NUVEEN MICHIGAN QUALITY INCOME MUNICIPAL FUND INC
Form N-CSR
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-6383

Nuveen Michigan Quality Income Municipal Fund, Inc.
(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606
(Address of principal executive offices) (Zip code)

Kevin J. McCarthy
Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606
(Name and address of agent for service)

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

Date of fiscal year end: February 28

Date of reporting period: February 28, 2011

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

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

ITEM 1. REPORTS TO STOCKHOLDERS.

INVESTMENT ADVISER NAME CHANGE

Effective January 1, 2011, Nuveen Asset Management, the Funds' investment adviser, changed its name to Nuveen Fund Advisors, Inc. ("Nuveen Fund Advisors"). Concurrently, Nuveen Fund Advisors formed a wholly-owned subsidiary, Nuveen Asset Management, LLC, to house its portfolio management capabilities.

NUVEEN INVESTMENTS COMPLETES STRATEGIC COMBINATION WITH FAF ADVISORS

On December 31, 2010, Nuveen Investments completed the strategic combination between Nuveen Asset Management, LLC, the largest investment affiliate of Nuveen Investments, and FAF Advisors. As part of this transaction, U.S. Bancorp – the parent of FAF Advisors – received cash consideration and a 9.5% stake in Nuveen Investments in exchange for the long term investment business of FAF Advisors, including investment-management responsibilities for the non-money market mutual funds of the First American Funds family.

The approximately $27 billion of mutual fund and institutional assets managed by FAF Advisors, along with the investment professionals managing these assets and other key personnel, have become part of Nuveen Asset Management, LLC. With these additions to Nuveen Asset Management, LLC, this affiliate now manages more than $100 billion of assets across a broad range of strategies from municipal and taxable fixed income to traditional and specialized equity investments.

This combination does not affect the investment objectives or strategies of the Funds in this report. Over time, Nuveen Investments expects that the combination will provide even more ways to meet the needs of investors who work with financial advisors and consultants by enhancing the multi-boutique model of Nuveen Investments, which also includes highly respected investment teams at HydePark, NWQ Investment Management, Santa Barbara Asset Management, Symphony Asset Management, Tradewinds Global Investors and Winslow Capital. Nuveen Investments managed approximately $197 billion of assets as of December 31, 2010.

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Chairman's
Letter to Shareholders

Dear Shareholders,

In 2010, the global economy recorded another year of recovery from the financial and economic crises of 2008, but many of the factors that caused the downturn still weigh on the prospects for continued improvement. In the U.S., ongoing weakness in housing values has put pressure on homeowners and mortgage lenders. Similarly, the strong earnings recovery for corporations and banks is only slowly being translated into increased hiring or more active lending. Globally, deleveraging by private and public borrowers has inhibited economic growth and that process is far from complete.

Encouragingly, constructive actions are being taken by governments around the world to deal with economic issues. In the U.S., the recent passage of a stimulatory tax bill relieved some of the pressure on the Federal Reserve to promote economic expansion through quantitative easing and offers the promise of sustained economic growth. A number of European governments are undertaking programs that could significantly reduce their budget deficits. Governments across the emerging markets are implementing various steps to deal with global capital flows without undermining international trade and investment.

The success of these government actions could determine whether 2011 brings further economic recovery and financial market progress. One risk associated with the extraordinary efforts to strengthen U.S. economic growth is that the debt of the U.S. government will continue to grow to unprecedented levels. Another risk is that over time there could be inflationary pressures on asset values in the U.S. and abroad, because what happens in the U.S. impacts the rest of the world economy. Also, these various actions are being taken in a setting of heightened global economic uncertainty, primarily about the supplies of energy and other critical commodities. In this challenging environment, your Nuveen investment team continues to seek sustainable investment opportunities and to remain alert to potential risks in a recovery still facing many headwinds. On your behalf, we monitor their activities to assure they maintain their investment disciplines.

As you will note elsewhere in this report, on December 31, 2010, Nuveen Investments completed a strategic combination with FAF Advisors, Inc., the manager of the First American Funds. The combination adds highly respected and distinct investment teams to meet the needs of investors and their advisors and is designed to benefit all fund shareholders by creating a fund organization with the potential for further economies of scale and the ability to draw from even greater talent and expertise to meet those investor needs.

