000
Terence J. Toth	\$0	\$0	\$0	Over \$100,000
Board Members/Nominees who are interested person of the Funds				
William Adams IV <sup>(2)</sup>	\$0	\$0	\$0	Over \$100,000
Thomas S. Schreier Jr. <sup>(2)</sup>	\$0	\$1 - \$10,000	\$0	Over \$100,000

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

(2) Board Members Adams, Nelson and Schreier were appointed as Board Members of each Fund effective September 1, 2013.

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The following table sets forth, for each Board Member nominee and for the Board Member nominees and officers as a group, the amount of shares beneficially owned in each Fund as of December 31, 2013. The information as to beneficial ownership is based on statements furnished by each Board Member nominee and officer.

<b>Fund Shares Owned By Board Members And Officers<sup>(1)</sup></b>				
	<b>Credit</b>	<b>Flexible</b>	<b>Intermediate</b>	<b>Intermediate Duration</b>
<b>Board Member/Nominees</b>	<b>Strategies</b>	<b>Investment</b>	<b>Duration</b>	<b>Quality</b>
Board Members/Nominees who are not interested persons of the Funds				
Robert P. Bremner	0	0	0	0
Jack B. Evans	0	0	0	0
William C. Hunter	0	0	0	0
David J. Kundert	0	0	0	0
John K. Nelson <sup>(2)</sup>	0	0	0	0
William J. Schneider	0	0	0	0
Judith M. Stockdale	1,130	0	0	0
Carole E. Stone	0	0	0	0
Virginia L. Stringer	0	0	0	0
Terence J. Toth	0	0	0	0
Board Members/Nominees who are interested persons of the Funds				
William Adams IV <sup>(2)</sup>	25,000	0	0	0
Thomas S. Schreier Jr. <sup>(2)</sup>	0	0	0	0
All Board Members/ Nominees and Officers as a Group	26,130	0	0	0

<b>Fund Shares Owned By Board Members And Officers<sup>(1)</sup></b>				
<b>Board Member/Nominees</b>	<b>Preferred Income</b>	<b>Quality Preferred</b>	<b>Quality Preferred 2</b>	<b>Quality Preferred 3</b>
Nominees/Board Members who are not interested persons of the Fund				
Robert P. Bremner	0	0	0	0
Jack B. Evans	0	4,600	0	0
William C. Hunter	0	0	0	0
David J. Kundert	0	0	0	0
John K. Nelson <sup>(2)</sup>	0	0	0	0
William J. Schneider	0	0	0	0
Judith M. Stockdale	0	0	0	0
Carole E. Stone	0	0	0	0
Virginia L. Stringer	0	0	0	0
Terence J. Toth	0	0	0	0
Nominee who is an interested person of the Fund				
William Adams IV <sup>(2)</sup>	0	0	0	0
Thomas S. Schreier Jr. <sup>(2)</sup>	0	0	1,000	0
All Board Members	1,000	4,600	1,000	0
Nominees/Officers as a Group				

(1) The numbers include share equivalents of certain Nuveen funds in which the Board Member is deemed to be invested pursuant to the Deferred Compensation Plan for Independent Board Members as more fully described in the Proxy Statement.

(2) Board Members Adams, Nelson and Schreier were appointed as Board Members of each Fund effective September 1, 2013.

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

The following chart lists each shareholder or group of shareholders who beneficially owned more than 5% of any class of shares for each Fund as of February 11, 2014\*:

<b>Fund and Class</b>	<b>Shareholder Name and Address</b>	<b>Number of Shares Owned</b>	<b>Percentage Owned</b>
Credit Strategies Common Shares	First Trust Portfolios L.P. <sup>(a)</sup>	18,564,628	13.62%
	120 East Liberty Drive, Suite 400		
	Wheaton, Illinois 60187		
	First Trust Advisors L.P. <sup>(a)</sup>		
	120 East Liberty Drive, Suite 400		
	Wheaton, Illinois 60187		
Intermediate Duration Variable Rate MuniFund Term Preferred Shares	The Charger Corporation <sup>(a)</sup>	1,750	100%
	120 East Liberty Drive, Suite 400		
	Wheaton, Illinois 60187		
	Bank of America Corporation <sup>(b)</sup>		
	100 North Tyron Street		
	Charlotte, North Carolina 28255		
Intermediate Duration Quality Variable Rate MuniFund Term Preferred Shares	Banc of America Preferred Fund Corporation <sup>(b)</sup>	550	100%
	214 North Tryon Street		
	Charlotte, North Carolina 28255		
	Bank of America Corporation <sup>(b)</sup>		
	100 North Tyron Street		
	Charlotte, North Carolina 28255		
Preferred Income Common Shares	Banc of America Preferred Fund Corporation <sup>(b)</sup>	6,872,752	7.09%
	214 North Tryon Street		
	Charlotte, North Carolina 28255		
	First Trust Portfolios L.P. <sup>(a)</sup>		
	120 East Liberty Drive, Suite 400		

