

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2  
Form N-CSR  
November 07, 2008

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 811-10197  
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Nuveen California Dividend Advantage Municipal Fund 2  
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(Exact name of registrant as specified in charter)

Nuveen Investments  
333 West Wacker Drive  
Chicago, IL 60606  
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(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  
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Date of fiscal year end: August 31  
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Date of reporting period: August 31, 2008  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

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

ITEM 1. REPORTS TO STOCKHOLDERS.

|                 |  |                            |
|-----------------|--|----------------------------|
| ANNUAL REPORT   |  | Nuveen Investments         |
| August 31, 2008 |  | MUNICIPAL CLOSED-END FUNDS |

Photo of: Small child

NUVEEN INSURED CALIFORNIA  
PREMIUM INCOME MUNICIPAL  
FUND, INC.  
NPC

NUVEEN INSURED CALIFORNIA  
PREMIUM INCOME MUNICIPAL  
FUND 2, INC.  
NCL

NUVEEN CALIFORNIA  
PREMIUM INCOME  
MUNICIPAL FUND  
NCU

NUVEEN CALIFORNIA  
DIVIDEND ADVANTAGE  
MUNICIPAL FUND  
NAC

NUVEEN CALIFORNIA  
DIVIDEND ADVANTAGE  
MUNICIPAL FUND 2  
NVX

NUVEEN CALIFORNIA  
DIVIDEND ADVANTAGE  
MUNICIPAL FUND 3  
NZH

NUVEEN INSURED CALIFORNIA  
DIVIDEND ADVANTAGE  
MUNICIPAL FUND  
NKL

NUVEEN INSURED CALIFORNIA  
TAX-FREE ADVANTAGE  
MUNICIPAL FUND  
NKX

IT'S NOT WHAT YOU EARN, IT'S WHAT YOU KEEP. (R)

LOGO: NUVEEN Investments

Photo of: Man working on computer

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Logo: NUVEEN Investments

Photo of: Robert P. Bremner

Chairman's  
LETTER TO SHAREHOLDERS

| Robert P. Bremner | Chairman of the Board

Dear Shareholders,

I'd like to use my initial letter to you to accomplish several things. First, I want to report that after fourteen years of service on your Fund's Board, including the last twelve as chairman, Tim Schwertfeger retired from the Board in June. The Board has elected me to replace him as the chairman, the first time this role has been filled by someone who is not an employee of Nuveen Investments. Electing an independent chairman marks a significant milestone in the management of your Fund, and it aligns us with what is now considered a "best practice" in the fund industry. Further, it demonstrates the independence with which your Board has always acted on your behalf.

Following Tim will not be easy. During my eleven previous years on the Nuveen Fund Board, I found that Tim always set a very high standard by combining insightful industry and market knowledge and sound, clear judgment. While the Board will miss his wise counsel, I am certain we will retain the primary commitment Tim shared with all of us - an unceasing dedication to creating and retaining value for Nuveen Fund shareholders. This focus on value over time is a touchstone that I and all the other Board members will continue to use when making decisions on your behalf.

Second, I also want to report that we are very fortunate to be welcoming two new Board members to our team. John Amboian, the current chairman and CEO of Nuveen Investments, has agreed to replace Tim as Nuveen's representative on the Board. John's presence will allow the independent Board members to benefit not only from his leadership role at Nuveen but also his broad understanding of the fund industry and Nuveen's role within it. We also are adding Terry Toth as an independent director. A former CEO of the Northern Trust Company's asset

management group, Terry will bring extensive experience in the fund industry to our deliberations.

Third, on behalf of the entire Board, I would like you to know that we are closely monitoring the unprecedented market developments and their distressing impact on the Funds. We believe that these Funds continue to be actively and constructively managed for the long term and at the same time we are very aware that these are trying times for our investors. We appreciate the patience you have shown with the Board and with Nuveen Investments as they manage your investment through this extremely difficult period.

Fourth, again on behalf of the entire Board, I would like to acknowledge the effort the whole Nuveen organization is making to resolve the auction rate preferred share situation in a satisfactory manner. As you know, we are actively pursuing a number of possible solutions, all with the goal of providing liquidity for preferred shareholders while preserving the potential benefits of leverage for common shareholders. We appreciate the patience you have shown as we've worked through the many details involved.

Finally, I urge you to take the time to review the Portfolio Manager's Comments, the Common Share Dividend and Share Price Information, and the Performance Overview sections of this report. All of us are grateful that you have chosen Nuveen Investments as a partner as you pursue your financial goals, and, on behalf of myself and the other members of your Fund's Board, let me say we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

/s/ Robert P. Bremner

Robert P. Bremner  
Chairman of the Board  
October 21, 2008

#### Portfolio Manager's COMMENTS

Nuveen Investments Municipal Closed-End Funds | NPC, NCL, NCU, NAC,  
NVX, NZH, NKL, NKX

Portfolio manager Scott Romans discusses economic and municipal market conditions at both the national and state levels, key investment strategies, and the twelve-month performance of these Nuveen California Municipal Funds. Scott, who joined Nuveen in 2000, has managed NCU, NAC, NVX, NZH, NKL, and NKX since 2003. He assumed portfolio management responsibility for NPC and NCL in 2005.

#### WHAT FACTORS AFFECTED THE U.S. ECONOMY AND MUNICIPAL MARKET DURING THE TWELVE-MONTH REPORTING PERIOD ENDED AUGUST 31, 2008?

During this period, developments in the credit markets led to increased price volatility and reduced liquidity and a general "flight-to-quality". In September 2007, the Federal Reserve (Fed) responded to credit market volatility by launching a series of interest rate cuts that lowered the fed funds rate by 325 basis points--from 5.25% to 2.00%--in eight months, including reductions of 125 basis points in January 2008 alone. Since April 2008, the Fed has left monetary policy unchanged. (On October 8, 2008, after the close of this reporting period, the Fed lowered the fed funds rate by 50 basis points, cutting this target rate from 2.00% to 1.5%).

The Fed's rate-cutting actions also were a response to signs of slower growth in the U.S. economy, as evidenced by changes in the U.S. gross domestic product (GDP), a closely watched measure of economic performance. While GDP expanded at 4.8% in the third quarter of 2007, this measure fell into negative territory (-0.2%) in the fourth quarter of 2007 before improving to 0.9% in the first quarter of 2008 (all GDP numbers annualized). During the second quarter of 2008, GDP grew at an annual rate of 2.8%, boosted by an acceleration in exports and upturn in government spending, but reflecting a 13% decline in residential investment. Driven largely by increased energy, transportation and food prices, the Consumer Price Index (CPI) registered a 5.4% year-over-year gain as of August 2008. The core CPI (which excludes food and energy) rose 2.5% between September 2007 and August 2008, well above the Fed's unofficial target of 2.0% or lower. In the labor markets, January 2008 marked the first of eight straight months of decline in new job creation. The national unemployment rate for August 2008 was 6.1%, its highest level in five years, up from 4.7% in August 2007.

Discussions of specific investments are for illustrative purposes only and are not intended as recommendations of individual investments. The views expressed in this commentary represent those of the portfolio manager as of the date of this report and are subject to change at any time, based on market conditions and other factors. The Funds disclaim any obligation to advise shareholders of such changes.

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In the municipal bond market, factors related to the sub-prime mortgage crisis had an indirect, but important, influence on performance. General concerns about the credit markets as well as more specific concerns about municipal bond insurers with exposure to sub-prime mortgages caused some investors to curtail purchases. In addition, hedge funds and other non-traditional buyers of municipal bonds began to sell holdings of longer-maturity bonds into a market already experiencing a lack of liquidity. Combined with the Fed rate cuts, this selling produced a sharp steepening of the municipal yield curve, as longer-term interest rates rose and short-term interest rates declined. In this environment, bonds with shorter maturities generally outperformed longer-maturity bonds and higher quality bonds tended to outperform lower quality credits.

Also of note in the municipal market, the U.S. Supreme Court in May 2008 ruled that individual states could continue to offer their residents special tax treatment on municipal bonds issued within their borders. The high court's decision preserved tax rules in forty-two states, allowing them to continue to exempt from taxation the income their residents earn on in-state municipal bonds while taxing the income earned on municipal bonds issued in other states.

Over the twelve months ended August 2008, municipal bond issuance nationwide totaled \$462.4 billion, a decrease of 1% from the previous twelve months. Despite disruptions in the markets, as of the end of this reporting period, up to August 31st, new municipal issuance continued to be met with solid demand by institutional and retail investors as well as some non-traditional buyers returning to the market over the last few months.

HOW WERE THE ECONOMIC AND MARKET ENVIRONMENTS IN CALIFORNIA DURING THIS PERIOD?

The California economy has experienced a dramatic slowdown, with the state's economic growth rate, as measured by GDP by state, falling from 3.8% in 2006 to

1.5% in 2007, compared with the 2007 national average of 2.0%. This dropped California from its ranking as the thirteenth fastest growing state economy in the U.S. to thirty-second. Declines in the construction, finance and insurance sectors combined to

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account for the loss of one full percentage point from the state's 2007 GDP growth. On the positive side, California's economy remained relatively diverse, with international trade, technology, tourism and defense serving as key drivers. Gains in manufacturing and private service production industries helped to offset some of the current weakness. However, as of August 2008, California's unemployment rate had risen to 7.7%, up from 5.5% in August 2007 and the highest level since March 1996.

In addition, because California's housing market had greater exposure to riskier, non-traditional mortgage products than most other states, the state was hard hit by the sub-prime mortgage crisis as well as the downturn in the housing sector. According to the Standard & Poor's/Case-Shiller home price index of twenty major metropolitan areas, housing prices in Los Angeles, San Diego and San Francisco fell 26.2%, 25.0%, and 24.8%, respectively, between August 2007 and July 2008, compared with an average decrease of 16.3% nationwide. This placed them fourth, fifth and sixth, respectively, in the country in loss of home value, behind Las Vegas, Phoenix and Miami. The deterioration in household credit quality caused by continuing problems in the housing market forced downward revisions to revenue estimates from state and local governments, with weaker-than-projected tax collections prompting the declaration of a state fiscal emergency in January 2008. After a record delay of eighty-five days past the official July 1st deadline, the \$145 billion California state budget was signed into law in late September 2008 (following the close of this reporting period).

In April 2008, Moody's and Standard & Poor's confirmed their ratings on California's general obligation bonds at A1 and A+, respectively, while Fitch maintained its A+ rating, albeit with a negative outlook. Moody's and Standard & Poor's maintained stable outlooks for the state. For the twelve months ended August 31, 2008, municipal issuance in California totaled \$66.6 billion, a decrease of 7% from the previous twelve months. California remained the largest state issuer in the nation, representing more than 14% of total issuance nationwide for the twelve months ended August 31, 2008. In terms of debt per capita, the state ranked tenth in the nation in 2007, while debt as a percent of personal income was 4.6%, compared with the national median of 2.4%.

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WHAT KEY STRATEGIES WERE USED TO MANAGE THE CALIFORNIA FUNDS DURING THIS REPORTING PERIOD?

During this twelve-month period, as the municipal market was characterized by volatility and a steepening yield curve, we sought to capitalize on the turbulent environment by continuing to focus on finding relative value by using a fundamental approach to find sectors and individual credits with the potential to perform well over the long term.

As municipal bonds responded to events in the general financial markets, we found attractive opportunities in various sectors at different times. For

example, when hedge funds and high-yield funds began to sell holdings into an illiquid market in order to meet margin requirements and redemption needs, we took advantage of this situation in some of the Funds to add positions in tobacco bonds and A rated health care bonds at attractive prices. We also bought in selected new issues of lower-rated bonds. In the spring of 2008, we saw a substantial increase in new issuance from California hospitals seeking fixed rates on longer bonds. Many of these issues were rated AA or A and offered attractive prices and yields, and we took this opportunity to add to our health care positions. Our focus in the insured Funds(1) was on purchasing bonds that we thought had underlying AA and A ratings.

To provide liquidity for purchases, we primarily sold short-dated bonds. Some of our new additions also were funded with proceeds from bond calls.

As a key dimension of risk management, we employed a disciplined approach to duration(2) positioning as an important component of our management strategies. As part of this approach, we used inverse floating rate securities,(3) a type of derivative financial instrument, in all eight of these Funds. Inverse floaters typically provide the dual benefit of bringing the Funds' durations closer to our strategic target and enhancing their income-generation capabilities. The Funds also invested in other types of derivatives. The goal of this strategy in all of the Funds except NZH was to lengthen their durations and help us manage their common share net asset value (NAV) volatility without having a negative impact on their income streams or common share dividends over the short

(1) As of March 2008, NPC and NCL can invest up to 20% of their assets in uninsured bonds rated A to BBB.

(2) Duration is a measure of a bond's price sensitivity as interest rates change, with longer duration bonds displaying more sensitivity to these changes than bonds with shorter durations.

(3) An inverse floating rate security is a financial instrument designed to pay long-term tax-exempt interest at a rate that varies inversely with a short-term tax-exempt interest rate index. For the Nuveen Funds, the index typically used is the Securities Industry and Financial Markets (SIFM) Municipal Swap Index (previously referred to as the Bond Market Association Index or BMA). Inverse floaters, including those inverse floating rate securities in which the Funds invested during the reporting period, are further defined within the Notes to Financial Statements and Glossary of Terms Used in This Report sections of this shareholder report.

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term. In NZH, we used derivative positions throughout the period to shorten this Fund's duration. During periods when interest rates were lower, we believed that managing duration synthetically through derivative positions was more prudent than buying bonds that would extend or reduce duration but also embed lower yields in the portfolio. As of August 31, 2008, the inverse floaters remained in place, while the other derivative positions had been removed from the Funds, except for NZH which still held a derivative position as of August 31, 2008.

#### HOW DID THE FUNDS PERFORM?

Individual results for these Nuveen California Funds, as well as relevant index

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and peer group information, are presented in the accompanying table.

Annualized Total Returns on Common Share Net Asset Value  
For periods ended 8/31/08

|  |        |        |         |
|--|--------|--------|---------|
| Noninsured Funds:  | 1-Year | 5-Year | 10-Year |
| NCU  | 1.81%  | 5.50%  | 5.29%   |
| NAC  | 1.85%  | 5.54%  | N/A     |
| NVX  | 2.76%  | 5.89%  | N/A     |
| NZH  | 0.60%  | 5.49%  | N/A     |
| Lipper CA Municipal<br>Debt Funds Average (4)                      | 0.70%  | 5.54%  | 4.78%   |
| Lehman Brothers CA<br>Tax-Exempt Bond Index (5)                    | 3.94%  | 4.70%  | 4.87%   |
| S&P CA Municipal<br>Bond Index (6)                                 | 3.93%  | 4.87%  | 4.79%   |
| Insured Funds:   |        |        |         |
| NPC  | 4.23%  | 5.06%  | 5.02%   |
| NCL  | 1.86%  | 4.62%  | 5.06%   |
| NKL  | 2.98%  | 5.86%  | N/A     |
| NKX  | 2.97%  | 6.07%  | N/A     |
| Lipper Single-State<br>Insured Municipal Debt<br>Funds Average (7) | 1.32%  | 4.77%  | 4.68%   |
| Lehman Brothers<br>Insured CA Municipal<br>Bond Index (5)          | 3.67%  | 4.45%  | 4.87%   |
| S&P CA Municipal<br>Bond Index (6)                                 | 3.93%  | 4.87%  | 4.79%   |

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.

(4) The Lipper California Municipal Debt Funds Average is calculated using the returns of all closed-end funds in this category for each period as follows: 1 year, 24 funds; 5 years, 24 funds; and 10 years, 12 funds. Fund and Lipper returns assume reinvestment of dividends.

(5) The Lehman Brothers California Tax-Exempt Bond Index is an unleveraged, unmanaged index comprising a broad range of investment-grade California municipal bonds, while the Lehman Brothers Insured California Tax-Exempt Bond Index is an unleveraged, unmanaged index containing a broad range of insured California municipal bonds. Results for the Lehman indexes do not reflect any expenses.

(6) The Standard & Poor's (S&P) California Municipal Bond Index is an unleveraged, market value-weighted index designed to measure the performance of the investment-grade California municipal bond market.



(7) The Lipper Single-State Insured Municipal Debt Funds Average is calculated using the returns of all closed-end funds in this category for each period as follows: 1 year, 44 funds; 5 years, 44 funds; and 10 years, 24 funds. The performance of the Lipper Single-State Insured Municipal Debt Funds Average represents the overall average of returns for funds from eight different states with a wide variety of municipal market conditions. Fund and Lipper returns assume reinvestment of dividends.

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For the twelve months ended August 31, 2008, the total returns on common share NAV for NCU, NAC, and NVX exceeded the average return for the Lipper California Municipal Debt Funds Average, while NZH performed relatively in line with this measure. All four of the non-insured Funds underperformed the Lehman Brothers California Tax-Exempt Bond Index and the Standard & Poor's (S&P) California Municipal Bond Index. Among the insured Funds, all four Funds outperformed the average return for the Lipper Single-State Insured Municipal Debt Funds Average. NPC also outperformed the Lehman Brothers Insured California Tax-Exempt Bond Index and the S&P California Municipal Bond Index, while the other three insured Funds underperformed these indexes.

Key management factors that influenced the Funds' returns included yield curve and duration positioning, the use of derivatives, credit exposure and sector allocations and individual security selection.

Over the period, bonds with maturities between two and eight years, especially those maturing in approximately five years, benefited the most, while bonds having the longest maturities (twenty-two years and longer) posting the worst returns. Among these Funds, NPC, NVX and--to a more modest extent--NKL and NKX had the best duration positioning during the period; that is, they were more heavily weighted in the areas of the yield curve that performed well. Conversely, NZH was not as well positioned, with more exposure to the underperforming long part of the curve.

As mentioned earlier, all eight of these Funds used derivative positions during this period to synthetically manage duration and move them closer to our strategic duration target. In seven of the Funds (all except NZH), these derivative instruments were used to synthetically extend the Funds' durations. Despite the fact that longer duration municipal bonds generally underperformed those with shorter durations, the use of these derivatives had a positive overall impact on the total return performance of these seven Funds, especially NPC, which had a shorter underlying duration and made the greatest use of derivative positions. This positive impact was attributable to the fact that the derivative positions provided exposure to taxable markets during a period when, in contrast to historical trends, the taxable markets and the municipal market moved in the opposite directions. As municipal market performance lagged the gains in the taxable markets, these derivatives performed very well.

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NZH, however, had a duration that exceeded our target and the derivatives were used to synthetically shorten it. Given the outperforming taxable markets, this hurt the Fund's performance. In addition, the inverse floaters used by all eight of these Funds generally had a negative impact on performance. This resulted from the fact that the inverse floaters effectively increased the Funds'

exposure to longer-maturity bonds at a time when shorter maturities were in favor in the market.

Because risk-averse investors generally sought higher quality investments as disruptions in the financial and housing markets deepened, bonds rated AA and A typically performed very well. NKL and NKX, in particular, benefited from their holdings of uninsured, higher quality (AA/A) bonds. At the same time, the performance of the AAA rated sector, although positive, was hampered to some degree due to the impact of downgrades of the insurers. Insured holdings with underlying credits that were rated BBB or non-rated, originally purchased because of the higher yields they offered, were disproportionately impacted (compared with bonds with underlying credits rated AA or A) if the insurer backing the bond was downgraded from AAA. Bonds rated BBB or below and non-rated bonds generally posted poor returns.

Sectors of the market that generally made positive contributions to the Funds' performances included general obligation bonds, water and sewer, education, and special tax issues. Pre-refunded bonds, (8) which are often backed by U.S. Treasury bonds, or were one of the top performing segments of the market, due primarily to their shorter effective maturities, higher credit quality, and perceived safety. Among these Funds, NVX and NZH held the heaviest weightings of pre-refunded bonds.

In general, any bonds that carried credit risk, regardless of sector, tended to perform poorly. Revenue bonds as a whole, and the industrial development and housing sectors in particular, underperformed the general municipal market. Next to the industrial development revenue sector, zero coupon bonds were among the worst performing categories in the municipal market. This negatively affected the transportation sector, especially tollroads, as these projects are often financed with longer duration zero coupon bonds. The health care sector also performed poorly, as did lower-rated bonds backed by the 1998 master tobacco settlement agreement.