As of the end of April, 2011, Nuveen Investments had completed the refinancing of all of the Auction Rate Preferred Securities issued by its taxable closed-end funds and 80% of the Muni Preferred shares issued by its tax-exempt closed-end funds. Please consult the Nuveen Investments web site, www.Nuveen.com, for the current status of this important refi-nancing program.

As always, I encourage you to contact your financial consultant if you have any questions about your investment in a Nuveen Fund. On behalf of the other members of your Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

Robert P. Bremner
Chairman of the Board
April 26, 2011

Portfolio Manager's Comments

Nuveen Michigan Quality Income Municipal Fund, Inc. (NUM)
Nuveen Michigan Premium Income Municipal Fund, Inc. (NMP)
Nuveen Michigan Dividend Advantage Municipal Fund (NZW)
Nuveen Ohio Quality Income Municipal Fund, Inc. (NUO)
Nuveen Ohio Dividend Advantage Municipal Fund (NXI)
Nuveen Ohio Dividend Advantage Municipal Fund 2 (NBJ)
Nuveen Ohio Dividend Advantage Municipal Fund 3 (NVJ)

Portfolio manager Daniel Close discusses economic and municipal market conditions at both the national and state levels, key investment strategies, and the twelve-month performance of the Nuveen Michigan and Ohio Funds. Dan, who joined Nuveen in 2000, assumed portfolio management responsibility for these seven Funds in 2007.

What factors affected the U.S. economic and municipal market environments during the twelve-month reporting period ended February 28, 2011?

During this period, the U.S. economy demonstrated some signs of improvement, supported by the efforts of both the Federal Reserve (Fed) and the federal government. For its part, the Fed continued to hold the benchmark fed funds rate in a target range of zero to 0.25% since cutting it to this record low level in December 2008. At its March 2011 meeting (after the end of this reporting period), the central bank renewed its commitment to keeping the fed funds rate at "exceptionally low levels" for an "extended period." The Fed also left unchanged its second round of quantitative easing, which calls for purchasing $600 billion in U.S. Treasury bonds by June 30, 2011. The goal of this plan is to lower long-term interest rates and thereby stimulate economic activity and create jobs. The federal government continued to focus on implementing the economic stimulus package passed in early 2009 and aimed at providing job creation, tax relief, fiscal assistance to state and local governments and expansion of unemployment benefits and other federal social welfare programs.

In the fourth quarter of 2010, the U.S. economy, as measured by the U.S. gross domestic product (GDP), grew at an annualized rate of 3.1%, marking the first time the economy put together six consecutive quarters of positive growth since 2006-2007. In February 2011, national unemployment dropped below 9% for the first time in 21 months, standing at 8.9%, down from 9.7% a year earlier. At the same time, inflation posted its largest gain since April 2009, as the Consumer Price Index (CPI) rose 2.1% year-over-year as of February 2011, driven mainly by increased prices for energy. The core CPI (which excludes food and energy) increased 1.1% over this period. The housing market continued to be

Certain statements in this report are forward-looking statements. Discussions of specific investments are for illustration only and are not intended as recommendations of individual investments. The forward-looking statements and other views expressed herein are those of the portfolio manager as of the date of this report. Actual future results or occurrences may differ significantly from those anticipated in any forward-looking statements, and the views expressed herein are subject to change at any time, due to numerous market and other factors. The Funds disclaim any obligation to update publicly or revise any forward-looking statements or views expressed herein.

Any reference to credit ratings for portfolio holdings denotes the highest rating assigned by a Nationally Recognized Statistical Rating Organization (NRSRO) such as Standard & Poor's (S&P), Moody's or Fitch. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below investment grade. Holdings and ratings

may change over time.

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the weak spot in the economy. For the twelve months ended January 2011 (most recent data available at the time this report was prepared), the average home price in the Standard & Poor's (S&P)/Case-Shiller index of 20 major metropolitan areas lost 3.1%, with 11 of the 20 metropolitan areas hitting their lowest levels since housing prices peaked in 2006.