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Wheaton, Illinois 60187

First Trust Advisors L.P.<sup>(a)</sup>

120 East Liberty Drive, Suite 400

Wheaton, Illinois 60187

The Charger Corporation<sup>(a)</sup>

120 East Liberty Drive, Suite 400

Wheaton, Illinois 60187

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Fund and Class	Shareholder Name and Address	Number of Shares Owned	Percentage Owned
Quality Preferred 3 Common Shares	First Trust Portfolios L.P. <sup>(a)</sup>	1,340,644	5.65%
	120 East Liberty Drive, Suite 400		
	Wheaton, Illinois 60187		
	First Trust Advisors L.P. <sup>(a)</sup>		
	120 East Liberty Drive, Suite 400		
	Wheaton, Illinois 60187		
	The Charger Corporation <sup>(a)</sup>		
	120 East Liberty Drive, Suite 400		
	Wheaton, Illinois 60187		

\* The information contained in this table is based on Schedule 13D and 13G filings made on or before February 11, 2014.

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

(b) Bank of America Corporation and Banc of America Preferred Fund Corporation filed their Schedule 13D jointly and did not differentiate holdings as between each entity.

B-2

## NUMBER OF BOARD AND COMMITTEE MEETINGS

## HELD DURING EACH FUND'S LAST FISCAL YEAR

<b>Fund</b>	<b>Regular Board Meeting</b>	<b>Special Board Meeting</b>	<b>Executive Committee Meeting</b>	<b>Dividend Committee Meeting</b>	<b>Compliance, Risk Management and Regulatory Oversight Committee Meeting</b>	<b>Audit Committee Meeting</b>	<b>Nominating and Governance Committee Meeting</b>	<b>Closed-End Funds Committee</b>
Credit Strategies	5	4	0	4	5	4	6	4
Flexible Investment	2	3	1	1	2	1	2	1
Intermediate Duration	5	4	2	2	3	2	3	2
Intermediate Duration Quality	5	4	2	2	3	2	3	2
Preferred Income	5	4	0	4	5	4	6	4
Quality Preferred	5	4	0	4	5	4	6	4
Quality Preferred 2	5	4	0	4	5	4	6	4
Quality Preferred 3	5	4	0	4	5	4	6	4

C-1

**NUVEEN FUND BOARD****AUDIT COMMITTEE CHARTER****I. Organization and Membership**

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

**II. Statement of Policy, Purpose and Processes**

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

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

The Audit Committee shall have the authority and resources in its discretion to retain special legal, accounting or other consultants to advise the Audit Committee and to otherwise discharge its responsibilities, including appropriate funding as determined by the Audit Commit-



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

### **Responsibilities**

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

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

The Audit Committee is responsible for the following:

#### **With respect to Fund financial statements:**

- A. Reviewing and discussing the annual audited financial statements and semiannual financial statements with Fund management and the independent auditors including major issues regarding accounting and auditing principles and practices, and the Funds' disclosures in its periodic reports under Management's Discussion and Analysis.
- B. Requiring the independent auditors to deliver to the Chairman of the Audit Committee a timely report on any issues relating to the significant accounting policies, management judgments and accounting estimates or other matters that would need to be communicated under Statement on Auditing Standards (sas) No. 90, Audit Committee Communications (which amended sas No. 61, Communication with Audit Committees), that arise during the auditors' review of the Funds' financial statements, which information the Chairman shall further communicate to the other members of the Audit Committee, as deemed necessary or appropriate in the Chairman's judgment.
- C. Discussing with management the Funds' press releases regarding financial results and dividends, as well as financial information and earnings guidance provided to analysts and rating agencies. This discussion may be done generally, consisting of

discussing the types of information to be disclosed and the types of presentations to be made. The Chairman of the Audit Committee shall be authorized to have these discussions with management on behalf of the Audit Committee.