Individual security selection was also a factor in the Funds' performance. Early in the period, some of the Funds purchased natural gas bonds--a number of which were

- (8) Pre-refunded bonds, also known as advance refundings or refinancings, occur when an issuer sells new bonds and uses the proceeds to fund principal and interest payments of older existing bonds. This process often results in lower borrowing costs for bond issuers.

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backed by investment banks--at distressed prices relative to new issuance. Unfortunately, as the credit crisis continued to unfold, these bonds tended to come under additional stress. The Funds were also negatively impacted as the majority of their AAA and BBB rated holdings underperformed these same rating categories in the municipal market as a whole.

#### IMPACT OF THE FUNDS' CAPITAL STRUCTURES AND LEVERAGE STRATEGIES ON PERFORMANCE

One of the factors impacting the performance of these Funds relative to those of the unleveraged Lehman Brothers California Tax-Exempt Bond Index, Lehman Brothers Insured California Tax-Exempt Bond Index, and S&P California Municipal Bond Index was the use of financial leverage. While leverage offers opportunities for additional income and total returns for common shareholders,

the benefits provided by leveraging are influenced by the general price movements of the bonds in each Fund's portfolio. During this period, as the yields on longer-term bonds rose and their prices correspondingly fell, declining valuations had a negative effect on performance that was magnified by the use of leverage. In addition, the Funds' borrowing costs remained relatively high, negatively impacting their total returns. In the turbulent market environment of the past twelve months, the impact of any valuation change in the Funds' holdings--whether positive or negative--was magnified by the use of leverage.

#### RECENT DEVELOPMENTS IN THE CURRENT MARKET ENVIRONMENT

After the close of the reporting period, the nations' financial institutions and financial markets - including the municipal bond market - have experienced significant turmoil. Reductions in demand have decreased valuations of municipal bonds across all credit ratings, especially those with lower credit ratings, and this has generally reduced the Funds' net asset values. The municipal market is one in which dealer firms make markets in bonds on a principal basis using their proprietary capital and during the recent market turmoil in which these firms' capital was severely constrained, these firms were unwilling to commit their capital to purchase and to serve as a dealer for municipal bonds. Compounding the situation was the fact that this reduction in demand was accompanied by significant selling pressure, particularly with respect to lower-rated municipal bonds, as institutional investors were generally removing money from the municipal bond market. The selling pressure created by institutional investors was at least in part caused by their need to reduce the leveraging of their municipal investments. This deleveraging was in part driven by the overall reduction in the

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amount of financing available for such leverage, the increased costs of such leverage financing, and the need to reduce leverage ratios that had recently increased due to the decline in municipal bond prices. Municipal bond prices were further negatively impacted by concerns that the need for further de-leveraging would cause selling pressure to persist for a period of time.

In addition, the recent market turmoil (after the period-end of this report) has resulted in a significant increase in certain short-term interest rates and a flattening of the municipal yield curve. This affected the Funds' cost of leverage as the rates at which the Funds' auction rate preferred shares were resetting after the close of the reporting period were significantly higher than historical levels. As a result, the Funds experienced leveraging costs that have been higher than the Funds' portfolio investment yields, negatively affecting the Funds' net earnings and total returns. While the rates at which the auction rate preferred shares have been resetting recently have been decreasing to historically normal levels and the yield curve has steepened, it is not yet clear if these rates will remain at such levels.

#### RECENT DEVELOPMENTS REGARDING BOND INSURANCE COMPANIES

Another factor that had an impact on the performance of these Funds was their position in bonds backed by municipal bond insurers that experienced downgrades in their credit ratings. During the period covered by this report, ACA, AMBAC, FGIC, MBIA, RAAI, and XLCA experienced one or more rating reductions by at least one or more rating agencies. At the time this report was prepared, at least one rating agency has placed each of these insurers on "negative outlook" or

"negative credit watch," which may presage one or more rating reductions for such insurer or insurers in the future. As concern increased about the balance sheets of these insurers, prices on bonds insured by these companies--especially those bonds with weaker underlying credits--declined, detracting from the Funds' performance. In particular, NCL was overweighted in bonds insured by FGIC, which negatively affected this Fund's performance. However, on the whole, the holdings of all of our Funds continued to be well diversified not only between insured and uninsured bonds, but also within the insured bond category. It is important to note that municipal bonds historically have had a very low rate of default.

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#### RECENT DEVELOPMENTS IN THE AUCTION RATE PREFERRED SECURITIES MARKETS

Beginning in February 2008, more shares for sale were submitted in the regularly scheduled auctions for the auction rate preferred shares issued by these Funds than there were offers to buy. This meant that these auctions "failed to clear" and that many or all auction preferred shareholders who wanted to sell their shares in these auctions were unable to do so. This decline in liquidity in auction rate preferred shares did not lower the credit quality of these shares, and auction rate preferred shareholders unable to sell their shares received distributions at the "maximum rate" applicable to failed auctions as calculated in accordance with the pre-established terms of the auction rate preferred shares.

On June 11, 2008, Nuveen announced the Fund Board's approval of plans to use tender option bonds (TOBs), also known as floating rate securities, to refinance a portion of the municipal Funds' outstanding auction rate preferred shares, for which auctions have been failing for several months. The plan includes an initial phase of approximately \$1 billion in forty-one Funds. During the twelve-month reporting period, NCL, NAC, NZH and NKL redeemed and/or noticed for redemption \$15,175,000, \$39,475,000, \$27,075,000 and \$9,750,000 of their outstanding auction rate preferred shares, respectively, at liquidation value, using the proceeds from the issuance of TOBs.

On August 7, 2008, NKX issued par redemption notices for all outstanding shares of its auction rate preferred securities totaling \$45 million. These redemptions were achieved through the issuance of variable rate demand preferred shares (VRDP) in conjunction with the proceeds from the creation of TOBs. VRDP is a new instrument designed to replace the auction rate preferred securities used as leverage in many Nuveen closed-end Funds. VRDP is offered only to qualified institutional buyers, as defined pursuant to Rule 144A under the Securities Act of 1933. During the twelve-month reporting period, NKX issued \$35.5 million of VRDP and redeemed and/or noticed for redemption all its outstanding auction rate preferred securities.

For current, up-to-date information, please visit the Nuveen CEF Auction Rate Preferred Resource Center at:  
<http://www.nuveen.com/ResourceCenter/AuctionRatePreferred.aspx>.

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Common Share  
Dividend and Share Price  
INFORMATION

As previously noted, all of the Funds in this report use leverage to potentially enhance opportunities for additional income for common shareholders. While this strategy continued to provide incremental income, the extent of this benefit was reduced to some degree by the borrowing costs associated with leverage, which were relatively high at some points during the period. Some of the Funds' income streams also were impacted as the proceeds from older, higher-yielding bonds that matured or were called were reinvested into bonds currently available in the market, which generally offered lower yields than the maturing or called bonds. These factors resulted in one monthly dividend reduction in NCL, NVX and NKL over the twelve-month period ended August 31, 2008. The dividends of NPC, NCU, NAC, NZH and NKX remained stable throughout this reporting period.

Due to capital gains generated by normal portfolio activity, common shareholders of the following Funds received capital gains and net ordinary income distributions at the end of December 2007 as follows:

|     | Long-Term Capital Gains<br>(per share) | Short-Term Capital Gains<br>and/or Ordinary Income<br>(per share) |
|-----|--|---|
| NPC | \$0.0056                               | \$0.0078  |
| NAC | \$0.0357                               | --  |
| NKL | \$0.0223                               | --  |

All of the Funds in this report seek to pay stable dividends at rates that reflect each Fund's past results and projected future performance. During certain periods, each Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds the excess in reserve as undistributed net investment income (UNII) as part of the Fund's common share NAV. Conversely, if a Fund has cumulatively paid dividends in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's common share NAV. Each Fund will, over time, pay all of its net investment income as dividends to shareholders. As of August 31, 2008, all of the Funds in this report had positive UNII balances for both financial statement and tax purposes.

COMMON SHARE REPURCHASES AND SHARE PRICE INFORMATION

On July 30, 2008, the Board of Directors/Trustees for each of Nuveen's 120 closed-end Funds approved a program under which each Fund may repurchase up to 10% of its common shares. No common shares were repurchased by these Nuveen California Funds during the twelve-month reporting period ended August 31, 2008.

As of August 31, 2008, the Funds' common share prices were trading at discounts to their common share NAVs as shown in the accompanying chart:

|     | 8/31/08<br>Discount | Twelve-Month<br>Average Discount |
|-----|---------------------|----------------------------------|
| NPC | -6.97%              | -7.41%                           |
| NCL | -10.40%             | -9.76%                           |

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|     |         |        |
|-----|---------|--------|
| NCU | -7.97%  | -8.77% |
| NAC | -6.86%  | -7.13% |
| NVX | -11.95% | -7.83% |
| NZH | -5.51%  | -6.06% |
| NKL | -7.60%  | -6.72% |
| NKX | -2.89%  | -6.30% |

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NPC  
Performance  
OVERVIEW

Nuveen Insured California Premium Income Municipal Fund, Inc.

as of August 31, 2008

Pie Chart:

Credit Quality (as a % of total investments) (1), (2)

|                 |     |
|-----------------|-----|
| Insured         | 71% |
| U.S. Guaranteed | 29% |

Bar Chart:

2007-2008 Monthly Tax-Free Dividends Per Common Share (4)

|     |        |
|-----|--------|
| Sep | 0.0605 |
| Oct | 0.0605 |
| Nov | 0.0605 |
| Dec | 0.0605 |
| Jan | 0.0605 |
| Feb | 0.0605 |
| Mar | 0.0605 |
| Apr | 0.0605 |
| May | 0.0605 |
| Jun | 0.0605 |
| Jul | 0.0605 |
| Aug | 0.0605 |

Line Chart:

Common Share Price Performance -- Weekly Closing Price

|         |         |
|---------|---------|
| 9/01/07 | 15.03   |
|         | 14.81   |
|         | 14.5    |
|         | 14.12   |
|         | 14.43   |
|         | 14.3901 |
|         | 14.33   |
|         | 14.2    |
|         | 14.31   |
|         | 14.3456 |
|         | 13.8    |
|         | 13.5    |
|         | 13.7    |
|         | 13.788  |
|         | 13.99   |
|         | 13.8    |
|         | 13.87   |

|         |         |
|---------|---------|
|         | 13.9    |
|         | 14.57   |
|         | 14.68   |
|         | 14.69   |
|         | 14.6599 |
|         | 14.84   |
|         | 15.25   |
|         | 14.11   |
|         | 13.89   |
|         | 13.48   |
|         | 14.15   |
|         | 13.6    |
|         | 13.81   |
|         | 13.96   |
|         | 14.79   |
|         | 14.8    |
|         | 14.28   |
|         | 14.12   |
|         | 14.15   |
|         | 14.25   |
|         | 14.25   |
|         | 14.54   |
|         | 14.47   |
|         | 14.54   |
|         | 14.13   |
|         | 13.81   |
|         | 13.76   |
|         | 13.618  |
|         | 13.9    |
|         | 13.51   |
|         | 13.64   |
|         | 13.72   |
|         | 13.66   |
|         | 13.625  |
|         | 13.75   |
| 8/31/08 | 13.89   |

FUND SNAPSHOT

|   |          |
|---|----------|
| Common Share Price                                  | \$13.89  |
| Common Share<br>Net Asset Value                     | \$14.93  |
| Premium/(Discount) to NAV                           | -6.97%   |
| Market Yield  | 5.23%    |
| Taxable-Equivalent Yield <sup>3</sup>               | 8.01%    |
| Net Assets Applicable<br>to Common Shares (\$000)   | \$96,462 |
| Average Effective Maturity<br>on Securities (Years) | 15.43    |
| Leverage-Adjusted Duration                          | 8.93     |

AVERAGE ANNUAL TOTAL RETURN  
(Inception 11/19/92)

|         | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year  | -2.21%         | 4.23%  |
| 5-Year  | 4.44%          | 5.06%  |
| 10-Year | 4.65%          | 5.02%  |

INDUSTRIES

(as a % of total investments)

|                        |       |
|------------------------|-------|
| U.S. Guaranteed        | 29.0% |
| Tax Obligation/Limited | 25.0% |
| Tax Obligation/General | 21.4% |
| Water and Sewer        | 14.7% |
| Other                  | 9.9%  |

INSURERS

(as a % of total Insured investments)

|       |       |
|-------|-------|
| MBIA  | 41.0% |
| AMBAC | 19.3% |
| FSA   | 18.7% |
| FGIC  | 17.3% |
| XLCA  | 2.3%  |
| AGC   | 1.4%  |

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AMBAC, FGIC, MBIA, RAAI and XLCA as of August 31, 2008. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.
- (2) At least 80% of the Fund's net assets (including net assets attributable to Auction Rate Preferred shares) are invested in municipal securities that are covered by insurance or backed by an escrow or trust account containing sufficient U.S. Government or U.S. Government agency securities or U.S. Treasury-issued State and Local Government Series securities to ensure the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 - Insurance, for more information.
- (3) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (4) The Fund paid shareholders capital gains and net ordinary income



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distributions in December 2007 of \$0.0134 per share.

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NCL  
Performance  
OVERVIEW

Nuveen Insured California Premium Income Municipal Fund 2, Inc.

as of August 31, 2008

Pie Chart:

Credit Quality (as a % of total investments) (1), (2)

|                 |     |
|-----------------|-----|
| Insured         | 81% |
| U.S. Guaranteed | 19% |

Bar Chart:

2007-2008 Monthly Tax-Free Dividends Per Common Share

|     |       |
|-----|-------|
| Sep | 0.056 |
| Oct | 0.053 |
| Nov | 0.053 |
| Dec | 0.053 |
| Jan | 0.053 |
| Feb | 0.053 |
| Mar | 0.053 |
| Apr | 0.053 |
| May | 0.053 |
| Jun | 0.053 |
| Jul | 0.053 |
| Aug | 0.053 |

Line Chart:

Common Share Price Performance -- Weekly Closing Price

|         |         |
|---------|---------|
| 9/01/07 | 13.71   |
|         | 14.09   |
|         | 14.06   |
|         | 13.71   |
|         | 13.84   |
|         | 13.6025 |
|         | 13.64   |
|         | 13.33   |
|         | 13.29   |
|         | 13.3    |
|         | 13.09   |
|         | 12.7899 |
|         | 13.13   |
|         | 13.14   |
|         | 13.16   |
|         | 12.83   |
|         | 12.81   |
|         | 12.95   |
|         | 13.41   |
|         | 13.66   |
|         | 13.459  |
|         | 13.67   |

|         |         |
|---------|---------|
|         | 13.62   |
|         | 13.74   |
|         | 12.9999 |
|         | 12.944  |
|         | 12.66   |
|         | 12.95   |
|         | 12.7    |
|         | 12.55   |
|         | 12.93   |
|         | 13.19   |
|         | 13.13   |
|         | 13.11   |
|         | 13.16   |
|         | 13.21   |
|         | 13.3    |
|         | 13.3    |
|         | 13.4    |
|         | 13.31   |
|         | 13.32   |
|         | 12.74   |
|         | 12.58   |
|         | 12.56   |
|         | 12.69   |
|         | 12.7799 |
|         | 12.5    |
|         | 12.47   |
|         | 12.49   |
|         | 12.45   |
|         | 12.58   |
|         | 12.56   |
| 8/31/08 | 12.66   |

FUND SNAPSHOT

|   |           |
|---|-----------|
| -----   |           |
| Common Share Price                                  | \$12.66   |
| -----   |           |
| Common Share<br>Net Asset Value                     | \$14.13   |
| -----   |           |
| Premium/(Discount) to NAV                           | -10.40%   |
| -----   |           |
| Market Yield  | 5.02%     |
| -----   |           |
| Taxable-Equivalent Yield <sup>3</sup>               | 7.69%     |
| -----   |           |
| Net Assets Applicable to<br>Common Shares (\$000)   | \$179,734 |
| -----   |           |
| Average Effective Maturity<br>on Securities (Years) | 16.48     |
| -----   |           |
| Leverage-Adjusted Duration                          | 13.09     |
| -----   |           |

AVERAGE ANNUAL TOTAL RETURN  
(Inception 3/18/93)

|        |                |        |
|--------|----------------|--------|
| -----  |                |        |
|        | ON SHARE PRICE | ON NAV |
| -----  |                |        |
| 1-Year | -3.06%         | 1.86%  |
| -----  |                |        |

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|         |       |       |
|---------|-------|-------|
| 5-Year  | 2.93% | 4.62% |
| 10-Year | 4.04% | 5.06% |

INDUSTRIES

(as a % of total investments)

|                        |       |
|------------------------|-------|
| Tax Obligation/Limited | 33.2% |
| U.S. Guaranteed        | 19.3% |
| Tax Obligation/General | 16.4% |
| Water and Sewer        | 14.3% |
| Utilities              | 5.3%  |
| Other                  | 11.5% |

INSURERS

(as a % of total Insured investments)

|       |       |
|-------|-------|
| MBIA  | 31.5% |
| AMBAC | 28.6% |
| FSA   | 20.8% |
| FGIC  | 18.3% |
| XLCA  | 0.8%  |

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AMBAC, FGIC, MBIA, RAAI and XLCA as of August 31, 2008. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.
- (2) At least 80% of the Fund's net assets (including net assets attributable to Auction Rate Preferred shares) are invested in municipal securities that are covered by insurance or backed by an escrow or trust account containing sufficient U.S. Government or U.S. Government agency securities or U.S. Treasury-issued State and Local Government Series securities to ensure the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 - Insurance, for more information.
- (3) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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NCU  
Performance  
OVERVIEW

Nuveen California Premium Income Municipal Fund

as of August 31, 2008

## Pie Chart:

Credit Quality (as a % of total investments)(1)

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 23% |
| AA                  | 46% |
| A                   | 14% |
| BBB                 | 12% |
| BB or Lower         | 4%  |
| N/R                 | 1%  |

## Bar Chart:

2007-2008 Monthly Tax-Free Dividends Per Common Share

|     |        |
|-----|--------|
| Sep | 0.0535 |
| Oct | 0.0535 |
| Nov | 0.0535 |
| Dec | 0.0535 |
| Jan | 0.0535 |
| Feb | 0.0535 |
| Mar | 0.0535 |
| Apr | 0.0535 |
| May | 0.0535 |
| Jun | 0.0535 |
| Jul | 0.0535 |
| Aug | 0.0535 |

## Line Chart:

Common Share Price Performance -- Weekly Closing Price

|         |         |
|---------|---------|
| 9/01/07 | 13.03   |
|         | 13.3    |
|         | 13.288  |
|         | 12.96   |
|         | 13.02   |
|         | 12.97   |
|         | 13.0699 |
|         | 12.91   |
|         | 13      |
|         | 13.334  |
|         | 13.1619 |
|         | 13.16   |
|         | 13.07   |
|         | 12.8201 |
|         | 12.65   |
|         | 12.39   |
|         | 12.38   |
|         | 12.42   |
|         | 13.06   |
|         | 13.17   |
|         | 13.08   |
|         | 13.29   |
|         | 13.25   |
|         | 13.22   |
|         | 12.57   |

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|         |         |
|---------|---------|
|         | 12.7    |
|         | 12.34   |
|         | 12.89   |
|         | 12.26   |
|         | 12.35   |
|         | 12.622  |
|         | 12.75   |
|         | 12.97   |
|         | 12.966  |
|         | 12.72   |
|         | 12.75   |
|         | 12.81   |
|         | 12.73   |
|         | 12.77   |
|         | 12.8    |
|         | 12.839  |
|         | 12.58   |
|         | 12.55   |
|         | 12.29   |
|         | 12.29   |
|         | 12.41   |
|         | 12.17   |
|         | 12.15   |
|         | 12.22   |
|         | 12.2601 |
|         | 12.28   |
|         | 12.36   |
| 8/31/08 | 12.58   |

FUND SNAPSHOT

|   |          |
|---|----------|
| Common Share Price                                  | \$12.58  |
| Common Share<br>Net Asset Value                     | \$13.67  |
| Premium/(Discount) to NAV                           | -7.97%   |
| Market Yield  | 5.10%    |
| Taxable-Equivalent Yield(2)                         | 7.81%    |
| Net Assets Applicable to<br>Common Shares (\$000)   | \$78,966 |
| Average Effective Maturity<br>on Securities (Years) | 16.46    |
| Leverage-Adjusted Duration                          | 11.83    |