Municipal bond prices generally rose during the first eight months of this period, as the combination of strong demand and tight supply of new tax-exempt issuance created favorable market conditions. One reason for the decrease in new tax-exempt supply was the heavy issuance of taxable municipal debt under the Build America Bond (BAB) program, which was created as part of the American Recovery and Reinvestment Act of February 2009 and which expired December 31, 2010. Build America Bonds generally offered municipal issuers a federal subsidy equal to 35% of a bond's interest payments, providing issuers with an alternative to traditional tax-exempt debt that often was lower in cost. For the period March 1, 2010 through December 31, 2010, taxable Build America Bonds issuance totaled $117.3 billion, accounting for 24% of new bonds issued in the municipal market. After rallying strongly over most of the period, the municipal market suffered a reversal in mid-November 2010, due largely to investor concerns about inflation, the federal deficit, and its impact on demand for U.S. Treasuries. Adding to this situation was the popular media's coverage of the strained finances of many state and local governments, which often failed to differentiate between gaps in operating budgets and those entities' ability to meet their debt service obligation. As a result, money began to flow out of municipal funds, yields rose and valuations fell. Toward the end of this period, we saw the environment in the municipal market improve, as crossover buyers—including hedge funds and life insurance companies—were attracted by municipal bond prices and tax-exempt yields, resulting in decreased outflows, declining yields and rising valuations.

Over the twelve months ended February 28, 2011, municipal bond issuance nationwide—both tax-exempt and taxable—totaled $423.4 billion. Demand for municipal bonds was exceptionally strong during the majority of this period, especially from individual investors. In recent months, crossover buyers have provided support for the market.

How were the economic and market environments in Michigan and Ohio during this period?

Michigan, which has one of the weakest state economies in the nation, continued to face serious challenges as it struggled to emerge from recession. In 2009 (latest data available at the time this report was prepared), the state saw its economy contract at a rate of -5.2%, compared with the national average of -2.1%. As of February 2011, Michigan's jobless rate was 10.4%, its best reading since November 2008, down from 13.5% in February 2010, although some of the decrease was attributable to fewer job seekers in the state. The state also continued to experience declining home values. According to the S&P/Case-Shiller home price index of 20 major metropolitan areas, housing prices in Detroit fell 8.1% over the twelve months ended January 2011, hitting a new low. This drop, which ranked as the second largest in the index for this period (after Phoenix), compared with an average decrease of 3.1% nationwide. For fiscal 2011, Michigan

closed the shortfall in its $46.7 billion state budget through the use of spending cuts, including a 3% reduction for all state agencies, federal stimulus money, debt restructuring, a state employee retirement incentive plan and a tax amnesty program. Because these were largely one-time measures, the state faces a structural gap in fiscal 2012 estimated at $1.4 billion. As of February 2011, Moody's and Standard & Poor's (S&P) rated Michigan general obligation (GO) debt at Aa2 and AA-, respectively, with stable outlooks. During the twelve months ended February 2011, municipal issuance (both taxable & tax-exempt) in Michigan totaled $8.3 billion, an increase of 32.5% compared with the twelve months ended February 2010.

Ohio's economy continued to be weak and overly reliant on manufacturing, although that was offset to some degree by the state's large and diverse tax base and highly educated workforce in major metropolitan areas. For 2009, Ohio posted negative GDP growth of –2.7%, compared with the national average of –2.1%, which ranked Ohio 38th in percent change of economic growth by state. As of February 2011, Ohio's unemployment rate was 9.2%, the lowest since February 2009, down from 10.6% in February 2010. The state's housing market, while improving, has yet to make the transition to recovery. According to the S&P/Case-Shiller home price index of 20 major metropolitan areas, housing prices in Cleveland fell 3.8% during the twelve months ended January 2011, compared with an average decline of 3.1% nationally. On the fiscal front, state officials forecast the general fund will end fiscal 2011 with a cash balance of $154 million. After depleting the budget stabilization fund in fiscal 2009 and drawing down general fund reserves in fiscal 2010, Ohio has limited options to deal with future budget pressures. The budget gap for fiscal 2012 is currently estimated at $4 billion. As of February 2011, Moody's and Standard & Poor's (S&P) rated Ohio general obligation debt at Aa1 and AA+, respectively, with negative outlooks. For the twelve months ended February 2011, municipal issuance (both taxable & tax-exempt) in Ohio totaled $15.9 billion, an increase of approximately 30% compared with the twelve months ended February 2010.

What key strategies were used to manage the Michigan and Ohio Funds during this reporting period?