- D. Discussing with management and the independent auditors (a) significant financial reporting issues and judgments made in connection with the preparation and presentation of the Funds' financial statements, including any significant changes in the Funds' selection or application of accounting principles and any major issues as to the adequacy of the Funds' internal controls and any special audit steps adopted in light of material control deficiencies; and (b) analyses prepared by Fund management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative gaap methods on the financial statements.
- E. Discussing with management and the independent auditors the effect of regulatory and accounting initiatives on the Funds' financial statements.
- F. Reviewing and discussing reports, both written and oral, from the independent auditors and/or Fund management regarding (a) all critical accounting policies and practices to be used; (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative treatments and disclosures, and the treatment preferred by the independent auditors; and (c) other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.
- G. Discussing with Fund management the Funds' major financial risk exposures and the steps management has taken to monitor and control these exposures, including the Funds' risk assessment and risk management policies and guidelines. In fulfilling its obligations under this paragraph, the Audit Committee may review in a general manner the processes other Board committees have in place with respect to risk assessment and risk management.
- H. Reviewing disclosures made to the Audit Committee by the Funds' principal executive officer and principal financial officer during their certification process for the Funds' periodic reports about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Funds' internal controls. In fulfilling its obligations under this paragraph, the Audit Committee may review in a general manner the processes other Board committees have in place with respect to deficiencies in internal controls, material weaknesses, or any fraud associated with internal controls.

**With respect to the independent auditors:**

- A. Selecting, appointing, retaining or replacing the independent auditors, subject, if applicable, only to Board and shareholder ratification; and compensating,

evaluating and overseeing the work of the independent auditor (including the resolution of disagreements between Fund management and the independent auditor regarding financial reporting).

- B. Meeting with the independent auditors and Fund management to review the scope, fees, audit plans and staffing for the audit, for the current year. At the conclusion of the audit, reviewing such audit results, including the independent auditors' evaluation of the Funds' financial and internal controls, any comments or recommendations of the independent auditors, any audit problems or difficulties and management's response, including any restrictions on the scope of the independent auditor's activities or on access to requested information, any significant disagreements with management, any accounting adjustments noted or proposed by the auditor but not made by the Fund, any communications between the audit team and the audit firm's national office regarding auditing or accounting issues presented by the engagement, any significant changes required from the originally planned audit programs and any adjustments to the financial statements recommended by the auditors.
- C. Pre-approving all audit services and permitted non-audit services, and the terms thereof, to be performed for the Funds by their independent auditors, subject to the de minimis exceptions for non-audit services described in Section 10a of the Exchange Act that the Audit Committee approves prior to the completion of the audit, in accordance with any policies or procedures relating thereto as adopted by the Board or the Audit Committee. The Chairman of the Audit Committee shall be authorized to give pre-approvals of such non-audit services on behalf of the Audit Committee.
- D. Obtaining and reviewing a report or reports from the independent auditors at least annually (including a formal written statement delineating all relationships between the auditors and the Funds consistent with Independent Standards Board Standard 1, as may be amended, restated, modified or replaced) regarding (a) the independent auditor's internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the firm; (c) any steps taken to deal with any such issues; and (d) all relationships between the independent auditor and the Funds and their affiliates, in order to assist the Audit committee in assessing the auditor's independence. After reviewing the foregoing report[s] and the independent auditor's work throughout the year, the Audit Committee shall be responsible for evaluating the qualifications, performance and independence of the independent auditor and their compliance with all applicable requirements for independence and peer review, and a review and evaluation of the lead partner, taking into account the opinions of Fund management and the internal auditors, and discussing such reports with the independent auditors. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.
- E. Reviewing any reports from the independent auditors mandated by Section 10a(b) of the Exchange Act regarding any illegal act detected by the independent auditor

(whether or not perceived to have a material effect on the Funds' financial statements) and obtaining from the independent auditors any information about illegal acts in accordance with Section 10a(b).

- F. Ensuring the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law, and further considering the rotation of the independent auditor firm itself.
- G. Establishing and recommending to the Board for ratification policies for the Funds', Fund management or the Fund adviser's hiring of employees or former employees of the independent auditor who participated in the audits of the Funds.
- H. Taking, or recommending that the Board take, appropriate action to oversee the independence of the outside auditor.

**With respect to any internal auditor:**

- A. Reviewing the proposed programs of the internal auditor for the coming year. It is not the obligation or responsibility of the Audit Committee to confirm the independence of any Nuveen internal auditors performing services relating to the Funds or to approve any termination or replacement of the Nuveen Manager of Internal Audit.
- B. Receiving a summary of findings from any completed internal audits pertaining to the Funds and a progress report on the proposed internal audit plan for the Funds, with explanations for significant deviations from the original plan.