AVERAGE ANNUAL TOTAL RETURN  
(Inception 6/18/93)

|         | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year  | 1.51%          | 1.81%  |
| 5-Year  | 5.09%          | 5.50%  |
| 10-Year | 4.84%          | 5.29%  |

-----

INDUSTRIES  
(as a % of total investments)

-----

|                        |       |
|------------------------|-------|
| Tax Obligation/Limited | 28.9% |
| -----                  |       |
| Tax Obligation/General | 17.6% |
| -----                  |       |
| Health Care            | 15.6% |
| -----                  |       |
| U.S. Guaranteed        | 13.7% |
| -----                  |       |
| Water and Sewer        | 7.1%  |
| -----                  |       |
| Utilities              | 5.3%  |
| -----                  |       |
| Other                  | 11.8% |
| -----                  |       |

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AMBAC, FGIC, MBIA, RAAI and XLCA as of August 31, 2008. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.
- (2) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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NAC  
Performance  
OVERVIEW

Nuveen California Dividend Advantage Municipal Fund

as of August 31, 2008

Pie Chart:  
Credit Quality (as a % of total investments)(1)

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 37% |
| AA                  | 26% |
| A                   | 20% |
| BBB                 | 9%  |
| BB or Lower         | 1%  |
| N/R                 | 7%  |

Bar Chart:  
2007-2008 Monthly Tax-Free Dividends Per Common Share(3)

|     |        |
|-----|--------|
| Sep | 0.0615 |
| Oct | 0.0615 |

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|     |        |
|-----|--------|
| Nov | 0.0615 |
| Dec | 0.0615 |
| Jan | 0.0615 |
| Feb | 0.0615 |
| Mar | 0.0615 |
| Apr | 0.0615 |
| May | 0.0615 |
| Jun | 0.0615 |
| Jul | 0.0615 |
| Aug | 0.0615 |

Line Chart:

Common Share Price Performance -- Weekly Closing Price

|         |         |
|---------|---------|
| 9/01/07 | 14.3299 |
|         | 14.39   |
|         | 14.43   |
|         | 14.06   |
|         | 14.22   |
|         | 14.23   |
|         | 13.99   |
|         | 13.93   |
|         | 13.8    |
|         | 13.914  |
|         | 13.65   |
|         | 13.42   |
|         | 13.44   |
|         | 13.3401 |
|         | 13.58   |
|         | 13.42   |
|         | 13.32   |
|         | 13.33   |
|         | 14.04   |
|         | 14.06   |
|         | 13.88   |
|         | 14.15   |
|         | 14.4    |
|         | 14.49   |
|         | 13.68   |
|         | 13.48   |
|         | 13.23   |
|         | 13.54   |
|         | 13.15   |
|         | 13.04   |
|         | 13.49   |
|         | 13.67   |
|         | 14.11   |
|         | 13.91   |
|         | 13.91   |
|         | 14.11   |
|         | 14.18   |
|         | 14.08   |
|         | 14.02   |
|         | 13.98   |
|         | 13.96   |
|         | 13.66   |
|         | 13.41   |
|         | 13.4    |
|         | 13.4432 |
|         | 13.19   |
|         | 13.06   |
|         | 13.11   |

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|         |       |
|---------|-------|
|         | 13.46 |
|         | 13.47 |
|         | 13.14 |
|         | 13.25 |
| 8/31/08 | 13.44 |

FUND SNAPSHOT

|   |           |
|---|-----------|
| Common Share Price                                  | \$13.44   |
| Common Share<br>Net Asset Value                     | \$14.43   |
| Premium/(Discount) to NAV                           | -6.86%    |
| Market Yield  | 5.49%     |
| Taxable-Equivalent Yield(2)                         | 8.41%     |
| Net Assets Applicable to<br>Common Shares (\$000)   | \$338,732 |
| Average Effective Maturity<br>on Securities (Years) | 17.81     |
| Leverage-Adjusted Duration                          | 12.12     |

AVERAGE ANNUAL TOTAL RETURN  
(Inception 5/26/99)

|                    | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year             | -0.84%         | 1.85%  |
| 5-Year             | 4.96%          | 5.54%  |
| Since<br>Inception | 5.00%          | 6.18%  |

INDUSTRIES

(as a % of total investments)

|                        |       |
|------------------------|-------|
| U.S. Guaranteed        | 19.1% |
| Tax Obligation/Limited | 17.4% |
| Health Care            | 15.1% |
| Transportation         | 13.1% |
| Tax Obligation/General | 10.1% |
| Water and Sewer        | 6.3%  |
| Utilities              | 6.0%  |
| Other                  | 12.9% |



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- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AMBAC, FGIC, MBIA, RAAI and XLCA as of August 31, 2008. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.
- (2) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (3) The Fund paid shareholders a capital gains distribution in December 2007 of \$0.0357 per share.

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NVX  
Performance  
OVERVIEW

Nuveen California Dividend Advantage Municipal Fund 2

as of August 31, 2008

Pie Chart:

Credit Quality (as a % of total investments)(1)

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 40% |
| AA                  | 29% |
| A                   | 15% |
| BBB                 | 9%  |
| BB or Lower         | 1%  |
| N/R                 | 6%  |

Bar Chart:

2007-2008 Monthly Tax-Free Dividends Per Common Share

|     |        |
|-----|--------|
| Sep | 0.06   |
| Oct | 0.0575 |
| Nov | 0.0575 |
| Dec | 0.0575 |
| Jan | 0.0575 |
| Feb | 0.0575 |
| Mar | 0.0575 |
| Apr | 0.0575 |
| May | 0.0575 |
| Jun | 0.0575 |
| Jul | 0.0575 |
| Aug | 0.0575 |

Line Chart:

Common Share Price Performance -- Weekly Closing Price

|         |         |
|---------|---------|
| 9/01/07 | 13.8399 |
|         | 14.0999 |
|         | 13.85   |
|         | 13.7    |

|         |         |
|---------|---------|
|         | 13.82   |
|         | 13.7    |
|         | 13.63   |
|         | 13.43   |
|         | 13.47   |
|         | 13.5    |
|         | 13.2    |
|         | 12.75   |
|         | 12.84   |
|         | 13.05   |
|         | 13.1    |
|         | 12.91   |
|         | 12.9    |
|         | 13.15   |
|         | 13.84   |
|         | 13.75   |
|         | 13.69   |
|         | 13.89   |
|         | 13.84   |
|         | 13.97   |
|         | 13.24   |
|         | 13.29   |
|         | 12.85   |
|         | 13.3    |
|         | 12.79   |
|         | 12.92   |
|         | 13.27   |
|         | 13.59   |
|         | 13.56   |
|         | 13.48   |
|         | 13.34   |
|         | 13.32   |
|         | 13.33   |
|         | 13.38   |
|         | 13.47   |
|         | 13.4    |
|         | 13.47   |
|         | 13.08   |
|         | 12.77   |
|         | 12.71   |
|         | 12.9399 |
|         | 12.88   |
|         | 12.66   |
|         | 12.65   |
|         | 12.74   |
|         | 12.72   |
|         | 12.75   |
|         | 12.61   |
| 8/31/08 | 12.67   |

FUND SNAPSHOT

|                                 |         |
|---------------------------------|---------|
| -----                           |         |
| Common Share Price              | \$12.67 |
| -----                           |         |
| Common Share<br>Net Asset Value | \$14.39 |
| -----                           |         |
| Premium/(Discount) to NAV       | -11.95% |
| -----                           |         |
| Market Yield                    | 5.45%   |
| -----                           |         |

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|   |           |
|---|-----------|
| Taxable-Equivalent Yield(2)                         | 8.35%     |
| -----   |           |
| Net Assets Applicable<br>to Common Shares (\$000)   | \$212,890 |
| -----   |           |
| Average Effective Maturity<br>on Securities (Years) | 15.31     |
| -----   |           |
| Leverage-Adjusted Duration                          | 11.59     |
| -----   |           |

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

|                    | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year             | -2.80%         | 2.76%  |
| 5-Year             | 5.03%          | 5.89%  |
| Since<br>Inception | 3.65%          | 5.80%  |

INDUSTRIES

(as a % of total investments)

|                                      |       |
|--------------------------------------|-------|
| U.S. Guaranteed                      | 28.7% |
| Tax Obligation/Limited               | 15.2% |
| Health Care                          | 11.1% |
| Education and Civic<br>Organizations | 8.6%  |
| Transportation                       | 7.2%  |
| Tax Obligation/General               | 6.6%  |
| Water and Sewer                      | 6.2%  |
| Consumer Staples                     | 4.9%  |
| Other                                | 11.5% |

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AMBAC, FGIC, MBIA, RAAI and XLCA as of August 31, 2008. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.
- (2) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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NZH  
Performance  
OVERVIEW

Nuveen California Dividend Advantage Municipal Fund 3

as of August 31, 2008

Pie Chart:

Credit Quality (as a % of total investments)(1), (2)

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 31% |
| AA                  | 31% |
| A                   | 19% |
| BBB                 | 11% |
| BB or Lower         | 1%  |
| N/R                 | 7%  |

Bar Chart:

2007-2008 Monthly Tax-Free Dividends Per Common Share

|     |       |
|-----|-------|
| Sep | 0.059 |
| Oct | 0.059 |
| Nov | 0.059 |
| Dec | 0.059 |
| Jan | 0.059 |
| Feb | 0.059 |
| Mar | 0.059 |
| Apr | 0.059 |
| May | 0.059 |
| Jun | 0.059 |
| Jul | 0.059 |
| Aug | 0.059 |

Line Chart:

Common Share Price Performance -- Weekly Closing Price

|         |       |
|---------|-------|
| 9/01/07 | 13.49 |
|         | 13.68 |
|         | 13.69 |
|         | 13.38 |
|         | 13.55 |
|         | 13.55 |
|         | 13.34 |
|         | 13.42 |
|         | 13.3  |
|         | 13.39 |
|         | 13.18 |
|         | 12.87 |
|         | 12.91 |
|         | 12.95 |
|         | 13.09 |
|         | 12.71 |
|         | 12.51 |
|         | 12.64 |
|         | 13.48 |
|         | 13.64 |
|         | 13.62 |
|         | 13.78 |

|         |         |
|---------|---------|
|         | 13.78   |
|         | 13.71   |
|         | 12.91   |
|         | 12.82   |
|         | 12.4    |
|         | 12.96   |
|         | 12.62   |
|         | 12.66   |
|         | 13.0198 |
|         | 13.08   |
|         | 13.08   |
|         | 13.18   |
|         | 13.15   |
|         | 13.27   |
|         | 13.3    |
|         | 13.28   |
|         | 13.33   |
|         | 13.35   |
|         | 13.44   |
|         | 13.13   |
|         | 12.63   |
|         | 12.5    |
|         | 12.69   |
|         | 12.69   |
|         | 12.5    |
|         | 12.57   |
|         | 12.57   |
|         | 12.89   |
|         | 13      |
|         | 12.72   |
| 8/31/08 | 12.87   |

FUND SNAPSHOT

|   |           |
|---|-----------|
| -----   |           |
| Common Share Price                                  | \$12.87   |
| -----   |           |
| Common Share<br>Net Asset Value                     | \$13.62   |
| -----   |           |
| Premium/(Discount) to NAV                           | -5.51%    |
| -----   |           |
| Market Yield  | 5.50%     |
| -----   |           |
| Taxable-Equivalent Yield(3)                         | 8.42%     |
| -----   |           |
| Net Assets Applicable to<br>Common Shares (\$000)   | \$328,659 |
| -----   |           |
| Average Effective Maturity<br>on Securities (Years) | 17.79     |
| -----   |           |
| Leverage-Adjusted Duration                          | 12.89     |
| -----   |           |

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

|        |                |        |
|--------|----------------|--------|
| -----  |                |        |
|        | ON SHARE PRICE | ON NAV |
| -----  |                |        |
| 1-Year | 0.46%          | 0.60%  |
| -----  |                |        |

|                 |       |       |
|-----------------|-------|-------|
| 5-Year          | 6.25% | 5.49% |
| -----           |       |       |
| Since Inception | 3.73% | 4.96% |
| -----           |       |       |

INDUSTRIES

(as a % of total investments) (2)

|                        |       |
|------------------------|-------|
| Tax Obligation/Limited | 26.2% |
| -----                  |       |
| Health Care            | 16.5% |
| -----                  |       |
| U.S. Guaranteed        | 15.2% |
| -----                  |       |
| Tax Obligation/General | 11.3% |
| -----                  |       |
| Water and Sewer        | 8.6%  |
| -----                  |       |
| Consumer Staples       | 4.9%  |
| -----                  |       |
| Transportation         | 4.9%  |
| -----                  |       |
| Other                  | 12.4% |
| -----                  |       |

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AMBAC, FGIC, MBIA, RAAI and XLCA as of August 31, 2008. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.
- (2) Excluding derivative transactions.
- (3) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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NKL  
Performance  
OVERVIEW

Nuveen Insured California Dividend Advantage Municipal Fund

as of August 31, 2008

Pie Chart:

Credit Quality (as a % of total investments) (1), (2)

|                      |     |
|----------------------|-----|
| Insured              | 74% |
| U.S. Guaranteed      | 14% |
| GNMA/FNMA Guaranteed | 1%  |
| A (Uninsured)        | 4%  |

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BBB (Uninsured)

7%

Bar Chart:

2007-2008 Monthly Tax-Free Dividends Per Common Share (4)

|     |        |
|-----|--------|
| Sep | 0.062  |
| Oct | 0.0595 |
| Nov | 0.0595 |
| Dec | 0.0595 |
| Jan | 0.0595 |
| Feb | 0.0595 |
| Mar | 0.0595 |
| Apr | 0.0595 |
| May | 0.0595 |
| Jun | 0.0595 |
| Jul | 0.0595 |
| Aug | 0.0595 |

Line Chart:

Common Share Price Performance -- Weekly Closing Price

|         |         |
|---------|---------|
| 9/01/07 | 14.55   |
|         | 14.71   |
|         | 14.72   |
|         | 14.16   |
|         | 14.35   |
|         | 14.4425 |
|         | 14.07   |
|         | 13.98   |
|         | 13.86   |
|         | 13.981  |
|         | 13.732  |
|         | 13.21   |
|         | 13.28   |
|         | 13.44   |
|         | 13.81   |
|         | 13.11   |
|         | 13.06   |
|         | 13.55   |
|         | 14.21   |
|         | 14.16   |
|         | 14.16   |
|         | 14.12   |
|         | 14.38   |
|         | 14.42   |
|         | 13.57   |
|         | 13.6506 |
|         | 13.212  |
|         | 13.55   |
|         | 13.13   |
|         | 13.27   |
|         | 13.6    |
|         | 13.63   |
|         | 14.11   |
|         | 14      |
|         | 13.95   |
|         | 14.02   |
|         | 14.1    |
|         | 14.09   |
|         | 14      |
|         | 14.05   |

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|         |         |
|---------|---------|
|         | 14.13   |
|         | 13.73   |
|         | 13.653  |
|         | 13.36   |
|         | 13.39   |
|         | 13.36   |
|         | 13.32   |
|         | 13.58   |
|         | 13.55   |
|         | 13.46   |
|         | 13.8399 |
|         | 13.45   |
| 8/31/08 | 13.5    |

FUND SNAPSHOT

|   |           |
|---|-----------|
| Common Share Price                                  | \$13.50   |
| Common Share<br>Net Asset Value                     | \$14.61   |
| Premium/(Discount) to NAV                           | -7.60%    |
| Market Yield  | 5.29%     |
| Taxable-Equivalent Yield <sup>3</sup>               | 8.10%     |
| Net Assets Applicable to<br>Common Shares (\$000)   | \$223,356 |
| Average Effective Maturity<br>on Securities (Years) | 17.19     |
| Leverage-Adjusted Duration                          | 9.52      |

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

|                    | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year             | -0.03%         | 2.98%  |
| 5-Year             | 5.30%          | 5.86%  |
| Since<br>Inception | 4.36%          | 6.19%  |

INDUSTRIES  
(as a % of total investments)

|                        |       |
|------------------------|-------|
| Tax Obligation/Limited | 32.9% |
| Tax Obligation/General | 18.4% |
| U.S. Guaranteed        | 14.2% |
| Utilities              | 10.9% |
| Water and Sewer        | 7.3%  |



|             |       |
|-------------|-------|
| Health Care | 4.5%  |
| Other       | 11.8% |

INSURERS  
(as a % of total Insured investments)

|       |       |
|-------|-------|
| AMBAC | 27.5% |
| MBIA  | 25.4% |
| FGIC  | 21.4% |
| FSA   | 19.1% |
| XLCA  | 4.7%  |
| AGC   | 1.5%  |
| ACA   | 0.4%  |

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AMBAC, FGIC, MBIA, RAAI and XLCA as of August 31, 2008. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.
- (2) At least 80% of the Fund's net assets (including net assets attributable to Auction Rate Preferred shares) are invested in municipal securities that are covered by insurance or backed by an escrow or trust account containing sufficient U.S. Government or U.S. Government agency securities or U.S. Treasury-issued State and Local Government Series securities to ensure the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 - Insurance, for more information.
- (3) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (4) The Fund paid shareholders a capital gains distribution in December 2007 of \$0.0223 per share.

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Pie Chart:

Credit Quality (as a % of total investments) (1), (2)

|                 |     |
|-----------------|-----|
| Insured         | 76% |
| U.S. Guaranteed | 13% |
| A (Uninsured)   | 5%  |
| BBB (Uninsured) | 6%  |

Bar Chart:

2007-2008 Monthly Tax-Free Dividends Per Common Share

|     |       |
|-----|-------|
| Sep | 0.059 |
| Oct | 0.059 |
| Nov | 0.059 |
| Dec | 0.059 |
| Jan | 0.059 |
| Feb | 0.059 |
| Mar | 0.059 |
| Apr | 0.059 |
| May | 0.059 |
| Jun | 0.059 |
| Jul | 0.059 |
| Aug | 0.059 |

Line Chart:

Common Share Price Performance -- Weekly Closing Price

|         |         |
|---------|---------|
| 9/01/07 | 14.43   |
|         | 14.75   |
|         | 14.82   |
|         | 14.41   |
|         | 14.63   |
|         | 14.425  |
|         | 14.21   |
|         | 14.39   |
|         | 14.24   |
|         | 14.27   |
|         | 13.6999 |
|         | 13.47   |
|         | 13.5901 |
|         | 13.67   |
|         | 14.07   |
|         | 14.3    |
|         | 13.59   |
|         | 14.2    |
|         | 14.79   |
|         | 14.96   |
|         | 14.95   |
|         | 15.05   |
|         | 14.72   |
|         | 14.76   |
|         | 14.04   |
|         | 14.14   |
|         | 13.59   |
|         | 13.85   |
|         | 14.25   |
|         | 13.96   |
|         | 14.05   |
|         | 14.1501 |
|         | 14.38   |
|         | 14.26   |
|         | 14.17   |

|         |         |
|---------|---------|
|         | 14.27   |
|         | 14.5    |
|         | 14.51   |
|         | 14.1    |
|         | 14.05   |
|         | 14.014  |
|         | 13.93   |
|         | 13.61   |
|         | 13.4599 |
|         | 13.66   |
|         | 13.68   |
|         | 13.5    |
|         | 13.28   |
|         | 13.28   |
|         | 13.46   |
|         | 13.38   |
|         | 13.45   |
| 8/31/08 | 13.78   |

FUND SNAPSHOT

|  |          |
|--|----------|
| Common Share Price                               | \$13.78  |
| Common Share Net Asset Value                     | \$14.19  |
| Premium/(Discount) to NAV                        | -2.89%   |
| Market Yield                                     | 5.14%    |
| Taxable-Equivalent Yield <sup>3</sup>            | 7.87%    |
| Net Assets Applicable to Common Shares (\$000)   | \$83,531 |
| Average Effective Maturity on Securities (Years) | 18.50    |
| Leverage-Adjusted Duration                       | 9.93     |

AVERAGE ANNUAL TOTAL RETURN  
(Inception 11/21/02)

|                 | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year          | 0.12%          | 2.97%  |
| 5-Year          | 5.94%          | 6.07%  |
| Since Inception | 4.04%          | 5.29%  |

INDUSTRIES  
(as a % of total investments)

|                        |       |
|------------------------|-------|
| Tax Obligation/Limited | 31.0% |
| Health Care            | 14.5% |

|                        |       |
|------------------------|-------|
| Tax Obligation/General | 13.9% |
| U.S. Guaranteed        | 13.1% |
| Water and Sewer        | 9.5%  |
| Transportation         | 7.1%  |
| Other                  | 10.9% |

INSURERS  
(as a % of total Insured investments)

|       |       |
|-------|-------|
| AMBAC | 45.1% |
| MBIA  | 21.1% |
| FSA   | 13.7% |
| AGC   | 5.7%  |
| BHAC  | 5.1%  |
| XLCA  | 4.7%  |
| FGIC  | 4.6%  |

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AMBAC, FGIC, MBIA, RAAI and XLCA as of August 31, 2008. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.
- (2) At least 80% of the Fund's net assets (including net assets attributable to Auction Rate Preferred shares) are invested in municipal securities that are covered by insurance or backed by an escrow or trust account containing sufficient U.S. Government or U.S. Government agency securities or U.S. Treasury-issued State and Local Government Series securities to ensure the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 - Insurance, for more information.
- (3) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

Report of  
INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM

THE BOARDS OF DIRECTORS/TRUSTEES AND SHAREHOLDERS  
NUVEEN INSURED CALIFORNIA PREMIUM INCOME MUNICIPAL FUND, INC.  
NUVEEN INSURED CALIFORNIA PREMIUM INCOME MUNICIPAL FUND 2, INC.