As previously mentioned, the supply of tax-exempt bonds declined nationally during this period, due largely to the issuance of taxable bonds under the BABs program (which expired December 31, 2010). This program also impacted the availability of tax-exempt bonds in Ohio and Michigan, which ranked 5th and 19th, respectively, in terms of dollar amount of BABs issued in 2010. Between March 1, 2010, and the end of the program in December 2010, Build America Bonds accounted for approximately 15% of municipal supply in Michigan and over 36% of Ohio's supply. Since interest payments from Build America Bonds represent taxable income, we did not view these bonds as good investment opportunities for these Funds.

Despite the constrained issuance on tax-exempt municipal bonds, we continued to take a bottom-up approach to discovering undervalued sectors and individual credits with the potential to perform well over the long term. During this period, the Michigan Funds found value in several areas of the market, including health care, single-family housing

and tobacco bonds. Because of the limitations placed on tax-exempt supply by the Build America Bond program, we also purchased territorial paper when necessary to keep the Funds fully invested, including a lower-rated, investment grade water and sewer bond issued by Puerto Rico for NUM and NZW. All of the bonds purchased for the Michigan Funds during this period offered longer maturities.

In the Ohio Funds, our purchases included a number of health care issues with longer maturities and an intermediate-maturity tax-backed credit issued for Cuyahoga County. NUO also bought a couple of additional credits offering intermediate maturities: an electric utility bond and a higher education issue both lower-rated, investment grade. In NXI, we purchased the same higher education credit as NUO as well as the Puerto Rico water and sewer bond. The Ohio Funds also swapped some of their higher dollar priced Buckeye tobacco holdings for tobacco bonds with lower dollar prices. This swap benefited the Funds by enhancing income generation through higher book yields and recognizing losses for tax purposes.

Some of this investment activity resulted from opportunities created by the provisions of the Build America Bond program. For example, tax-exempt supply was more plentiful in the health care and higher education sectors because, as 501(c)(3) (nonprofit) organizations, hospitals and private universities generally did not qualify for the Build America Bond program and continued to issue bonds in the tax-exempt municipal market. Bonds with proceeds earmarked for refundings, working capital and private activities also were not covered by the Build America Bond program, and this resulted in attractive opportunities in various other sectors of the market.

The impact of the Build America Bond program was also evident in the area of longer-term issuance, as municipal issuers sought to take full advantage of the attractive financing terms offered by these bonds. Approximately 70% of Build America Bonds were issued with maturities of at least 30 years. Although this had a significant impact on the availability of tax-exempt credits with longer maturities, the Funds continued to focus on purchasing bonds at the longer end of the yield curve when appropriate bonds became available.

Cash for new purchases during this period was generated primarily by the proceeds from bond calls and maturing bonds, which we worked to redeploy to keep the Funds fully invested. In the Michigan Funds, holdings of bonds issued for the Detroit Medical Center were called as part of the center’s acquisition by the for-profit Vanguard Health Systems in 2010. This produced a substantial amount of cash for reinvestment. In addition, the Michigan Funds closed out positions in some out-of-state paper from New Mexico and Virginia and reinvested the proceeds in additional Michigan bonds. The Ohio Funds also sold some short-dated pre-refunded bonds to fund purchases during this period.

As of February 28, 2011, all seven of these Funds continued to use inverse floating rate securities. We employ inverse floaters as a form of leverage for a variety of reasons, including duration management, income enhancement and total return enhancement.

How did the Funds perform?

Individual results for these Nuveen Michigan and Ohio Funds, as well as relevant index and peer group information, are presented in the accompanying table.

Average Annual Total Returns on Common Share Net Asset Value
For periods ended 2/28/11

	1-Year		5-Year		10-Year	
Michigan Funds						
NUM	1.39	%	3.39	%	5.32	%
NMP	2.55	%	3.53	%	5.26	%
NZW	0.70	%	2.93	%	N/A	
Standard & Poor’s (S&P) Michigan Municipal Bond Index1	2.21	%	3.65	%	4.72	%
Standard & Poor’s (S&P) National Municipal Bond Index2	1.63	%	3.74	%	4.75	%
Lipper Michigan Municipal Debt Funds Average3	-0.71	%	2.80	%	4.92	%
Ohio Funds						
NUO	1.09	%	3.92	%	5.39	%
NXI	-0.23	%	3.83	%	N/A	
NBJ	1.00	%	3.73	%	N/A	
NVJ	-0.66	%	3.88	%	N/A	
Standard & Poor’s (S&P) Ohio Municipal Bond Index1	0.02	%	3.09	%	4.36	%
Standard & Poor’s (S&P) National Municipal Bond Index2	1.63	%	3.74	%	4.75	%
Lipper Other States Municipal Debt Funds Average4	0.54	%	3.14	%	5.11	%