**With respect to pricing and valuation oversight:**

- A. The Board has responsibilities regarding the pricing of a Fund's securities under the 1940 Act. The Board has delegated this responsibility to the Committee to address valuation issues that arise between Board meetings, subject to the Board's general supervision of such actions. The Committee is primarily responsible for the oversight of the Pricing Procedures and actions taken by the internal Valuation Group ( "Valuation Matters" ). The Valuation Group will report on Valuation Matters to the Committee and/or the Board of Directors/Trustees, as appropriate.
- B. Performing all duties assigned to it under the Funds' Pricing Procedures, as such may be amended from time to time.
- C. Periodically reviewing and making recommendations regarding modifications to the Pricing Procedures as well as consider recommendations by the Valuation Group regarding the Pricing Procedures.
- D. Reviewing any issues relating to the valuation of a Fund's securities brought to the Committee's attention, including suspensions in pricing, pricing irregularities, price overrides, self-pricing, nav errors and corrections thereto, and other pricing matters. In this regard, the Committee should consider the risks to the Funds in assessing the possible resolutions of these Valuation Matters.

- E. Evaluating, as it deems necessary or appropriate, the performance of any pricing agent and recommend changes thereto to the full Board.
- F. Reviewing any reports or comments from examinations by regulatory authorities relating to Valuation Matters of the Funds and consider management's responses to any such comments and, to the extent the Committee deems necessary or appropriate, propose to management and/or the full Board the modification of the Fund's policies and procedures relating to such matters. The Committee, if deemed necessary or desirable, may also meet with regulators.
- G. Meeting with members of management of the Funds, outside counsel, or others in fulfilling its duties hereunder, including assessing the continued appropriateness and adequacy of the Pricing Procedures, eliciting any recommendations for improvements of such procedures or other Valuation Matters, and assessing the possible resolutions of issues regarding Valuation Matters brought to its attention.
- H. Performing any special review, investigations or oversight responsibilities relating to Valuation as requested by the Board of Directors/Trustees.
- I. Investigating or initiating an investigation of reports of improprieties or suspected improprieties in connection with the Fund's policies and procedures relating to Valuation Matters not otherwise assigned to another Board committee.

**Other responsibilities:**

- A. Reviewing with counsel to the Funds, counsel to Nuveen, the Fund adviser's counsel and independent counsel to the Board legal matters that may have a material impact on the Fund's financial statements or compliance policies.
- B. Receiving and reviewing periodic or special reports issued on exposure/controls, irregularities and control failures related to the Funds.
- C. Reviewing with the independent auditors, with any internal auditor and with Fund management, the adequacy and effectiveness of the accounting and financial controls of the Funds, and eliciting any recommendations for the improvement of internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose payments, transactions or procedures that might be deemed illegal or otherwise improper.
- D. Reviewing the reports of examinations by regulatory authorities as they relate to financial statement matters.
- E. Discussing with management and the independent auditor any correspondence with regulators or governmental agencies that raises material issues regarding the Funds' financial statements or accounting policies.
- F. Obtaining reports from management with respect to the Funds' policies and procedures regarding compliance with applicable laws and regulations.
- G. Reporting regularly to the Board on the results of the activities of the Audit Committee, including any issues that arise with respect to the quality or integrity of



the Funds financial statements, the Funds compliance with legal or regulatory requirements, the performance and independence of the Funds independent auditors, or the performance of the internal audit function.

- H. Performing any special reviews, investigations or oversight responsibilities requested by the Board.
- I. Reviewing and reassessing annually the adequacy of this charter and recommending to the Board approval of any proposed changes deemed necessary or advisable by the Audit Committee.
- J. Undertaking an annual review of the performance of the Audit Committee.
- K. Establishing procedures for the receipt, retention and treatment of complaints received by the Funds regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters by employees of Fund management, the investment adviser, administrator, principal underwriter, or any other provider of accounting related services for the Funds, as well as employees of the Funds.