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NUVEEN CALIFORNIA PREMIUM INCOME MUNICIPAL FUND  
NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND  
NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2  
NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 3  
NUVEEN INSURED CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND  
NUVEEN INSURED CALIFORNIA TAX-FREE ADVANTAGE MUNICIPAL FUND

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Nuveen Insured California Premium Income Municipal Fund, Inc., Nuveen Insured California Premium Income Municipal Fund 2, Inc., Nuveen California Premium Income Municipal Fund, Nuveen California Dividend Advantage Municipal Fund, Nuveen California Dividend Advantage Municipal Fund 2, Nuveen California Dividend Advantage Municipal Fund 3, Nuveen Insured California Dividend Advantage Municipal Fund and Nuveen Insured California Tax-Free Advantage Municipal Fund (the "Funds"), as of August 31, 2008, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Funds' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of August 31, 2008, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of Nuveen Insured California Premium Income Municipal Fund, Inc., Nuveen Insured California Premium Income Municipal Fund 2, Inc., Nuveen California Premium Income Municipal Fund, Nuveen California Dividend Advantage Municipal Fund, Nuveen California Dividend Advantage Municipal Fund 2, Nuveen California Dividend Advantage Municipal Fund 3, Nuveen Insured California Dividend Advantage Municipal Fund and Nuveen Insured California Tax-Free Advantage Municipal Fund at August 31, 2008, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Chicago, Illinois  
October 21, 2008

NPC

Nuveen Insured California Premium Income Municipal Fund, Inc.  
 Portfolio of INVESTMENTS

August 31, 2008

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)   | OPTIONAL<br>PROVISIONS |
|---------------------------|---|------------------------|
| -----                     |   |                        |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 5.8% (4.0% OF TOTAL INVESTMENTS)  |                        |
| \$ 2,125                  | California Educational Facilities Authority, Student Loan Revenue Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 - MBIA Insured (Alternative Minimum Tax) | 9/08 at 10             |
| 1,500                     | California State University, Systemwide Revenue Bonds, Series 2005A, 5.000%, 11/01/25 - AMBAC Insured   | 5/15 at 10             |
| 2,000                     | California State University, Systemwide Revenue Bonds, Series 2005C, 5.000%, 11/01/27 - MBIA Insured  | 11/15 at 10            |
| -----                     |   |                        |
| 5,625                     | Total Education and Civic Organizations   |                        |
| -----                     |   |                        |
|                           | HEALTH CARE - 5.5% (3.8% OF TOTAL INVESTMENTS)  |                        |
| 3,000                     | California Health Facilities Financing Authority, Insured Revenue Bonds, Sutter Health, Series 1998A, 5.375%, 8/15/30 - MBIA Insured                              | 2/09 at 10             |
| 724                       | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 14.166%, 7/01/47 - FSA Insured (IF)                | 7/18 at 10             |
| 1,500                     | California Statewide Community Development Authority, Certificates of Participation, Sutter Health Obligated Group, Series 1999, 5.500%, 8/15/19 - FSA Insured    | 8/09 at 10             |
| -----                     |   |                        |
| 5,224                     | Total Health Care   |                        |
| -----                     |   |                        |
|                           | HOUSING/SINGLE FAMILY - 0.3% (0.2% OF TOTAL INVESTMENTS)  |                        |
| 210                       | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2006H, 5.750%, 8/01/30 - FGIC Insured (Alternative Minimum Tax)                            | 2/16 at 10             |
| 100                       | California Housing Finance Agency, Single Family Mortgage Bonds II, Series 1997A-1, 6.000%, 8/01/20 - MBIA Insured (Alternative Minimum Tax)                      | 2/09 at 10             |
| -----                     |   |                        |
| 310                       | Total Housing/Single Family   |                        |
| -----                     |   |                        |

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TAX OBLIGATION/GENERAL - 31.4% (21.4% OF TOTAL INVESTMENTS)

|   |  |             |
|---|--|-------------|
| Bonita Unified School District, San Diego County, California,<br>General Obligation Bonds, Series 2004A:      |  |             |
| 1,890   | 5.250%, 8/01/23 - MBIA Insured   | 8/14 at 10  |
| 1,250   | 5.250%, 8/01/25 - MBIA Insured   | 8/14 at 10  |
| 2,000   | California, General Obligation Veterans Welfare Bonds,<br>Series 2001BZ, 5.375%, 12/01/24 - MBIA Insured<br>(Alternative Minimum Tax)                  | 12/08 at 10 |
| El Segundo Unified School District, Los Angeles County,<br>California, General Obligation Bonds, Series 2004: |  |             |
| 2,580   | 5.250%, 9/01/21 - FGIC Insured   | 9/14 at 10  |
| 1,775   | 5.250%, 9/01/22 - FGIC Insured   | 9/14 at 10  |
| 565   | Fontana Unified School District, San Bernardino County,<br>California, General Obligation Bonds, Trust 2668,<br>13.010%, 8/01/28 - FSA Insured (IF)    | 8/18 at 10  |
| 1,225   | Fresno Unified School District, Fresno County, California,<br>General Obligation Refunding Bonds, Series 1998A,<br>6.550%, 8/01/20 - MBIA Insured      | 2/13 at 10  |
| 1,180   | Jurupa Unified School District, Riverside County, California,<br>General Obligation Bonds, Series 2004, 5.000%, 8/01/21 -<br>FGIC Insured              | 8/13 at 10  |
| 3,000   | Pomona Unified School District, Los Angeles County, California,<br>General Obligation Refunding Bonds, Series 1997A,<br>6.500%, 8/01/19 - MBIA Insured | 8/11 at 10  |

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Nuveen Insured California Premium Income Municipal Fund, Inc. (continued)  
Portfolio of INVESTMENTS August 31, 2008

| PRINCIPAL<br>AMOUNT (000)   | DESCRIPTION (1)   | OPTIONAL<br>PROVISIONS |
|---|---|------------------------|
| -----   |   |                        |
| TAX OBLIGATION/GENERAL (continued)  |   |                        |
| \$ 160  | Roseville Joint Union High School District, Placer County,<br>California, General Obligation Bonds, Series 2006B,<br>5.000%, 8/01/27 - FGIC Insured | 8/15 at 10             |
| 3,000   | Sacramento City Unified School District, Sacramento County,<br>California, General Obligation Bonds, Series 2005,<br>5.000%, 7/01/27 - MBIA Insured | 7/15 at 10             |
| San Diego Unified School District, San Diego County, California,<br>General Obligation Bonds, Election of 1998, Series 2001C: |   |                        |
| 1,335   | 5.000%, 7/01/21 - FSA Insured   | 7/11 at 10             |
| 3,500   | 5.000%, 7/01/22 - FSA Insured   | 7/11 at 10             |

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|  |   |             |
|--|---|-------------|
| 4,895  | 5.000%, 7/01/23 - FSA Insured   | 7/11 at 10  |
| -----  |   |             |
| 28,355   | Total Tax Obligation/General  |             |
| -----  |   |             |
| TAX OBLIGATION/LIMITED - 36.7% (25.0% OF TOTAL INVESTMENTS)  |   |             |
| 1,000  | Brea and Olinda Unified School District, Orange County, California, Certificates of Participation Refunding, Series 2002A, 5.125%, 8/01/26 - FSA Insured                | 8/11 at 10  |
| California Infrastructure Economic Development Bank, Revenue Bonds, North County Center for Self-Sufficiency Corporation, Series 2004: |   |             |
| 1,215  | 5.000%, 12/01/19 - AMBAC Insured  | 12/13 at 10 |
| 1,615  | 5.000%, 12/01/21 - AMBAC Insured  | 12/13 at 10 |
| 195  | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District, Series 2005, 5.000%, 9/01/24 - FGIC Insured            | 9/15 at 10  |
| 595  | Chino Redevelopment Agency, California, Merged Chino Redevelopment Project Area Tax Allocation Bonds, Series 2006, 5.000%, 9/01/38 - AMBAC Insured                      | 9/16 at 10  |
| 1,900  | Corona-Norco Unified School District, Riverside County, California, Special Tax Bonds, Community Facilities District 98-1, Series 2002, 5.100%, 9/01/25 - AMBAC Insured | 9/12 at 10  |
| 5,000  | El Monte, California, Senior Lien Certificates of Participation, Department of Public Services Facility Phase II, Series 2001, 5.250%, 1/01/34 - AMBAC Insured          | 1/11 at 10  |
| 1,540  | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Revenue Bonds, Drivers Trust 2091, 14.214%, 6/01/45 - AGC Insured (IF)         | 6/15 at 10  |
| 1,000  | Hesperia Public Financing Authority, California, Redevelopment and Housing Projects Tax Allocation Bonds, Series 2007A, 5.000%, 9/01/37 - XLCA Insured                  | 9/17 at 10  |
| 435  | Indian Wells Redevelopment Agency, California, Tax Allocation Bonds, Consolidated Whitewater Project Area, Series 2003A, 5.000%, 9/01/20 - AMBAC Insured                | 9/13 at 10  |
| 345  | Los Angeles Community Redevelopment Agency, California, Lease Revenue Bonds, Manchester Social Services Project, Series 2005, 5.000%, 9/01/37 - AMBAC Insured           | 9/15 at 10  |
| 895  | Los Angeles Community Redevelopment Agency, California, Tax Allocation Bonds, Bunker Hill Project, Series 2004A, 5.000%, 12/01/20 - FSA Insured                         | 12/14 at 10 |
| 1,500  | Los Angeles, California, Municipal Improvement Corporation, Lease Revenue Bonds, Police Headquarters, Series 2006A, 4.750%, 1/01/31 - FGIC Insured                      | 1/17 at 10  |
| 3,150  | Moreno Valley Community Redevelopment Agency, California, Tax Allocation Bonds, Series 2007A, 5.000%, 8/01/38 - AMBAC Insured   | 8/17 at 10  |



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|       |   |            |
|-------|---|------------|
| 7,000 | Rancho Cucamonga Redevelopment Agency, California, Housing Set-Aside Tax Allocation Bonds, Series 2007A, 5.000%, 9/01/34 - MBIA Insured | 9/17 at 10 |
| 165   | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 - XLCA Insured        | 9/15 at 10 |
| 205   | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured                  | 8/13 at 10 |
| 1,500 | San Jose Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 8/01/28 - MBIA Insured      | 8/15 at 10 |

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| PRINCIPAL<br>AMOUNT (000)  | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|--|--|------------------------|
| -----  |  |                        |
| TAX OBLIGATION/LIMITED (continued)                                 |  |                        |
| \$ 3,565   | Sweetwater Union High School District Public Financing Authority, California, Special Tax Revenue Bonds, Series 2005A, 5.000%, 9/01/25 - FSA Insured                 | 9/15 at 10             |
| 2,805  | Yucaipa-Calimesa Joint Unified School District, San Bernardino County, California, General Obligation Refunding Bonds, Series 2001A, 5.000%, 10/01/31 - MBIA Insured | 10/11 at 10            |
| -----  |  |                        |
| 35,625   | Total Tax Obligation/Limited   |                        |
| -----  |  |                        |
| TRANSPORTATION - 2.5% (1.7% OF TOTAL INVESTMENTS)                  |  |                        |
| 2,400  | San Diego Unified Port District, California, Revenue Bonds, Series 2004B, 5.000%, 9/01/29 - MBIA Insured   | 9/14 at 10             |
| -----  |  |                        |
| U.S. GUARANTEED - 42.6% (29.0% OF TOTAL INVESTMENTS) (4)           |  |                        |
| California, Various Purpose General Obligation Bonds, Series 2000: |  |                        |
| 7,995  | 5.750%, 3/01/22 (Pre-refunded 3/01/10) - MBIA Insured  | 3/10 at 10             |
| 2,000  | 5.750%, 3/01/27 (Pre-refunded 3/01/10) - MBIA Insured  | 3/10 at 10             |
| 2,500  | Fresno Unified School District, Fresno County, California, General Obligation Bonds, Series 2001A, 5.125%, 8/01/26 - FSA Insured (ETM)                               | 8/09 at 10             |
| 6,000  | Huntington Park Redevelopment Agency, California, Single Family Residential Mortgage Revenue Refunding Bonds, Series 1986A, 8.000%, 12/01/19 (ETM)                   | No Opt.                |
| 5,135  | Palmdale Community Redevelopment Agency, California,   | No Opt.                |

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|        |   |             |
|--------|---|-------------|
|        | Single Family Restructured Mortgage Revenue Bonds,<br>Series 1986A, 8.000%, 3/01/16 (Alternative Minimum Tax) (ETM)   |             |
| 6,220  | Riverside County, California, GNMA Mortgage-Backed Securities<br>Program Single Family Mortgage Revenue Bonds, Series 1987A,<br>9.000%, 5/01/21 (Alternative Minimum Tax) (ETM) | No Opt.     |
| 1,485  | San Jose, California, Single Family Mortgage Revenue Bonds,<br>Series 1985A, 9.500%, 10/01/13 (ETM)   | No Opt.     |
| 2,150  | Santa Clara Valley Water District, California, Water Utility<br>System Revenue Bonds, Series 2000A, 5.125%, 6/01/31<br>(Pre-refunded 6/01/10) - FGIC Insured                    | 6/10 at 10  |
| -----  |   |             |
| 33,485 | Total U.S. Guaranteed   |             |
| -----  |   |             |
|        | UTILITIES - 0.3% (0.2% OF TOTAL INVESTMENTS)  |             |
| 345    | Merced Irrigation District, California, Electric System Revenue<br>Bonds, Series 2005, 5.125%, 9/01/31 - XLCA Insured   | 9/15 at 10  |
| -----  |   |             |
|        | WATER AND SEWER - 21.6% (14.7% OF TOTAL INVESTMENTS)  |             |
| 5,255  | El Dorado Irrigation District, California, Water and Sewer<br>Certificates of Participation, Series 2003A, 5.000%, 3/01/20 -<br>FGIC Insured                                    | 3/13 at 10  |
| 1,230  | El Dorado Irrigation District, California, Water and Sewer<br>Certificates of Participation, Series 2004A, 5.000%, 3/01/21 -<br>FGIC Insured                                    | 3/14 at 10  |
| 235    | Healdsburg Public Financing Authority, California, Wastewater<br>Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured   | 4/16 at 10  |
| 5,000  | Indio Water Authority, California, Water Revenue Bonds,<br>Series 2006, 5.000%, 4/01/31 - AMBAC Insured   | 4/16 at 10  |
| 220    | Marina Coast Water District, California, Enterprise Certificate<br>of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured  | 6/16 at 10  |
| 1,500  | Placerville Public Financing Authority, California, Wastewater<br>System Refinancing and Improvement Project Revenue Bonds,<br>Series 2006, 5.000%, 9/01/34 - XLCA Insured      | 9/16 at 10  |
| 3,400  | San Diego Public Facilities Financing Authority, California,<br>Sewerage Revenue Bonds, Series 1997A, 5.250%, 5/15/22 -<br>FGIC Insured   | 11/08 at 10 |
| 1,310  | Santa Fe Springs Public Financing Authority, California,<br>Water Revenue Bonds, Series 2003A, 5.000%, 5/01/33 -<br>MBIA Insured  | 5/13 at 10  |

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Nuveen Insured California Premium Income Municipal Fund, Inc. (continued)  
 Portfolio of INVESTMENTS August 31, 2008

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | WATER AND SEWER (continued)  |                        |
| \$ 1,345                  | West Basin Municipal Water District, California, Revenue<br>Certificates of Participation, Series 2003A, 5.000%, 8/01/20 -<br>MBIA Insured         | 8/13 at 100%           |
| 1,310                     | Wheeler Ridge-Maricopa Water District, Kern County, California,<br>Water Revenue Refunding Bonds, Series 1996, 5.700%, 11/01/15 -<br>AMBAC Insured | 11/08 at 100%          |
| -----                     |  |                        |
| 20,805                    | Total Water and Sewer  |                        |
| -----                     |  |                        |
| \$ 132,174                | Total Investments (cost \$135,840,088) - 146.7%  |                        |
| =====                     |  |                        |
|                           | Other Assets Less Liabilities - (0.0)%   |                        |
|                           | -----  |                        |
|                           | Auction Rate Preferred Shares, at Liquidation Value - (46.7)% (5)  |                        |
|                           | -----  |                        |
|                           | Net Assets Applicable to Common Shares - 100%  |                        |
|                           | =====  |                        |

At least 80% of the Fund's net assets (including net assets attributable to Auction Rate Preferred shares) are invested in municipal securities that are covered by insurance or backed by an escrow or trust account containing sufficient U.S. Government or U.S. Government agency securities or U.S. Treasury-issued State and Local Government Series securities to ensure the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 - Insurance, for more information.

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The Portfolio of Investments may reflect the ratings on certain bonds insured by ACA, AMBAC, FGIC, MBIA, RAAI and XLCA as of August 31, 2008. Please see the Portfolio

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Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.

(4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.

(5) Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments is 31.8%.

N/R Not rated.

(ETM) Escrowed to maturity.

(IF) Inverse floating rate investment.

See accompanying notes to financial statements.