For the twelve months ended February 28, 2011, the total return on common share net asset value (NAV) for NMP exceeded the return for the Standard & Poor’s (S&P) Michigan Municipal Bond Index, while NUM and NZW lagged this return. Among the Ohio Funds, NUO and NBJ outperformed the Standard & Poor’s (S&P) Ohio Municipal Bond Index, while NXI and NVJ underperformed this index. For the same period, NMP surpassed the return on the Standard & Poor’s (S&P) National Municipal Bond Index, while the remaining six Funds trailed the national index. All three Michigan Funds outperformed the average return for the Lipper Michigan Municipal Debt Funds Average, while NUO and NBJ exceeded the average return for the Lipper Other States Municipal Debt Funds Average and NXI and NVJ lagged the Other States average.

Key management factors that influenced the Funds’ returns during this period included duration and yield curve positioning, credit exposure and sector allocation. In addition, NUO, NBJ and NMP benefited from strong individual security selection. The use of financial leverage also factored into the Funds’ performance. Leverage is discussed in more detail on page ten.

During this period, municipal bonds with intermediate maturities, especially those in the long intermediate segment of the yield curve, generally outperformed other maturity groupings, with credits at both the shortest and longest ends of the curve posting the weakest returns. In general, duration and yield curve positioning was a positive contributor to the performances of NMP, NZW, NUO and NBJ. These Funds tended to have less exposure to the underperforming longest part of the yield curve and more exposure to

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares.

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

1 The Standard & Poor's (S&P) Municipal Bond Indexes for Michigan and Ohio are unleveraged, market value-weighted indexes designed to measure the performance of the tax-exempt, investment-grade municipal bond markets in Michigan and Ohio, respectively. These indexes do not reflect any initial or ongoing expenses and are not available for direct investment.

2 The Standard & Poor's (S&P) National Municipal Bond Index is an unleveraged, market value-weighted index designed to measure the performance of the tax-exempt, investment-grade U.S. municipal bond market. This index does not reflect any initial or ongoing expenses and is not available for direct investment.

3 The Lipper Michigan Municipal Debt Funds Average is calculated using the returns of all closed-end funds in this category for each period as follows: 1-year, 7 funds; 5-year, 7 funds; and 10-year, 4 funds. Lipper returns account for the effects of management fees and assume reinvestment of dividends, but do not reflect any applicable sales charges. The Lipper average is not available for direct investment.

4 The Lipper Other States Municipal Debt Funds Average is calculated using the returns of all leveraged and unleveraged closed-end funds in this category for each period as follows: 1-year, 46 funds; 5-year, 46 funds; and 10-year, 20 funds. The performance of the Lipper Other States category represents the overall average of returns for funds from ten different states with a wide variety of municipal market conditions. Shareholders should note that the performance of the Lipper Other States category represents the overall average of returns for funds from ten different states with a wide variety of municipal market conditions, making direct comparisons less meaningful. Lipper returns account forthe effects of management fees and assume reinvestment of dividends, but do not reflect any applicable sales charges. The Lipper average is not available for direct investment.

the intermediate segments of the curve that outperformed. NUM, NXI, and NVJ were not as advantageously positioned, due mainly to their overweightings in the longest part of the curve. This detracted from the performance of these three Funds.

Credit exposure also played an important role in performance during these twelve months. During the market reversal of late 2010, as the demand for high-yield bonds decreased, prices on lower quality credits generally fell. For the period, bonds rated BBB typically underperformed those rated AAA or A. In general, these Funds tended to be overweight in bonds rated A, which benefited their performance. NUM also benefited by having the smallest weighting of bonds rated BBB among these Funds.

Holdings that generally made positive contributions to the Funds' returns during this period included general obligation and other tax-supported bonds, industrial development revenue (IDR) bonds, and housing credits. The Funds' allocations of tax-supported bonds, especially the Ohio Funds' underexposure to state GOs, generally limited their participation in the outperformance of this sector. An overweight in IDRs helped to boost the returns of the Michigan Funds. In general, all of these Funds had relatively small