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

Nuveen Investments

333 West Wacker Drive

Chicago, IL 60606-1286

(800) 257-8787

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JQC0414



**NUVEEN FUNDS**

**PROXY**

**THIS PROXY IS SOLICITED BY THE BOARD OF THE FUND  
FOR AN ANNUAL MEETING OF SHAREHOLDERS, APRIL 11,  
2014**

**COMMON SHARES**

The Annual Meeting of Shareholders will be held Friday, April 11, 2014 at 2:00 p.m. Central time, in the offices of Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois, 60606. At this meeting, you will be asked to vote on the proposal described in the proxy statement attached. The undersigned hereby appoints Kevin J. McCarthy and Gifford R. Zimmerman, and each of them, with full power of substitution, proxies for the undersigned, to represent and vote the shares of the undersigned at the Annual Meeting of Shareholders to be held on Friday, April 11, 2014, or any adjournment or adjournments thereof.

**WHETHER OR NOT YOU PLAN TO JOIN US AT THE MEETING, PLEASE COMPLETE, DATE AND SIGN YOUR PROXY CARD AND RETURN IT IN THE ENCLOSED ENVELOPE SO THAT YOUR VOTE WILL BE COUNTED. AS AN ALTERNATIVE, PLEASE CONSIDER VOTING BY TELEPHONE AT 1-800-337-3503 OR OVER THE INTERNET (www.proxy-direct.com).**

**VOTE VIA THE INTERNET:**

**www.proxy-direct.com**

**VOTE BY TELEPHONE: 1-800-337-3503**



**NOTE: PLEASE SIGN YOUR NAME EXACTLY AS IT APPEARS ON THIS PROXY. IF SHARES ARE HELD JOINTLY, EACH HOLDER MUST SIGN THE PROXY. IF YOU ARE SIGNING ON BEHALF OF AN ESTATE, TRUST OR CORPORATION, PLEASE STATE YOUR TITLE OR CAPACITY.**

Signature

Signature

Date

NUV\_25384\_Com\_030714

FUNDS

Nuveen Credit Strategies Income Fund

Nuveen Intermediate Duration Quality  
Municipal Term Fund

Nuveen Quality Preferred Income Fund

2

FUNDS

Nuveen Flexible Investment Income  
Fund

Nuveen Preferred Income  
Opportunities Fund

Nuveen Quality Preferred Income

Fund 3

FUNDS

Nuveen Intermediate Duration  
Municipal Term Fund

Nuveen Quality Preferred Income  
Fund

**VOTING OPTIONS**

**Read your proxy statement and have it at hand when voting.**

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR PROPOSALS.**

In their discretion, the proxy holders are authorized to vote upon such other matters as may properly come before the meeting or any adjournment thereof.

**Properly executed proxies will be voted as specified. If no other specification is made, such shares will be voted FOR each proposal.**

**TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK. Example: n**

**1a. Election of Board Members Class II:** To withhold authority to vote for any individual nominee(s) mark the For All Except and write the nominee number(s) on the line provided.

01. William Adams IV                      David J.                      John K.                      Terence J.  
 02. Kundert                      03. Nelson                      04. Toth

				WITHHOLD							
				FOR ALL	WITHHOLD ALL	FOR ALL EXCEPT					
				ALL	ALL	EXCEPT	FOR ALL	FOR ALL EXCEPT			
01	Nuveen Credit Strategies Income Fund	..	..	..	_____	02	Nuveen Flexible Investment Income Fund	..	..	..	_____
03	Nuveen Preferred Income Opportunities Fund	..	..	..	_____	04	Nuveen Quality Preferred Income Fund	..	..	..	_____
05	Nuveen Quality Preferred Income Fund 2	..	..	..	_____	06	Nuveen Quality Preferred Income Fund 3	..	..	..	_____

**1b. Election of Board Members Class II:** To withhold authority to vote for any individual nominee(s) mark the For All Except and write the nominee number(s) on the line provided.

01. William Adams IV                      David J.                      John K.                      Terence J.  
 02. Kundert                      03. Nelson                      04. Toth

				FOR ALL	WITHHOLD ALL	FOR ALL EXCEPT					
				ALL	ALL	EXCEPT					
01	Nuveen Intermediate Duration Municipal Term Fund	..	..	..	_____	02	Nuveen Intermediate Duration Quality Municipal Term Fund	..	..	..	_____

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

**Important Notice Regarding the Availability of Proxy Materials for the Nuveen Annual**

**Meeting of Shareholders to Be Held on April 11, 2014.**

**The Proxy Statement for this meeting is available at:**

**<http://www.nuveenproxy.com/ProxyInfo/CEF/Default.aspx>**

**IMPORTANT: PLEASE SIGN AND DATE BEFORE MAILING.**

**NUV\_25384\_Com\_030714**