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Nuveen Insured California Premium Income Municipal Fund 2, Inc.  
Portfolio of INVESTMENTS

August 31, 2008

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)   | OPTIONAL<br>PROVISIONS |
|---------------------------|---|------------------------|
| -----                     |   |                        |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 5.8% (3.9% OF TOTAL INVESTMENTS)  |                        |
| \$ 620                    | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2000, 5.875%, 11/01/20 - MBIA Insured                               | 11/10 at 10            |
| 2,125                     | California Educational Facilities Authority, Student Loan Revenue Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 - MBIA Insured (Alternative Minimum Tax) | 9/08 at 10             |
| 1,500                     | California State University, Systemwide Revenue Bonds, Series 2005A, 5.000%, 11/01/25 - AMBAC Insured   | 5/15 at 10             |
| 6,000                     | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2003A, 5.000%, 5/15/27 - AMBAC Insured (UB)   | 5/13 at 10             |
| -----                     |   |                        |
| 10,245                    | Total Education and Civic Organizations   |                        |
| -----                     |   |                        |
|                           | HEALTH CARE - 2.2% (1.5% OF TOTAL INVESTMENTS)  |                        |
| 1,410                     | California Statewide Communities Development Authority,   | 7/18 at 10             |

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|       |  |            |
|-------|--|------------|
|       | Revenue Bonds, Saint Joseph Health System, Trust 2554,<br>14.166%, 7/01/47 - FSA Insured (IF)  |            |
| 2,000 | The Regents of the University of California, Medical Center<br>Pooled Revenue Bonds, Series 2007A, 4.500%, 5/15/37 -<br>MBIA Insured | 5/15 at 10 |
| 650   | University of California, Hospital Revenue Bonds, UCLA Medical<br>Center, Series 2004A, 5.500%, 5/15/18 - AMBAC Insured              | 5/12 at 10 |
| ----- |  |            |
| 4,060 | Total Health Care  |            |
| ----- |  |            |

HOUSING/SINGLE FAMILY - 2.2% (1.4% OF TOTAL INVESTMENTS)

|       |  |            |
|-------|--|------------|
| 400   | California Housing Finance Agency, Home Mortgage Revenue<br>Bonds, Series 2006H, 5.750%, 8/01/30 - FGIC Insured<br>(Alternative Minimum Tax)       | 2/16 at 10 |
| 2,325 | California Housing Finance Agency, Home Mortgage Revenue<br>Bonds, Series 2006K, 5.500%, 2/01/42 - AMBAC Insured<br>(Alternative Minimum Tax)      | 2/16 at 10 |
| 1,100 | California Housing Finance Agency, Single Family Mortgage<br>Bonds, Series 1997C-2-II, 5.625%, 8/01/20 - MBIA Insured<br>(Alternative Minimum Tax) | 2/09 at 10 |
| ----- |  |            |
| 3,825 | Total Housing/Single Family  |            |
| ----- |  |            |

TAX OBLIGATION/GENERAL - 24.4% (16.4% OF TOTAL INVESTMENTS)

|       |   |             |
|-------|---|-------------|
| 1,460 | ABC Unified School District, Los Angeles County, California,<br>General Obligation Bonds, Series 2000B, 5.750%, 8/01/16 -<br>FGIC Insured           | 8/10 at 10  |
| 1,425 | Bassett Unified School District, Los Angeles County, California,<br>General Obligation Bonds, Series 2006B, 5.250%, 8/01/30 -<br>FGIC Insured       | 8/16 at 10  |
| 3,000 | California State, General Obligation Bonds, Series 2006,<br>4.500%, 9/01/36 - FSA Insured   | 9/16 at 10  |
| 4,400 | California, General Obligation Bonds, Series 2003,<br>5.000%, 2/01/31 - MBIA Insured  | 2/13 at 10  |
| 3,000 | California, General Obligation Veterans Welfare Bonds,<br>Series 2001BZ, 5.375%, 12/01/24 - MBIA Insured<br>(Alternative Minimum Tax)               | 12/08 at 10 |
| 3,200 | Coast Community College District, Orange County, California,<br>General Obligation Bonds, Series 2006C, 0.000%, 8/01/31 -<br>FSA Insured            | 8/18 at 10  |
| 1,105 | Fontana Unified School District, San Bernardino County, California,<br>General Obligation Bonds, Trust 2668, 13.010%, 8/01/28 -<br>FSA Insured (IF) | 8/18 at 10  |

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Nuveen Insured California Premium Income Municipal Fund 2, Inc. (continued)  
 Portfolio of INVESTMENTS August 31, 2008

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)   | OPTIONAL<br>PROVISIONS |
|---------------------------|---|------------------------|
| -----                     |   |                        |
|                           | TAX OBLIGATION/GENERAL (continued)  |                        |
| \$ 1,910                  | Fresno Unified School District, Fresno County, California, General Obligation Bonds, Series 2002A, 6.000%, 8/01/26 - MBIA Insured               | No Opt.                |
| 1,255                     | Los Angeles Community College District, Los Angeles County, California, General Obligation Bonds, Series 2005A, 5.000%, 8/01/24 - FSA Insured   | 8/15 at 10             |
| 4,000                     | Los Angeles Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2007A, 4.500%, 7/01/24 - FSA Insured      | 7/17 at 10             |
|                           | Los Rios Community College District, Sacramento, El Dorado and Yolo Counties, California, General Obligation Bonds, Series 2006C:               |                        |
| 2,110                     | 5.000%, 8/01/21 - FSA Insured (UB)  | 8/14 at 10             |
| 3,250                     | 5.000%, 8/01/22 - FSA Insured (UB)  | 8/14 at 10             |
| 3,395                     | 5.000%, 8/01/23 - FSA Insured (UB)  | 8/14 at 10             |
| 1,270                     | Merced City School District, Merced County, California, General Obligation Bonds, Series 2004, 5.000%, 8/01/22 - FGIC Insured                   | 8/13 at 10             |
| 305                       | Roseville Joint Union High School District, Placer County, California, General Obligation Bonds, Series 2006B, 5.000%, 8/01/27 - FGIC Insured   | 8/15 at 10             |
| 2,500                     | Sacramento City Unified School District, Sacramento County, California, General Obligation Bonds, Series 2005, 5.000%, 7/01/27 - MBIA Insured   | 7/15 at 10             |
| 1,125                     | San Diego Unified School District, California, General Obligation Bonds, Election of 1998, Series 1999A, 0.000%, 7/01/21 - FGIC Insured         | No Opt.                |
| 2,000                     | San Francisco Community College District, California, General Obligation Bonds, Series 2002A, 5.000%, 6/15/26 - FGIC Insured                    | 6/10 at 10             |
| 1,000                     | San Ramon Valley Unified School District, Contra Costa County, California, General Obligation Bonds, Series 2004, 5.000%, 8/01/24 - FSA Insured | 8/14 at 10             |
| 2,445                     | Washington Unified School District, Yolo County, California, General Obligation Bonds, Series 2004A, 5.000%, 8/01/21 - FGIC Insured             | 8/13 at 10             |
| -----                     |   |                        |
| 44,155                    | Total Tax Obligation/General  |                        |

TAX OBLIGATION/LIMITED - 49.5% (33.2% OF TOTAL INVESTMENTS)

|  |  |             |
|--|--|-------------|
| Anaheim Public Finance Authority, California, Subordinate Lease Revenue Bonds, Public Improvement Project, Series 1997C:               |  |             |
| 5,130  | 0.000%, 9/01/18 - FSA Insured  | No Opt.     |
| 8,000  | 0.000%, 9/01/21 - FSA Insured  | No Opt.     |
| California Infrastructure Economic Development Bank, Revenue Bonds, North County Center for Self-Sufficiency Corporation, Series 2004: |  |             |
| 1,535  | 5.000%, 12/01/20 - AMBAC Insured   | 12/13 at 10 |
| 1,780  | 5.000%, 12/01/23 - AMBAC Insured   | 12/13 at 10 |
| 3,725  | California State Public Works Board, Lease Revenue Bonds, Department of Corrections & Rehabilitation, Series 2005J, 5.000%, 1/01/17 - AMBAC Insured                                      | 1/16 at 10  |
| 380  | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District, Series 2005, 5.000%, 9/01/24 - FGIC Insured                             | 9/15 at 10  |
| 6,000  | El Monte, California, Senior Lien Certificates of Participation, Department of Public Services Facility Phase II, Series 2001, 5.000%, 1/01/21 - AMBAC Insured                           | 1/11 at 10  |
| 8,280  | Fontana Public Financing Authority, California, Tax Allocation Revenue Bonds, North Fontana Redevelopment Project, Series 2005A, 5.000%, 10/01/32 - AMBAC Insured                        | 10/15 at 10 |
| 3,000  | Galt Schools Joint Powers Authority, Sacramento County, California, Revenue Refunding Bonds, High School and Elementary School Facilities, Series 1997A, 5.875%, 11/01/24 - MBIA Insured | 11/08 at 10 |
| 3,015  | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Revenue Bonds, Drivers Trust 2091, 14.214%, 6/01/45 - AGC Insured (IF)                          | 6/15 at 10  |

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|                           |                 |                        |
|---------------------------|-----------------|------------------------|
| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1) | OPTIONAL<br>PROVISIONS |
|---------------------------|-----------------|------------------------|

TAX OBLIGATION/LIMITED (continued)

|    |       |  |            |
|----|-------|--|------------|
| \$ | 4,500 | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Revenue Bonds, Residual Series 2040, 10.510%, 6/01/45 - FGIC Insured (IF) | 6/15 at 10 |
|    |       | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A, Trust 2448:                              |            |
|    | 5,025 | 11.686%, 6/01/35 - FGIC Insured (IF)   | 6/15 at 10 |
|    | 585   | 11.691%, 6/01/38 - FGIC Insured (IF)   | 6/15 at 10 |

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|       |   |             |
|-------|---|-------------|
| 1,255 | Hesperia Public Financing Authority, California, Redevelopment and Housing Projects Tax Allocation Bonds, Series 2007A, 5.000%, 9/01/37 - XLCA Insured                              | 9/17 at 10  |
| 1,700 | Hesperia Unified School District, San Bernardino County, California, Certificates of Participation, Capital Improvement, Series 2007, 5.000%, 2/01/41 - AMBAC Insured               | 2/17 at 10  |
| 1,810 | Kern County Board of Education, California, Certificates of Participation Refunding, Series 1998A, 5.200%, 5/01/28 - MBIA Insured   | 5/10 at 10  |
| 5,000 | La Quinta Redevelopment Agency, California, Tax Allocation Refunding Bonds, Redevelopment Project Area 1, Series 1998, 5.200%, 9/01/28 - AMBAC Insured                              | 9/08 at 10  |
| 2,185 | Los Angeles Community Redevelopment Agency, California, Lease Revenue Bonds, Manchester Social Services Project, Series 2005, 5.000%, 9/01/37 - AMBAC Insured                       | 9/15 at 10  |
| 1,000 | Los Angeles Community Redevelopment Agency, California, Tax Allocation Bonds, Bunker Hill Project, Series 2004A, 5.000%, 12/01/20 - FSA Insured                                     | 12/14 at 10 |
| 1,250 | Los Angeles County Metropolitan Transportation Authority, California, Proposition A First Tier Senior Sales Tax Revenue Bonds, Series 2003B, 5.000%, 7/01/19 - MBIA Insured         | 7/13 at 10  |
| 4,000 | Los Angeles, California, Certificates of Participation, Municipal Improvement Corporation, Series 2003AW, 5.000%, 6/01/33 - AMBAC Insured   | 6/13 at 10  |
| 3,000 | Los Angeles, California, Municipal Improvement Corporation, Lease Revenue Bonds, Police Headquarters, Series 2006A, 4.750%, 1/01/31 - FGIC Insured                                  | 1/17 at 10  |
| 6,120 | Moreno Valley Community Redevelopment Agency, California, Tax Allocation Bonds, Series 2007A, 5.000%, 8/01/38 - AMBAC Insured   | 8/17 at 10  |
| 4,140 | Plumas County, California, Certificates of Participation, Capital Improvement Program, Series 2003A, 5.000%, 6/01/28 - AMBAC Insured  | 6/13 at 10  |
| 390   | Poway Redevelopment Agency, California, Tax Allocation Refunding Bonds, Paguay Redevelopment Project, Series 2000, 5.750%, 6/15/33 - MBIA Insured                                   | 12/10 at 10 |
| 325   | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 - XLCA Insured  | 9/15 at 10  |
| 1,000 | Rocklin Unified School District, Placer County, California, Special Tax Bonds, Community Facilities District 1, Series 2004, 5.000%, 9/01/25 - MBIA Insured                         | 9/13 at 10  |
| 405   | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured  | 8/13 at 10  |
| 5,000 | San Bernardino Joint Powers Financing Authority, California, Certificates of Participation Refunding, Police Station Financing Project, Series 1999, 5.500%, 9/01/20 - MBIA Insured | 9/09 at 10  |



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|        |  |            |
|--------|--|------------|
| 1,500  | San Jose Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 8/01/28 - MBIA Insured                   | 8/15 at 10 |
| 5,510  | Sweetwater Union High School District Public Financing Authority, California, Special Tax Revenue Bonds, Series 2005A, 5.000%, 9/01/28 - FSA Insured | 9/15 at 10 |
| 1,020  | Washington Unified School District, Yolo County, California, Certificates of Participation, Series 2007, 5.125%, 8/01/37 - AMBAC Insured             | 8/17 at 10 |
| -----  |  |            |
| 97,565 | Total Tax Obligation/Limited   |            |
| -----  |  |            |

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NCL

Nuveen Insured California Premium Income Municipal Fund 2, Inc. (continued)  
 Portfolio of INVESTMENTS August 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1)  | OPTIONAL PROVISIONS |
|------------------------|--|---------------------|
| -----                  |  |                     |
|                        | TRANSPORTATION - 7.0% (4.7% OF TOTAL INVESTMENTS)  |                     |
| \$ 6,500               | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 0.000%, 1/15/18 - MBIA Insured  | 1/10 at 6           |
| 4,000                  | Orange County Transportation Authority, California, Toll Road Revenue Bonds, 91 Express Lanes Project, Series 2003A, 5.000%, 8/15/18 - AMBAC Insured   | 8/13 at 10          |
| 5,000                  | San Francisco Airports Commission, California, Revenue Refunding Bonds, San Francisco International Airport, Second Series 2001, Issue 27A, 5.250%, 5/01/31 - MBIA Insured (Alternative Minimum Tax) | 5/11 at 10          |
| -----                  |  |                     |
| 15,500                 | Total Transportation   |                     |
| -----                  |  |                     |

U.S. GUARANTEED - 28.8% (19.3% OF TOTAL INVESTMENTS) (4)

|       |   |             |
|-------|---|-------------|
| 1,380 | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2000, 5.875%, 11/01/20 (Pre-refunded 11/01/10) - MBIA Insured               | 11/10 at 10 |
| 1,295 | California Infrastructure Economic Development Bank, Revenue Bonds, Asian Art Museum of San Francisco, Series 2000: 5.500%, 6/01/19 (Pre-refunded 6/01/10) - MBIA Insured | 6/10 at 10  |
| 1,000 | 5.500%, 6/01/20 (Pre-refunded 6/01/10) - MBIA Insured   | 6/10 at 10  |
| 2,250 | California State, General Obligation Bonds, Series 2004, 5.000%, 4/01/31 (Pre-refunded 4/01/14) - AMBAC Insured   | 4/14 at 10  |

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|       |  |  |             |
|-------|--|--|-------------|
|       | California, Various Purpose General Obligation Bonds, Series 2000:   |  |             |
| 7,995 | 5.750%, 3/01/22 (Pre-refunded 3/01/10) - MBIA Insured  |  | 3/10 at 10  |
| 1,900 | 5.750%, 3/01/27 (Pre-refunded 3/01/10) - MBIA Insured  |  | 3/10 at 10  |
| 2,260 | Central Unified School District, Fresno County, California,<br>General Obligation Bonds, Series 1993, 5.625%, 3/01/18 -<br>AMBAC Insured (ETM)   |  | 3/09 at 10  |
| 3,000 | Escondido Union High School District, San Diego County, California,<br>General Obligation Bonds, Series 1996, 5.700%, 11/01/10 -<br>MBIA Insured (ETM)   |  | 11/08 at 10 |
|       | Fresno Unified School District, Fresno County, California, General<br>Obligation Bonds, Series 2001F:  |  |             |
| 1,065 | 5.125%, 8/01/21 - FSA Insured (ETM)  |  | 8/09 at 10  |
| 1,160 | 5.125%, 8/01/22 - FSA Insured (ETM)  |  | 8/09 at 10  |
| 1,220 | 5.125%, 8/01/23 - FSA Insured (ETM)  |  | 8/09 at 10  |
| 1,500 | Hacienda La Puente Unified School District, Los Angeles County,<br>California, General Obligation Bonds, Series 2000A,<br>5.250%, 8/01/25 (Pre-refunded 8/01/10) - MBIA Insured                              |  | 8/10 at 10  |
| 3,865 | Los Angeles County Metropolitan Transportation Authority,<br>California, Proposition C Second Senior Lien Sales Tax Revenue<br>Bonds, Series 2000A, 5.250%, 7/01/30 (Pre-refunded 7/01/10) -<br>FGIC Insured |  | 7/10 at 10  |
|       | Manteca Unified School District, San Joaquin County, California,<br>General Obligation Bonds, Series 2004:   |  |             |
| 1,000 | 5.250%, 8/01/21 (Pre-refunded 8/01/14) - FSA Insured   |  | 8/14 at 10  |
| 1,000 | 5.250%, 8/01/22 (Pre-refunded 8/01/14) - FSA Insured   |  | 8/14 at 10  |
| 2,500 | Oakland, California, Insured Revenue Bonds, 1800 Harrison<br>Foundation - Kaiser Permanente, Series 1999A,<br>6.000%, 1/01/29 (Pre-refunded 1/01/10) - AMBAC Insured   |  | 1/10 at 10  |
| 1,610 | Poway Redevelopment Agency, California, Tax Allocation<br>Refunding Bonds, Paguay Redevelopment Project, Series 2000,<br>5.750%, 6/15/33 (Pre-refunded 12/15/10) - MBIA Insured                              |  | 12/10 at 10 |
| 3,500 | Puerto Rico Electric Power Authority, Power Revenue Bonds,<br>Series 2002II, 5.125%, 7/01/26 (Pre-refunded 7/01/12) -<br>FSA Insured   |  | 7/12 at 10  |
| 4,320 | Riverside County, California, GNMA Mortgage-Backed Securities<br>Program Single Family Mortgage Revenue Bonds, Series 1987B,<br>8.625%, 5/01/16 (Alternative Minimum Tax) (ETM)                              |  | No Opt.     |
| 1,690 | Sacramento City Financing Authority, California, Capital<br>Improvement Revenue Bonds, Solid Waste and Redevelopment<br>Projects, Series 1999, 5.800%, 12/01/19 (Pre-refunded 12/01/09) -<br>AMBAC Insured   |  | 12/09 at 10 |

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1) | OPTIONAL<br>PROVISIONS |
|---------------------------|-----------------|------------------------|
|---------------------------|-----------------|------------------------|

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U.S. GUARANTEED (4) (continued)

|       |        |  |             |
|-------|--------|--|-------------|
| \$    | 1,000  | Sacramento County Sanitation District Financing Authority, California, Revenue Bonds, Series 2000A, 5.500%, 12/01/20 (Pre-refunded 12/01/10) - AMBAC Insured | 12/10 at 10 |
|       | 905    | University of California, Hospital Revenue Bonds, UCLA Medical Center, Series 2004A, 5.500%, 5/15/18 (Pre-refunded 5/15/12) - AMBAC Insured                  | 5/12 at 10  |
| ----- |        |  |             |
|       | 47,415 | Total U.S. Guaranteed  |             |
| ----- |        |  |             |

UTILITIES - 7.8% (5.3% OF TOTAL INVESTMENTS)

|       |        |   |             |
|-------|--------|---|-------------|
|       | 3,740  | California Pollution Control Financing Authority, Revenue Refunding Bonds, Southern California Edison Company, Series 1999B, 5.450%, 9/01/29 - MBIA Insured               | 9/09 at 10  |
|       | 670    | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - XLCA Insured  | 9/15 at 10  |
|       | 100    | Sacramento City Financing Authority, California, Capital Improvement Revenue Bonds, Solid Waste and Redevelopment Projects, Series 1999, 5.800%, 12/01/19 - AMBAC Insured | 12/09 at 10 |
|       | 1,950  | Salinas Valley Solid Waste Authority, California, Revenue Bonds, Series 2002, 5.250%, 8/01/27 - AMBAC Insured (Alternative Minimum Tax)                                   | 8/12 at 10  |
|       |        | Santa Clara, California, Subordinate Electric Revenue Bonds, Series 2003A:  |             |
|       | 2,800  | 5.000%, 7/01/24 - MBIA Insured  | 7/13 at 10  |
|       | 5,000  | 5.000%, 7/01/28 - MBIA Insured  | 7/13 at 10  |
| ----- |        |   |             |
|       | 14,260 | Total Utilities   |             |
| ----- |        |   |             |

WATER AND SEWER - 21.2% (14.3% OF TOTAL INVESTMENTS)

|  |       |   |             |
|--|-------|---|-------------|
|  | 2,975 | Chino Basin Regional Finance Authority, California, Sewerage System Revenue Bonds, Inland Empire Utilities Agency, Series 1994, 6.000%, 8/01/16 - AMBAC Insured | 2/09 at 10  |
|  | 2,000 | El Dorado Irrigation District, California, Water and Sewer Certificates of Participation, Series 2004A, 5.000%, 3/01/21 - FGIC Insured                          | 3/14 at 10  |
|  | 750   | Fortuna Public Finance Authority, California, Water Revenue Bonds, Series 2006, 5.000%, 10/01/36 - FSA Insured  | 10/16 at 10 |
|  | 460   | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured  | 4/16 at 10  |
|  | 2,700 | Los Angeles County Sanitation Districts Financing Authority, California, Senior Revenue Bonds, Capital Projects, Series 2003A, 5.000%, 10/01/21 - FSA Insured   | 10/13 at 10 |

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|        |   |             |
|--------|---|-------------|
| 2,000  | Los Angeles, California, Wastewater System Revenue Bonds, Series 2005A, 4.500%, 6/01/29 - MBIA Insured                        | 6/15 at 10  |
| 430    | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured | 6/16 at 10  |
| 12,000 | Orange County Sanitation District, California, Certificates of Participation, Series 2003, 5.000%, 2/01/33 - FGIC Insured     | 8/13 at 10  |
| 1,520  | San Buenaventura, California, Water Revenue Certificates of Participation, Series 2004, 5.000%, 10/01/25 - AMBAC Insured      | 10/14 at 10 |
| 3,675  | San Dieguito Water District, California, Water Revenue Bonds, Series 2004, 5.000%, 10/01/23 - FGIC Insured                    | 10/14 at 10 |
|        | Santa Clara Valley Water District, California, Certificates of Participation, Series 2004A:                                   |             |
| 1,400  | 5.000%, 2/01/19 - FGIC Insured  | 2/14 at 10  |
| 445    | 5.000%, 2/01/20 - FGIC Insured  | 2/14 at 10  |
| 465    | 5.000%, 2/01/21 - FGIC Insured  | 2/14 at 10  |

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Nuveen Insured California Premium Income Municipal Fund 2, Inc. (continued)  
Portfolio of INVESTMENTS August 31, 2008

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | WATER AND SEWER (continued)  |                        |
| \$ 2,500                  | West Basin Municipal Water District, California, Revenue Certificates of Participation, Series 2003A, 5.000%, 8/01/30 - MBIA Insured | 8/13 at 10             |
|                           | Yorba Linda Water District, California, Certificates of Participation, Highland Reservoir Renovation, Series 2003:                   |                        |
| 2,010                     | 5.000%, 10/01/28 - FGIC Insured  | 10/13 at 10            |
| 2,530                     | 5.000%, 10/01/33 - FGIC Insured  | 10/13 at 10            |
| -----                     |  |                        |
| 37,860                    | Total Water and Sewer  |                        |
| -----                     |  |                        |
| \$ 274,885                | Total Investments (cost \$266,598,998) - 148.9%  |                        |
| =====                     |  |                        |
|                           | Floating Rate Obligations - (6.2)%   |                        |
|                           | Other Assets Less Liabilities - 1.7%   |                        |
|                           | Auction Rate Preferred Shares, at Liquidation Value - (44.4)% (5)  |                        |
|                           | Net Assets Applicable to Common Shares - 100%  |                        |
| =====                     |  |                        |

At least 80% of the Fund's net assets (including net assets attributable to Auction Rate Preferred shares) are invested

in municipal securities that are covered by insurance or backed by an escrow or trust account containing sufficient U.S. Government or U.S. Government agency securities or U.S. Treasury-issued State and Local Government Series securities to ensure the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 - Insurance, for more information.

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The Portfolio of Investments may reflect the ratings on certain bonds insured by ACA, AMBAC, FGIC, MBIA, RAAI and XLCA as of August 31, 2008. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
  - (5) Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments is 29.8%.
- N/R Not rated.
- (ETM) Escrowed to maturity.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

See accompanying notes to financial statements.

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Nuveen California Premium Income Municipal Fund  
 Portfolio of INVESTMENTS

August 31, 2008

| PRINCIPAL<br>AMOUNT (000)   | DESCRIPTION (1)   | OPTIONAL<br>PROVISIONS |
|---|---|------------------------|
| -----   |   |                        |
| CONSUMER STAPLES - 6.8% (4.6% OF TOTAL INVESTMENTS)   |   |                        |
| \$ 1,500  | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Alameda County Tobacco Asset Securitization Corporation, Series 2002, 5.750%, 6/01/29 | 6/12 at 10             |
| 265   | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Sonoma County Tobacco Securitization Corporation, Series 2005, 4.250%, 6/01/21        | 6/15 at 10             |
| 3,245   | California Statewide Financing Authority, Tobacco Settlement Asset-Backed Bonds, Pooled Tobacco Securitization Program, Series 2002A, 5.625%, 5/01/29                         | 5/12 at 10             |
| 1,350   | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-2, 0.000%, 6/01/37                                  | 6/22 at 10             |
| -----   |   |                        |
| 6,360   | Total Consumer Staples  |                        |
| -----   |   |                        |
| EDUCATION AND CIVIC ORGANIZATIONS - 5.5% (3.7% OF TOTAL INVESTMENTS)                                |   |                        |
| 70  | California Educational Facilities Authority, Revenue Bonds, University of Redlands, Series 2005A, 5.000%, 10/01/35  | 10/15 at 10            |
| California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2006: |   |                        |
| 45  | 5.000%, 11/01/21  | 11/15 at 10            |
| 60  | 5.000%, 11/01/25  | 11/15 at 10            |
| 556   | California State Public Works Board, Lease Revenue Bonds, University of California Regents, Trust 1065, 13.699%, 3/01/33 (IF)   | 3/18 at 10             |
| 2,000   | California State University, Systemwide Revenue Bonds, Series 2005C, 5.000%, 11/01/27 - MBIA Insured  | 11/15 at 10            |
| 1,500   | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2003A, 5.125%, 5/15/17 - AMBAC Insured (UB)   | 5/13 at 10             |
| -----   |   |                        |
| 4,231   | Total Education and Civic Organizations   |                        |
| -----   |   |                        |
| ENERGY - 0.5% (0.4% OF TOTAL INVESTMENTS)   |   |                        |
| 500   | Virgin Islands Public Finance Authority, Revenue Bonds, Refinery Project Hovensa LLC, Series 2007, 4.700%, 7/01/22 (Alternative Minimum Tax)                                  | 1/15 at 10             |
| -----   |   |                        |

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HEALTH CARE - 23.1% (15.6% OF TOTAL INVESTMENTS)

|       |  |             |
|-------|--|-------------|
| 4,705 | California Health Facilities Financing Authority, Hospital Revenue Bonds, Downey Community Hospital, Series 1993, 5.750%, 5/15/15                | 11/08 at 10 |
| 155   | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 4/01/37                          | 4/16 at 10  |
| 3,525 | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2007A, 5.250%, 11/15/46 (UB)                              | 11/16 at 10 |
| 1,500 | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31                | 8/11 at 10  |
| 685   | California Municipal Financing Authority, Certificates of Participation, Community Hospitals of Central California, Series 2007, 5.250%, 2/01/46 | 2/17 at 10  |

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Nuveen California Premium Income Municipal Fund (continued)  
Portfolio of INVESTMENTS August 31, 2008

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)   | OPTIONAL<br>PROVISIONS |
|---------------------------|---|------------------------|
| -----                     |   |                        |
| HEALTH CARE (continued)   |   |                        |
| \$ 377                    | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 14.166%, 7/01/47 - FSA Insured (IF)                | 7/18 at 10             |
| 1,000                     | California Statewide Community Development Authority, Insured Health Facility Revenue Bonds, Henry Mayo Newhall Memorial Hospital, Series 2007A, 5.000%, 10/01/37 | 10/17 at 10            |
| 2,180                     | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41                                       | 3/16 at 10             |
| 730                       | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2001C, 5.250%, 8/01/31                                      | 8/16 at 10             |
| 1,000                     | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2007A, 4.750%, 4/01/33                                      | 4/17 at 10             |
| 2,100                     | California Statewide Community Development Authority, Revenue Bonds, Sherman Oaks Health System, Series 1998A, 5.000%, 8/01/22 - AMBAC Insured                    | No Opt.                |
| 1,000                     | The Regents of the University of California, Medical Center Pooled Revenue Bonds, Series 2007A, 4.500%, 5/15/37 -   | 5/15 at 10             |

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MBIA Insured

|   |  |             |
|---|--|-------------|
| 18,957  | Total Health Care  |             |
| HOUSING/SINGLE FAMILY - 0.5% (0.4% OF TOTAL INVESTMENTS)    |  |             |
| 185   | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2006H, 5.750%, 8/01/30 - FGIC Insured (Alternative Minimum Tax)   | 2/16 at 10  |
| 175   | California Housing Finance Agency, Single Family Mortgage Bonds II, Series 1997A-1, 6.000%, 8/01/20 - MBIA Insured (Alternative Minimum Tax)                                       | 2/09 at 10  |
| 15  | California Rural Home Mortgage Finance Authority, Mortgage-Backed Securities Program Single Family Mortgage Revenue Bonds, Series 1996C, 7.500%, 8/01/27 (Alternative Minimum Tax) | No Opt.     |
| 375   | Total Housing/Single Family  |             |
| INDUSTRIALS - 0.6% (0.4% OF TOTAL INVESTMENTS)              |  |             |
| 500   | California Pollution Control Financing Authority, Solid Waste Disposal Revenue Bonds, Waste Management Inc., Series 2002A, 5.000%, 1/01/22 (Alternative Minimum Tax)               | 1/16 at 10  |
| TAX OBLIGATION/GENERAL - 26.1% (17.6% OF TOTAL INVESTMENTS) |  |             |
| 1,000   | California, General Obligation Bonds, Series 2003: 5.250%, 11/01/19 - RAAI Insured   | 11/13 at 10 |
| 1,500   | 5.000%, 2/01/31 - MBIA Insured   | 2/13 at 10  |
| 1,750   | California, General Obligation Bonds, Series 2004: 5.000%, 4/01/22   | 4/14 at 10  |
| 1,400   | 5.200%, 4/01/26  | 4/14 at 10  |
| 4,000   | California, General Obligation Veterans Welfare Bonds, Series 1999BR, 5.300%, 12/01/29 (Alternative Minimum Tax)   | 12/08 at 10 |
| 6,000   | Hartnell Community College District, California, General Obligation Bonds, Series 2006B, 5.000%, 6/01/29 - FSA Insured (UB)  | 6/16 at 10  |
| 3,000   | Pomona Unified School District, Los Angeles County, California, General Obligation Refunding Bonds, Series 1997A, 6.150%, 8/01/15 - MBIA Insured                                   | 8/11 at 10  |
| 15  | Riverside Community College District, California, General Obligation Bonds, Series 2004A, 5.250%, 8/01/22 - MBIA Insured   | 8/14 at 10  |
| 135   | Roseville Joint Union High School District, Placer County, California, General Obligation Bonds, Series 2006B,   | 8/15 at 10  |



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5.000%, 8/01/27 - FGIC Insured

1,355 San Jose-Evergreen Community College District, Santa Clara County, California, General Obligation Bonds, Series 2005A, 5.000%, 9/01/25 - MBIA Insured 9/15 at 10

-----  
 20,155 Total Tax Obligation/General  
 -----

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| PRINCIPAL AMOUNT (000)                                      | DESCRIPTION (1)  | OPTIONAL PROVISIONS |
|---|--|---------------------|
| TAX OBLIGATION/LIMITED - 42.8% (28.9% OF TOTAL INVESTMENTS) |  |                     |
| \$ 1,000  | Bell Community Redevelopment Agency, California, Tax Allocation Bonds, Bell Project Area, Series 2003, 5.625%, 10/01/33 - RAAI Insured   | 10/13 at 10         |
|   | California Infrastructure Economic Development Bank, Revenue Bonds, North County Center for Self-Sufficiency Corporation, Series 2004:   |                     |
| 1,695   | 5.000%, 12/01/22 - AMBAC Insured   | 12/13 at 10         |
| 1,865   | 5.000%, 12/01/24 - AMBAC Insured   | 12/13 at 10         |
| 5,920   | California State Public Works Board, Lease Revenue Bonds, Department of Veterans Affairs, Southern California Veterans Home - Chula Vista Facility, Series 1999A, 5.600%, 11/01/19 - AMBAC Insured | 11/09 at 10         |
| 905   | California, Economic Recovery Revenue Bonds, Series 2004A, 5.000%, 7/01/15   | 7/14 at 10          |
| 165   | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District, Series 2005, 5.000%, 9/01/24 - FGIC Insured                                       | 9/15 at 10          |
| 500   | Chino Redevelopment Agency, California, Merged Chino Redevelopment Project Area Tax Allocation Bonds, Series 2006, 5.000%, 9/01/38 - AMBAC Insured   | 9/16 at 10          |
| 1,450   | Golden State Tobacco Securitization Corporation, California, Enhanced Asset Backed Settlement Revenue Bonds, Series 2005A, Trust Series 1500, 10.450%, 6/01/45 - AMBAC Insured (IF)                | 6/15 at 10          |
|   | Irvine, California, Unified School District, Community Facilities District Special Tax Bonds, Series 2006A:  |                     |
| 80  | 5.000%, 9/01/26  | 9/16 at 10          |
| 185   | 5.125%, 9/01/36  | 9/16 at 10          |
| 3,500   | Livermore Redevelopment Agency, California, Tax Allocation Revenue Bonds, Livermore Redevelopment Project Area, Series 2001A, 5.000%, 8/01/26 - MBIA Insured                                       | 8/11 at 10          |
| 310   | Los Angeles Community Redevelopment Agency, California,  | 9/15 at 10          |

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|        |  |             |
|--------|--|-------------|
|        | Lease Revenue Bonds, Manchester Social Services Project,<br>Series 2005, 5.000%, 9/01/37 - AMBAC Insured   |             |
| 2,000  | Los Angeles, California, Municipal Improvement Corporation,<br>Lease Revenue Bonds, Police Headquarters, Series 2006A,<br>4.750%, 1/01/31 - FGIC Insured         | 1/17 at 10  |
| 3,230  | Murrieta Redevelopment Agency, California, Tax Allocation<br>Bonds, Series 2005, 5.000%, 8/01/35 - MBIA Insured  | 8/15 at 10  |
| 1,000  | Poway, California, Community Facilities District 88-1, Special<br>Tax Refunding Bonds, Parkway Business Centre, Series 1998,<br>6.500%, 8/15/09                  | 2/09 at 10  |
| 155    | Rialto Redevelopment Agency, California, Tax Allocation Bonds,<br>Merged Project Area, Series 2005A, 5.000%, 9/01/35 -<br>XLCA Insured                           | 9/15 at 10  |
| 190    | Roseville, California, Certificates of Participation, Public Facilities,<br>Series 2003A, 5.000%, 8/01/25 - AMBAC Insured  | 8/13 at     |
| 1,500  | Sacramento City Financing Authority, California, Lease Revenue<br>Refunding Bonds, Series 1993A, 5.400%, 11/01/20 -<br>MBIA Insured                              | No Opt.     |
| 3,000  | Sacramento City Financing Authority, California, Lease Revenue<br>Refunding Bonds, Series 1993B, 5.400%, 11/01/20  | No Opt.     |
|        | San Marcos Public Facilities Authority, California, Revenue<br>Refunding Bonds, Series 1998:   |             |
| 1,500  | 5.800%, 9/01/18  | 9/08 at 10  |
| 1,000  | 5.800%, 9/01/27  | 9/08 at 10  |
| 325    | San Mateo Union High School District, San Mateo County,<br>California, Certificates of Participation, Phase 1, Series 2007A,<br>5.000%, 12/15/30 - AMBAC Insured | 12/17 at 10 |
| 2,050  | Santa Barbara County, California, Certificates of Participation,<br>Series 2001, 5.250%, 12/01/19 - AMBAC Insured  | 12/11 at 10 |
| -----  |  |             |
| 33,525 | Total Tax Obligation/Limited   |             |
| -----  |  |             |

NCU

Nuveen California Premium Income Municipal Fund (continued)  
Portfolio of INVESTMENTS August 31, 2008

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | TRANSPORTATION - 3.4% (2.3% OF TOTAL INVESTMENTS)  |                        |
| \$ 780                    | Bay Area Toll Authority, California, Revenue Bonds, San Francisco<br>Bay Area Toll Bridge, Series 2006, 5.000%, 4/01/31 (UB) | 4/16 at 10             |

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|  |  |            |
|--|--|------------|
| 165  | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2008, Trust 2921, 13.428%, 4/01/39 (IF)                               | 4/18 at 10 |
| 2,000  | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Bonds, Series 1995A, 5.000%, 1/01/35  | 1/10 at 10 |
| -----  |  |            |
| 2,945  | Total Transportation   |            |
| -----  |  |            |
| U.S. GUARANTEED - 20.3% (13.7% OF TOTAL INVESTMENTS) (4) |  |            |
| 2,250  | California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A, 5.125%, 5/01/18 (Pre-refunded 5/01/12)   | 5/12 at 10 |
| 3,000  | California Infrastructure Economic Development Bank, First Lien Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2003A, 5.000%, 7/01/22 - FSA Insured (ETM) | No Opt.    |
| 1,000  | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2003B: 5.625%, 6/01/33 (Pre-refunded 6/01/13)    | 6/13 at 10 |
| 1,000  | 5.500%, 6/01/33 (Pre-refunded 6/01/13)   | 6/13 at 10 |
| 3,495  | Orange County Sanitation District, California, Certificates of Participation, Series 2003, 5.250%, 2/01/21 (Pre-refunded 8/01/13) - FGIC Insured                     | 8/13 at 10 |
| 2,000  | Puerto Rico, General Obligation and Public Improvement Bonds, Series 2000, 5.750%, 7/01/21 (Pre-refunded 7/01/10) - MBIA Insured                                     | 7/10 at 10 |
| 2,000  | Vista, California, Mobile Home Park Revenue Bonds, Vista Manor Mobile Home Park Project, Series 1999A, 5.750%, 3/15/29 (Pre-refunded 3/15/24)                        | 3/24 at 10 |
| -----  |  |            |
| 14,745   | Total U.S. Guaranteed  |            |
| -----  |  |            |
| UTILITIES - 7.8% (5.3% OF TOTAL INVESTMENTS)             |  |            |
| 890  | Long Beach Bond Finance Authority, California, Natural Gas Purchase Revenue Bonds, Series 2007A, 5.500%, 11/15/37  | No Opt.    |
| 275  | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2003A-2, 5.000%, 7/01/21 - MBIA Insured                                    | 7/13 at 10 |
| 295  | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - XLCA Insured   | 9/15 at 10 |
| 4,580  | Sacramento Municipal Utility District, California, Electric Revenue Refunding Bonds, Series 2002Q, 5.250%, 8/15/20 - FSA Insured                                     | 8/12 at 10 |
| -----  |  |            |
| 6,040  | Total Utilities  |            |
| -----  |  |            |

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WATER AND SEWER - 10.5% (7.1% OF TOTAL INVESTMENTS)

|       |  |            |
|-------|--|------------|
| 1,125 | Burbank, California, Wastewater System Revenue Bonds, Series 2004A, 5.000%, 6/01/23 - AMBAC Insured                  | 6/14 at 10 |
| 5,000 | Culver City, California, Wastewater Facilities Revenue Refunding Bonds, Series 1999A, 5.700%, 9/01/29 - FGIC Insured | 9/09 at 10 |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | WATER AND SEWER (continued)  |                        |
| \$ 205                    | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured       | 4/16 at 10             |
| 1,795                     | Woodbridge Irrigation District, California, Certificates of Participation, Water Systems Project, Series 2003, 5.500%, 7/01/33 | 7/13 at 10             |
| -----                     |  |                        |
| 8,125                     | Total Water and Sewer  |                        |
| -----                     |  |                        |
| \$ 116,458                | Total Investments (cost \$116,394,237) - 147.9%  |                        |
| =====                     |  |                        |
|                           | Floating Rate Obligations - (10.8)%  |                        |
|                           | Other Assets Less Liabilities - 17.4%  |                        |
|                           | Auction Rate Preferred Shares, at Liquidation Value - (54.5)% (5)  |                        |
|                           | Net Assets Applicable to Common Shares - 100%  |                        |
| =====                     |  |                        |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The Portfolio of Investments may reflect the ratings on certain bonds insured by ACA, AMBAC, FGIC, MBIA, RAAI and

XLCA as of August 31, 2008. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.

(4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.

(5) Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments is 36.8%.

N/R Not rated.

(ETM) Escrowed to maturity.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

See accompanying notes to financial statements.

NAC  
Nuveen California Dividend Advantage Municipal Fund  
Portfolio of INVESTMENTS

August 31, 2008

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | CONSUMER STAPLES - 6.2% (4.2% OF TOTAL INVESTMENTS)  |                        |
| \$ 1,145                  | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Sonoma County Tobacco Securitization Corporation, Series 2005, 4.250%, 6/01/21 | 6/15 at 10             |
| 7,500                     | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-1, 5.750%, 6/01/47                           | 6/17 at 10             |
| 24,265                    | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-2, 0.000%, 6/01/37                           | 6/22 at 10             |
| -----                     |  |                        |
| 32,910                    | Total Consumer Staples   |                        |
| -----                     |  |                        |

EDUCATION AND CIVIC ORGANIZATIONS - 5.9% (4.0% OF TOTAL INVESTMENTS)

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|        |   |             |
|--------|---|-------------|
| 290    | California Educational Facilities Authority, Revenue Bonds, University of Redlands, Series 2005A, 5.000%, 10/01/35  | 10/15 at 10 |
| 10,000 | California Educational Facilities Authority, Revenue Bonds, University of Southern California, Series 2007A, 4.500%, 10/01/33 (UB)                                      | 10/17 at 10 |
|        | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2006:   |             |
| 200    | 5.000%, 11/01/21  | 11/15 at 10 |
| 265    | 5.000%, 11/01/25  | 11/15 at 10 |
| 2,343  | California State Public Works Board, Lease Revenue Bonds, University of California Regents, Trust 1065, 13.699%, 3/01/33 (IF)   | 3/18 at 10  |
| 615    | California Statewide Community Development Authority, Revenue Bonds, Notre Dame de Namur University, Series 2003, 6.500%, 10/01/23                                      | 10/13 at 10 |
| 3,000  | Long Beach Bond Financing Authority, California, Lease Revenue Refunding Bonds, Long Beach Aquarium of the South Pacific, Series 2001, 5.500%, 11/01/17 - AMBAC Insured | 11/11 at 10 |
| 3,500  | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2003A, 5.125%, 5/15/17 - AMBAC Insured (UB)   | 5/13 at 10  |

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|        |   |  |
|--------|---|--|
| 20,213 | Total Education and Civic Organizations |  |
|--------|---|--|

---

HEALTH CARE - 22.3% (15.1% OF TOTAL INVESTMENTS)

|        |  |             |
|--------|--|-------------|
| 2,160  | California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A, 5.000%, 3/01/15       | 3/13 at 10  |
|        | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 2006:  |             |
| 660    | 5.000%, 4/01/37  | 4/16 at 10  |
| 10,140 | 5.250%, 3/01/45  | 3/16 at 10  |
| 14,895 | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2007A, 5.250%, 11/15/46 (UB)                                | 11/16 at 10 |
| 10,000 | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2007A, 5.000%, 11/15/42 - MBIA Insured                      | 11/16 at 10 |
| 1,120  | California Statewide Communities Development Authority, Revenue Bonds, Adventist Health System West, Series 2005A, 5.000%, 3/01/35                 | 3/15 at 10  |
| 1,586  | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 14.166%, 7/01/47 - FSA Insured (IF) | 7/18 at 10  |

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| PRINCIPAL<br>AMOUNT (000)                                | DESCRIPTION (1)   | OPTIONAL<br>PROVISIONS |
|--|---|------------------------|
| HEALTH CARE (continued)                                  |   |                        |
| \$ 1,535   | California Statewide Communities Development Authority, Revenue Bonds, ValleyCare Health System, Series 2007A, 5.125%, 7/15/31                              | 7/17 at 10             |
| 9,280  | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41                                 | 3/16 at 10             |
| 3,095  | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2001C, 5.250%, 8/01/31                                | 8/16 at 10             |
| 10,000   | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, 5.000%, 3/01/41 - BHAC Insured (UB)                          | 3/16 at 10             |
| 10,500   | Duarte, California, Certificates of Participation, City of Hope National Medical Center, Series 1999A, 5.250%, 4/01/31                                      | 4/09 at 10             |
| 2,570  | Rancho Mirage Joint Powers Financing Authority, California, Revenue Bonds, Eisenhower Medical Center, Series 2007A, 5.000%, 7/01/38                         | 7/17 at 10             |
| 77,541   | Total Health Care   |                        |
| HOUSING/MULTIFAMILY - 2.4% (1.6% OF TOTAL INVESTMENTS)   |   |                        |
| 5,000  | Contra Costa County, California, Multifamily Housing Revenue Bonds, Delta View Apartments Project, Series 1999C, 6.750%, 12/01/30 (Alternative Minimum Tax) | 6/09 at 10             |
| 320  | Independent Cities Lease Finance Authority, California, Mobile Home Park Revenue Bonds, San Juan Mobile Estates, Series 2006B, 5.850%, 5/15/41              | 5/16 at 10             |
| 1,725  | Rohnert Park Finance Authority, California, Senior Lien Revenue Bonds, Rancho Feliz Mobile Home Park, Series 2003A, 5.750%, 9/15/38                         | 9/13 at 10             |
| 1,120  | Rohnert Park Finance Authority, California, Subordinate Lien Revenue Bonds, Rancho Feliz Mobile Home Park, Series 2003B, 6.625%, 9/15/38                    | 9/13 at 10             |
| 8,165  | Total Housing/Multifamily   |                        |
| HOUSING/SINGLE FAMILY - 0.2% (0.2% OF TOTAL INVESTMENTS) |   |                        |
| 770  | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2006H, 5.750%, 8/01/30 - FGIC Insured  | 2/16 at 10             |

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(Alternative Minimum Tax)

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| INDUSTRIALS - 1.7% (1.2% OF TOTAL INVESTMENTS) |  |            |
|--|--|------------|
| 2,000  | California Pollution Control Financing Authority, Solid Waste Disposal Revenue Bonds, Waste Management Inc., Series 2002A, 5.000%, 1/01/22 (Alternative Minimum Tax) | 1/16 at 10 |
| 5,120  | California Statewide Communities Development Authority, Revenue Bonds, EnerTech Regional Biosolids Project, Series 2007A, 5.500%, 12/01/33 (Alternative Minimum Tax) | No Opt.    |
| 7,120  | Total Industrials  |            |

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| LONG-TERM CARE - 2.5% (1.7% OF TOTAL INVESTMENTS) |  |            |
|---|--|------------|
| 8,500   | Riverside County Public Financing Authority, California, Certificates of Participation, Air Force Village West, Series 1999, 5.800%, 5/15/29 | 5/09 at 10 |

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| TAX OBLIGATION/GENERAL - 14.8% (10.1% OF TOTAL INVESTMENTS) |  |             |
|---|--|-------------|
| 2,000   | California, General Obligation Bonds, Series 2003, 5.250%, 11/01/19 - RAAI Insured   | 11/13 at 10 |
| 5,000   | California, General Obligation Bonds, Series 2004: 5.125%, 4/01/23   | 4/14 at 10  |
| 4,150   | 5.125%, 4/01/25  | 4/14 at 10  |
| 4,435   | California, General Obligation Refunding Bonds, Series 2002, 6.000%, 4/01/16 - AMBAC Insured                                       | No Opt.     |
| 5,000   | Coast Community College District, Orange County, California, General Obligation Bonds, Series 2006B, 5.000%, 8/01/24 - FSA Insured | 8/16 at 10  |
| 3,425   | Coast Community College District, Orange County, California, General Obligation Bonds, Series 2006C, 0.000%, 8/01/31 - FSA Insured | 8/18 at 10  |
| 5,000   | Fresno Unified School District, Fresno County, California, General Obligation Bonds, Series 2002A, 6.000%, 8/01/26 - MBIA Insured  | No Opt.     |

NAC  
 Nuveen California Dividend Advantage Municipal Fund (continued)  
 Portfolio of INVESTMENTS August 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIONS |
|------------------------|-----------------|---------------------|
|------------------------|-----------------|---------------------|

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TAX OBLIGATION/GENERAL (continued)

|       |        |   |            |
|-------|--------|---|------------|
| \$    | 5,150  | Hacienda La Puente Unified School District Facilities Financing Authority, California, General Obligation Revenue Bonds, Series 2007, 5.000%, 8/01/26 - FSA Insured | No Opt.    |
|       | 5,210  | Oak Valley Hospital District, Stanislaus County, California, General Obligation Bonds, Series 2005, 5.000%, 7/01/35 - FGIC Insured                                  | 7/14 at 10 |
|       | 575    | Roseville Joint Union High School District, Placer County, California, General Obligation Bonds, Series 2006B, 5.000%, 8/01/27 - FGIC Insured                       | 8/15 at 10 |
|       | 5,000  | San Diego Unified School District, San Diego County, California, General Obligation Bonds, Series 2003E, 5.250%, 7/01/20 - FSA Insured                              | 7/13 at 10 |
|       | 3,605  | West Contra Costa Unified School District, Contra Costa County, California, General Obligation Bonds, Series 2003B, 5.000%, 8/01/21 - FSA Insured                   | 8/11 at 10 |
| ----- |        |   |            |
|       | 48,550 | Total Tax Obligation/General  |            |
| ----- |        |   |            |

TAX OBLIGATION/LIMITED - 25.7% (17.4% OF TOTAL INVESTMENTS)

|  |       |  |             |
|--|-------|--|-------------|
|  |       | Beaumont Financing Authority, California, Local Agency Revenue Bonds, Series 2004D:  |             |
|  | 1,000 | 5.500%, 9/01/24  | 9/14 at 10  |
|  | 615   | 5.800%, 9/01/35  | 9/14 at 10  |
|  | 1,990 | Borrego Water District, California, Community Facilities District 2007-1 Montesorro, Special Tax Bonds, Series 2007, 5.750%, 8/01/25                         | 8/17 at 10  |
|  | 1,990 | Brentwood Infrastructure Financing Authority, California, Infrastructure Revenue Refunding Bonds, Series 2002A, 5.125%, 9/02/24 - FSA Insured                | 9/12 at 10  |
|  |       | Brentwood Infrastructure Financing Authority, Contra Costa County, California, Capital Improvement Revenue Bonds, Series 2001:                               |             |
|  | 1,110 | 5.375%, 11/01/18 - FSA Insured   | 11/11 at 10 |
|  | 1,165 | 5.375%, 11/01/19 - FSA Insured   | 11/11 at 10 |
|  | 2,000 | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District 90-2 - Talega, Series 2003, 6.000%, 9/01/33  | 9/13 at 10  |
|  | 710   | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District, Series 2005, 5.000%, 9/01/24 - FGIC Insured | 9/15 at 10  |
|  | 1,225 | Chino Redevelopment Agency, California, Merged Chino Redevelopment Project Area Tax Allocation Bonds, Series 2006, 5.000%, 9/01/38 - AMBAC Insured           | 9/16 at 10  |
|  | 3,490 | Fontana, California, Senior Special Tax Refunding Bonds,   | 9/08 at 10  |

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|       |  |            |
|-------|--|------------|
|       | Heritage Village Community Facilities District 2, Series 1998A,<br>5.250%, 9/01/17 - MBIA Insured  |            |
| 1,125 | Fontana, California, Special Tax Bonds, Sierra Community<br>Facilities District 22, Series 2004, 6.000%, 9/01/34   | 9/14 at 10 |
| 3,980 | Garden Grove, California, Certificates of Participation, Financing<br>Project, Series 2002A, 5.500%, 3/01/22 - AMBAC Insured                                       | 3/12 at 10 |
|       | Golden State Tobacco Securitization Corporation, California,<br>Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A,<br>Trust 2448:                        |            |
| 9,425 | 11.686%, 6/01/35 - FGIC Insured (IF)   | 6/15 at 10 |
| 1,105 | 11.691%, 6/01/38 - FGIC Insured (IF)   | 6/15 at 10 |
| 2,850 | Hesperia Community Redevelopment Agency, California,<br>Tax Allocation Bonds, Series 2005A, 5.000%, 9/01/35 -<br>XLCA Insured                                      | 9/15 at 10 |
| 4,500 | Inglewood Redevelopment Agency, California, Tax Allocation<br>Refunding Bonds, Merged Area Redevelopment Project,<br>Series 1998A, 5.250%, 5/01/23 - AMBAC Insured | No Opt.    |
|       | Irvine, California, Unified School District, Community Facilities<br>District Special Tax Bonds, Series 2006A:   |            |
| 345   | 5.000%, 9/01/26  | 9/16 at 10 |
| 795   | 5.125%, 9/01/36  | 9/16 at 10 |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | TAX OBLIGATION/LIMITED (continued)   |                        |
| \$ 675                    | Lammersville School District, San Joaquin County, California,<br>Community Facilities District 2002, Mountain House Special<br>Tax Bonds, Series 2006, 5.125%, 9/01/35                           | 9/16 at 10             |
| 2,000                     | Lee Lake Water District, Riverside County, California, Special<br>Tax Bonds, Community Facilities District 1 of Sycamore Creek,<br>Series 2003, 6.500%, 9/01/24                                  | 9/13 at 10             |
| 1,000                     | Lindsay Redevelopment Agency, California, Project 1 Tax Allocation<br>Bonds, Series 2007, 5.000%, 8/01/37 - RAAI Insured   | 8/17 at 10             |
| 1,290                     | Los Angeles Community Redevelopment Agency, California, Lease<br>Revenue Bonds, Manchester Social Services Project, Series 2005,<br>5.000%, 9/01/37 - AMBAC Insured                              | 9/15 at 10             |
| 1,750                     | Los Angeles County Metropolitan Transportation Authority,<br>California, Proposition C Second Senior Lien Sales Tax Revenue<br>Refunding Bonds, Series 1998A, 5.000%, 7/01/23 -<br>AMBAC Insured | 1/09 at 10             |
| 1,530                     | Moreno Valley Unified School District, Riverside County,<br>California, Certificates of Participation, Series 2005,<br>5.000%, 3/01/24 - FSA Insured   | 3/14 at 10             |

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|       |  |             |
|-------|--|-------------|
| 3,500 | Murrieta Redevelopment Agency, California, Tax Allocation Bonds, Series 2007A, 5.000%, 8/01/37 - MBIA Insured  | 8/17 at 10  |
| 9,200 | Norco Redevelopment Agency, California, Tax Allocation Refunding Bonds, Project Area 1, Series 2001, 5.000%, 3/01/19 - MBIA Insured                                  | 3/11 at 10  |
|       | North Natomas Community Facilities District 4, Sacramento, California, Special Tax Bonds, Series 2006D:  |             |
| 545   | 5.000%, 9/01/26  | 9/14 at 10  |
| 250   | 5.000%, 9/01/33  | 9/14 at 10  |
| 3,290 | Oakland Redevelopment Agency, California, Subordinate Lien Tax Allocation Bonds, Central District Redevelopment Project, Series 2003, 5.500%, 9/01/16 - FGIC Insured | 3/13 at 10  |
| 5,600 | Palm Springs Financing Authority, California, Lease Revenue Refunding Bonds, Convention Center Project, Series 2001A, 5.000%, 11/01/22 - MBIA Insured                | 11/11 at 10 |
| 1,000 | Palmdale Community Redevelopment Agency, California, Tax Allocation Bonds, Merged Redevelopment Project Areas, Series 2004, 5.000%, 12/01/24 - AMBAC Insured         | 12/14 at 10 |
| 1,570 | Poway Redevelopment Agency, California, Tax Allocation Refunding Bonds, Paguay Redevelopment Project, Series 2000, 5.750%, 6/15/33 - MBIA Insured                    | 12/10 at 10 |
| 620   | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 - XLCA Insured                                     | 9/15 at 10  |
| 1,860 | Riverside Redevelopment Agency, California, Tax Allocation Refunding Bonds, Merged Project Areas, Series 2003, 5.250%, 8/01/22 - MBIA Insured                        | 8/13 at 10  |
| 770   | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured   | 8/13 at 10  |
| 2,500 | Sacramento City Financing Authority, California, Lease Revenue Refunding Bonds, Series 1993A, 5.400%, 11/01/20 - AMBAC Insured                                       | No Opt.     |
| 1,150 | Sacramento, California, Special Tax Bonds, North Natomas Community Facilities District 4, Series 2003C, 6.000%, 9/01/33  | 9/14 at 10  |
| 2,695 | San Jose Financing Authority, California, Lease Revenue Refunding Bonds, Civic Center Project, Series 2002B, 5.250%, 6/01/19 - AMBAC Insured                         | 6/12 at 10  |
| 1,000 | Washington Unified School District, Yolo County, California, Certificates of Participation, Series 2007, 5.125%, 8/01/37 - AMBAC Insured                             | 8/17 at 10  |
| 2,810 | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Series 2003B, 7.000%, 9/01/38                                 | 9/13 at 10  |
| 2,000 | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Series 2004B, 6.000%, 9/01/39                                 | 9/13 at 10  |

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|        |  |            |
|--------|--|------------|
| 1,350  | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 2001-1, Series 2004A, 6.125%, 9/01/39 | 9/13 at 10 |
| -----  |  |            |
| 89,375 | Total Tax Obligation/Limited   |            |
| -----  |  |            |

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NAC  
 Nuveen California Dividend Advantage Municipal Fund (continued)  
 Portfolio of INVESTMENTS August 31, 2008

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1)   | OPTIONAL PROVISIONS |
|------------------------|---|---------------------|
| -----                  |   |                     |
|                        | TRANSPORTATION - 19.3% (13.1% OF TOTAL INVESTMENTS)   |                     |
| \$ 1,430               | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2006, 5.000%, 4/01/31 (UB)   | 4/16 at 10          |
| 610                    | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2008, Trust 2921, 13.428%, 4/01/39 (IF)  | 4/18 at 10          |
| 8,150                  | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 5.750%, 1/15/40  | 1/10 at 10          |
| 8,515                  | Los Angeles Harbors Department, California, Revenue Refunding Bonds, Series 2001B, 5.500%, 8/01/18 - AMBAC Insured (Alternative Minimum Tax)  | 8/11 at 10          |
| 120                    | Palm Springs Financing Authority, California, Palm Springs International Airport Revenue Bonds, Series 2006, 5.450%, 7/01/20 (Alternative Minimum Tax)                                    | 7/14 at 10          |
| 23,000                 | Port of Oakland, California, Revenue Bonds, Series 2000K, 5.750%, 11/01/29 - FGIC Insured (Alternative Minimum Tax)   | 5/10 at 10          |
| 23,275                 | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 2000, Issue 24A, 5.750%, 5/01/30 - FSA Insured (Alternative Minimum Tax) | 5/10 at 10          |
| -----                  |   |                     |
| 65,100                 | Total Transportation  |                     |
| -----                  |   |                     |

U.S. GUARANTEED - 28.1% (19.1% OF TOTAL INVESTMENTS) (4)

|       |  |             |
|-------|--|-------------|
| 9,750 | California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A, 5.125%, 5/01/18 (Pre-refunded 5/01/12) | 5/12 at 10  |
| 115   | California Department of Water Resources, Water System Revenue   | 12/11 at 10 |

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|        |  |  |             |
|--------|--|--|-------------|
|        | Bonds, Central Valley Project, Series 2001W, 5.250%, 12/01/22<br>(Pre-refunded 12/01/11) - FSA Insured   |  |             |
| 1,500  | California Health Facilities Financing Authority, Revenue Bonds,<br>Cedars-Sinai Medical Center, Series 1999A, 6.125%, 12/01/30<br>(Pre-refunded 12/01/09)   |  | 12/09 at 10 |
| 8,400  | California Health Facilities Financing Authority, Revenue Bonds,<br>Kaiser Permanente System, Series 1998B,<br>5.250%, 10/01/14 (ETM)  |  | 10/08 at 10 |
| 715    | California Statewide Community Development Authority,<br>Revenue Bonds, Thomas Jefferson School of Law, Series 2005A,<br>4.875%, 10/01/31 (Pre-refunded 10/01/15)  |  | 10/15 at 10 |
| 8,000  | Central California Joint Powers Health Finance Authority,<br>Certificates of Participation, Community Hospitals of Central<br>California Obligated Group, Series 2000, 6.000%, 2/01/30<br>(Pre-refunded 2/01/10) |  | 2/10 at 10  |
| 4,850  | Golden State Tobacco Securitization Corporation, California,<br>Tobacco Settlement Asset-Backed Bonds, Series 2003A-1,<br>6.250%, 6/01/33 (Pre-refunded 6/01/13)   |  | 6/13 at 10  |
| 1,940  | Lincoln, California, Special Tax Bonds, Lincoln Crossing<br>Community Facilities District 03-1, Series 2003A,<br>6.500%, 9/01/25 (Pre-refunded 9/01/13)  |  | 9/13 at 10  |
| 1,335  | Lincoln, California, Special Tax Bonds, Lincoln Crossing<br>Community Facilities District 03-1, Series 2004,<br>6.000%, 9/01/34 (Pre-refunded 9/01/13)   |  | 9/13 at 10  |
| 10,845 | Los Angeles Unified School District, California, General<br>Obligation Bonds, Series 2002E, 5.000%, 7/01/19<br>(Pre-refunded 7/01/12) - MBIA Insured   |  | 7/12 at 10  |
|        | Northern California Tobacco Securitization Authority, Tobacco<br>Settlement Asset-Backed Bonds, Series 2001A:  |  |             |
| 2,500  | 5.250%, 6/01/31 (Pre-refunded 6/01/11)   |  | 6/11 at 10  |
| 4,500  | 5.375%, 6/01/41 (Pre-refunded 6/01/11)   |  | 6/11 at 10  |
| 5,840  | Orange County Water District, California, Revenue Certificates<br>of Participation, Series 1999A, 5.375%, 8/15/29 (ETM)  |  | 8/09 at 10  |
| 6,530  | Poway Redevelopment Agency, California, Tax Allocation<br>Refunding Bonds, Paguay Redevelopment Project, Series 2000,<br>5.750%, 6/15/33 (Pre-refunded 12/15/10) - MBIA Insured                                  |  | 12/10 at 10 |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | U.S. GUARANTEED (4) (continued)  |                        |
| \$ 4,000                  | Puerto Rico, General Obligation and Public Improvement Bonds,<br>Series 2000, 5.750%, 7/01/16 (Pre-refunded 7/01/10) -<br>MBIA Insured | 7/10 at 10             |

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|        |  |            |
|--------|--|------------|
| 2,860  | Tobacco Securitization Authority of Southern California, Tobacco Settlement Asset-Backed Bonds, San Diego County Tobacco Asset Securitization Corporation, Senior Series 2001A, 5.250%, 6/01/27 (Pre-refunded 6/01/12) | 6/12 at 10 |
| 700    | University of California, Certificates of Participation, San Diego and Sacramento Campus Projects, Series 2002A, 5.250%, 1/01/22 (Pre-refunded 1/01/10)  | 1/10 at 10 |
| 11,305 | University of California, Revenue Bonds, Multi-Purpose Projects, Series 20020, 5.000%, 9/01/21 (Pre-refunded 9/01/10) - FGIC Insured   | 9/10 at 10 |
| 2,500  | Whittier, California, Health Facility Revenue Bonds, Presbyterian Intercommunity Hospital, Series 2002, 5.600%, 6/01/22 (Pre-refunded 6/01/12)   | 6/12 at 10 |
| <hr/>  |  |            |
| 88,185 | Total U.S. Guaranteed  |            |
| <hr/>  |  |            |

UTILITIES - 8.8% (6.0% OF TOTAL INVESTMENTS)

|        |   |             |
|--------|---|-------------|
| 3,630  | Imperial Irrigation District, California, Certificates of Participation, Electric System Revenue Bonds, Series 2003, 5.250%, 11/01/23 - FSA Insured | 11/13 at 10 |
| 3,775  | Long Beach Bond Finance Authority, California, Natural Gas Purchase Revenue Bonds, Series 2007A, 5.000%, 11/15/35                                   | No Opt.     |
| 7,000  | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2001A-1, 5.250%, 7/01/21 - FSA Insured                    | 7/11 at 10  |
| 8,370  | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2001A-2, 5.375%, 7/01/19 - MBIA Insured                   | 7/11 at 10  |
| 5,500  | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2005A-1, 5.000%, 7/01/31 - FSA Insured (UB)               | 7/15 at 10  |
| 1,270  | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - XLCA Insured                                  | 9/15 at 10  |
| <hr/>  |   |             |
| 29,545 | Total Utilities   |             |
| <hr/>  |   |             |

WATER AND SEWER - 9.3% (6.3% OF TOTAL INVESTMENTS)

|       |  |             |
|-------|--|-------------|
| 9,050 | California Department of Water Resources, Water System Revenue Bonds, Central Valley Project, Series 2001W, 5.250%, 12/01/22 - FSA Insured | 12/11 at 10 |
| 875   | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured                   | 4/16 at 10  |
| 2,500 | Indio Water Authority, California, Water Revenue Bonds,  | 4/16 at 10  |

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Series 2006, 5.000%, 4/01/31 - AMBAC Insured

|       |   |             |
|-------|---|-------------|
| 835   | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured | 6/16 at 10  |
| 8,250 | Pico Rivera Water Authority, California, Revenue Bonds, Series 2001A, 6.250%, 12/01/32  | 12/11 at 10 |
| 1,855 | Puerto Rico Aqueduct and Sewerage Authority, Revenue Bonds, Senior Lien Series 2008A, 6.000%, 7/01/38                         | 7/18 at 10  |

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NAC

Nuveen California Dividend Advantage Municipal Fund (continued)  
Portfolio of INVESTMENTS August 31, 2008

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)   | OPTIONAL<br>PROVISIONS |
|---------------------------|---|------------------------|
|                           |   |                        |
|                           | WATER AND SEWER (continued)   |                        |
| \$ 2,250                  | Sacramento County Sanitation District Financing Authority, California, Revenue Bonds, Series 2006, 5.000%, 12/01/31 - FGIC Insured        | 6/16 at 10             |
| 5,115                     | San Francisco City and County Public Utilities Commission, California, Water Revenue Bonds, Series 2002A, 5.000%, 11/01/18 - MBIA Insured | 11/12 at 10            |
| 30,730                    | Total Water and Sewer   |                        |
| \$ 506,704                | Total Investments (cost \$502,078,399) - 147.2%   |                        |
|                           |   |                        |
|                           | Floating Rate Obligations - (9.6)%  |                        |
|                           | Other Assets Less Liabilities - 2.4%  |                        |
|                           | Auction Rate Preferred Shares, at Liquidation Value - (40.0)% (5)   |                        |
|                           | Net Assets Applicable to Common Shares - 100%   |                        |
|                           |   |                        |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by

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Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The Portfolio of Investments may reflect the ratings on certain bonds insured by ACA, AMBAC, FGIC, MBIA, RAAI and XLCA as of August 31, 2008. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments is 27.2%.

N/R Not rated.

(ETM) Escrowed to maturity.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

See accompanying notes to financial statements.

NVX  
Nuveen California Dividend Advantage Municipal Fund 2  
Portfolio of INVESTMENTS

August 31, 2008

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | CONSUMER STAPLES - 7.4% (4.9% OF TOTAL INVESTMENTS)  |                        |
| \$ 710                    | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Sonoma County Tobacco Securitization Corporation, Series 2005, 4.250%, 6/01/21 | 6/15 at 10             |
| 4,625                     | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Stanislaus County Tobacco Funding Corporation, Series 2002A, 5.500%, 6/01/33   | 6/12 at 10             |
| 4,000                     | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-1, 5.750%, 6/01/47                           | 6/17 at 10             |
| 13,480                    | Golden State Tobacco Securitization Corporation, California,   | 6/22 at 10             |



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Enhanced Tobacco Settlement Asset-Backed Bonds,  
Series 2007A-2, 0.000%, 6/01/37

-----  
22,815 Total Consumer Staples  
-----

EDUCATION AND CIVIC ORGANIZATIONS - 13.0% (8.6% OF TOTAL INVESTMENTS)

|        |   |             |
|--------|---|-------------|
| 2,000  | California Educational Facilities Authority, Revenue Bonds,<br>Stanford University, Series 2001Q, 5.250%, 12/01/32  | 6/11 at 10  |
| 180    | California Educational Facilities Authority, Revenue Bonds,<br>University of Redlands, Series 2005A, 5.000%, 10/01/35   | 10/15 at 10 |
|        | California Educational Facilities Authority, Revenue Bonds,<br>University of the Pacific, Series 2006:  |             |
| 125    | 5.000%, 11/01/21  | 11/15 at 10 |
| 165    | 5.000%, 11/01/25  | 11/15 at 10 |
| 6,375  | California Educational Facilities Authority, Student Loan Revenue<br>Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 -<br>MBIA Insured (Alternative Minimum Tax)       | 9/08 at 10  |
| 1,472  | California State Public Works Board, Lease Revenue Bonds,<br>University of California Regents, Trust 1065, 13.699%, 3/01/33 (IF)  | 3/18 at 10  |
| 10,570 | California State Public Works Board, Lease Revenue Bonds,<br>University of California, UCLA Replacement Hospital Project,<br>Series 2002A, 5.375%, 10/01/18 - FSA Insured     | 10/12 at 10 |
| 620    | California Statewide Community Development Authority, Revenue<br>Bonds, Notre Dame de Namur University, Series 2003,<br>6.500%, 10/01/23                                      | 10/13 at 10 |
| 3,000  | Long Beach Bond Financing Authority, California, Lease Revenue<br>Refunding Bonds, Long Beach Aquarium of the South Pacific,<br>Series 2001, 5.250%, 11/01/30 - AMBAC Insured | 11/11 at 10 |
| 2,680  | University of California, Revenue Bonds, Multi-Purpose Projects,<br>Series 2003A, 5.000%, 5/15/33 - AMBAC Insured (UB)  | 5/13 at 10  |
| -----  |   |             |
| 27,187 | Total Education and Civic Organizations   |             |
| -----  |   |             |

HEALTH CARE - 16.7% (11.1% OF TOTAL INVESTMENTS)

|       |  |             |
|-------|--|-------------|
| 2,000 | California Health Facilities Financing Authority, Revenue Bonds,<br>Casa Colina Inc., Series 2001, 6.000%, 4/01/22         | 4/12 at 10  |
| 415   | California Health Facilities Financing Authority, Revenue Bonds,<br>Kaiser Permanente System, Series 2006, 5.000%, 4/01/37 | 4/16 at 10  |
| 9,260 | California Health Facilities Financing Authority, Revenue Bonds,<br>Sutter Health, Series 2007A, 5.250%, 11/15/46 (UB)     | 11/16 at 10 |

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NVX

Nuveen California Dividend Advantage Municipal Fund 2 (continued)  
 Portfolio of INVESTMENTS August 31, 2008

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | HEALTH CARE (continued)  |                        |
| \$ 500                    | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31  | 8/11 at 10             |
| 2,520                     | California Statewide Communities Development Authority, Revenue Bonds, Adventist Health System West, Series 2005A, 5.000%, 3/01/35   | 3/15 at 10             |
|                           | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554:   |                        |
| 998                       | 14.166%, 7/01/47 - FSA Insured (IF)  | 7/18 at 10             |
| 1,325                     | 14.144%, 7/01/47 - FSA Insured (IF)  | 7/18 at 10             |
| 960                       | California Statewide Communities Development Authority, Revenue Bonds, ValleyCare Health System, Series 2007A, 5.125%, 7/15/31   | 7/17 at 10             |
| 2,185                     | California Statewide Community Development Authority, Health Facility Revenue Refunding Bonds, Memorial Health Services, Series 2003A, 6.000%, 10/01/11  | No Opt.                |
| 2,500                     | California Statewide Community Development Authority, Hospital Revenue Bonds, Monterey Peninsula Hospital, Series 2003B, 5.250%, 6/01/18 - FSA Insured   | 6/13 at 10             |
| 7,775                     | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41  | 3/16 at 10             |
| 425                       | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2001C, 5.250%, 8/01/31   | 8/16 at 10             |
| 5,785                     | Rancho Mirage Joint Powers Financing Authority, California, Revenue Bonds, Eisenhower Medical Center, Series 2007A, 5.000%, 7/01/38  | 7/17 at 10             |
| -----                     |  |                        |
| 36,648                    | Total Health Care  |                        |
| -----                     |  |                        |
|                           | HOUSING/MULTIFAMILY - 5.2% (3.5% OF TOTAL INVESTMENTS)   |                        |
| 5,962                     | California Statewide Community Development Authority, Multifamily Housing Revenue Refunding Bonds, Claremont Village Apartments, Series 2001D, 5.500%, 6/01/31 (Mandatory put 6/01/16) (Alternative Minimum Tax) | 6/11 at 10             |
| 205                       | Independent Cities Lease Finance Authority, California, Mobile Home Park Revenue Bonds, San Juan Mobile Estates, Series 2006B, 5.850%, 5/15/41   | 5/16 at 10             |
| 1,055                     | Rohnert Park Finance Authority, California, Senior Lien Revenue  | 9/13 at 10             |

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Bonds, Rancho Feliz Mobile Home Park, Series 2003A,  
5.750%, 9/15/38

|        |  |            |
|--------|--|------------|
| 700    | Rohnert Park Finance Authority, California, Subordinate Lien Revenue Bonds, Rancho Feliz Mobile Home Park, Series 2003B, 6.625%, 9/15/38 | 9/13 at 10 |
| 3,045  | Yucaipa Redevelopment Agency, California, Mobile Home Park Revenue Bonds, Rancho del Sol and Grandview, Series 2001A, 6.750%, 5/15/36    | 5/11 at 10 |
| -----  |  |            |
| 10,967 | Total Housing/Multifamily  |            |
| -----  |  |            |

HOUSING/SINGLE FAMILY - 1.0% (0.5% OF TOTAL INVESTMENTS)

|       |   |            |
|-------|---|------------|
| 480   | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2006H, 5.750%, 8/01/30 - FGIC Insured (Alternative Minimum Tax)  | 2/16 at 10 |
| 1,925 | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2007M, Trust 1021, 9.741%, 8/01/31 (Alternative Minimum Tax) (IF)  | 2/16 at 10 |
| 480   | California Rural Home Mortgage Finance Authority, Mortgage-Backed Securities Program Single Family Mortgage Revenue Bonds, Series 2001A, 5.650%, 12/01/31 (Alternative Minimum Tax) | 6/11 at 10 |
| ----- |   |            |
| 2,885 | Total Housing/Single Family   |            |
| ----- |   |            |

INDUSTRIALS - 1.7% (1.1% OF TOTAL INVESTMENTS)

|       |  |            |
|-------|--|------------|
| 1,250 | California Pollution Control Financing Authority, Solid Waste Disposal Revenue Bonds, Waste Management Inc., Series 2002A, 5.000%, 1/01/22 (Alternative Minimum Tax) | 1/16 at 10 |
| 3,175 | California Statewide Communities Development Authority, Revenue Bonds, EnerTech Regional Biosolids Project, Series 2007A, 5.500%, 12/01/33 (Alternative Minimum Tax) | No Opt.    |
| ----- |  |            |
| 4,425 | Total Industrials  |            |
| ----- |  |            |

| PRINCIPAL AMOUNT (000)                            | DESCRIPTION (1)  | OPTIONAL PROVISIONS |
|---|--|---------------------|
| -----   |  |                     |
| LONG-TERM CARE - 2.4% (1.6% OF TOTAL INVESTMENTS) |  |                     |
| \$ 1,550  | California Health Facilities Financing Authority, Cal-Mortgage | 1/13 at 10          |

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Insured Revenue Bonds, Northern California Retired Officers  
Community Corporation - Paradise Valley Estates, Series 2002,  
5.125%, 1/01/22

|       |  |             |
|-------|--|-------------|
| 3,750 | California Statewide Communities Development Authority,<br>Revenue Bonds, Inland Regional Center Project, Series 2007,<br>5.375%, 12/01/37 | 12/17 at 10 |
|-------|--|-------------|

---

|       |                      |  |
|-------|----------------------|--|
| 5,300 | Total Long-Term Care |  |
|-------|----------------------|--|

---

TAX OBLIGATION/GENERAL - 10.0% (6.6% OF TOTAL INVESTMENTS)

|        |  |             |
|--------|--|-------------|
| 10,000 | California State, General Obligation Bonds, Series 2006CD,<br>4.600%, 12/01/32 (Alternative Minimum Tax) | 12/15 at 10 |
|--------|--|-------------|

|       |   |            |
|-------|---|------------|
| 3,615 | Colton Joint Unified School District, San Bernardino County,<br>California, General Obligation Bonds, Series 2002A,<br>5.500%, 8/01/22 - FGIC Insured | 8/12 at 10 |
|-------|---|------------|

|   |                                |            |
|---|--------------------------------|------------|
| Contra Costa County Community College District, California,<br>General Obligation Bonds, Series 2002: |                                |            |
| 3,005   | 5.000%, 8/01/21 - FGIC Insured | 8/12 at 10 |
| 3,300   | 5.000%, 8/01/22 - FGIC Insured | 8/12 at 10 |

|       |   |         |
|-------|---|---------|
| 2,000 | Puerto Rico, General Obligation and Public Improvement Bonds,<br>Series 2001A, 5.500%, 7/01/20 - MBIA Insured | No Opt. |
|-------|---|---------|

|     |   |            |
|-----|---|------------|
| 355 | Roseville Joint Union High School District, Placer County,<br>California, General Obligation Bonds, Series 2006B,<br>5.000%, 8/01/27 - FGIC Insured | 8/15 at 10 |
|-----|---|------------|

---

|        |                              |  |
|--------|------------------------------|--|
| 22,275 | Total Tax Obligation/General |  |
|--------|------------------------------|--|

---

TAX OBLIGATION/LIMITED - 22.9% (15.2% OF TOTAL INVESTMENTS)

Beaumont Financing Authority, California, Local Agency Revenue  
Bonds, Series 2004D:

|     |                 |            |
|-----|-----------------|------------|
| 650 | 5.500%, 9/01/24 | 9/14 at 10 |
| 385 | 5.800%, 9/01/35 | 9/14 at 10 |

|       |  |            |
|-------|--|------------|
| 1,240 | Borrego Water District, California, Community Facilities<br>District 2007-1 Montesorro, Special Tax Bonds, Series 2007,<br>5.750%, 8/01/25 | 8/17 at 10 |
|-------|--|------------|

|       |   |             |
|-------|---|-------------|
| 4,900 | California State Public Works Board, Lease Revenue Bonds,<br>Department of Corrections, Series 2003C, 5.500%, 6/01/16 | 12/13 at 10 |
|-------|---|-------------|

|       |   |            |
|-------|---|------------|
| 2,105 | California, Economic Recovery Revenue Bonds, Series 2004A,<br>5.000%, 7/01/15 | 7/14 at 10 |
|-------|---|------------|

|       |   |            |
|-------|---|------------|
| 1,200 | Capistrano Unified School District, Orange County, California,<br>Special Tax Bonds, Community Facilities District 90-2 - Talega,<br>Series 2003, 6.000%, 9/01/33 | 9/13 at 10 |
|-------|---|------------|

|     |  |            |
|-----|--|------------|
| 435 | Capistrano Unified School District, Orange County, California,<br>Special Tax Bonds, Community Facilities District, Series 2005, | 9/15 at 10 |
|-----|--|------------|

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|       |   |             |
|-------|---|-------------|
|       | 5.000%, 9/01/24 - FGIC Insured  |             |
| 4,845 | Encinitas Public Financing Authority, California, Lease Revenue Bonds, Acquisition Project, Series 2001A, 5.250%, 4/01/31 - MBIA Insured                              | 10/08 at 10 |
| 750   | Fontana, California, Special Tax Bonds, Sierra Community Facilities District 22, Series 2004, 6.000%, 9/01/34   | 9/14 at 10  |
| 1,785 | Hawthorne Community Redevelopment Agency, California, Project Area 2 Tax Allocation Bonds, Series 2006, 5.250%, 9/01/36 - XLCA Insured                                | 9/16 at 10  |
| 1,800 | Hesperia Unified School District, San Bernardino County, California, Certificates of Participation, Capital Improvement, Series 2007, 5.000%, 2/01/41 - AMBAC Insured | 2/17 at 10  |
|       | Irvine, California, Unified School District, Community Facilities District Special Tax Bonds, Series 2006A:   |             |
| 215   | 5.000%, 9/01/26   | 9/16 at 10  |
| 495   | 5.125%, 9/01/36   | 9/16 at 10  |
| 2,000 | Lake Elsinore Public Finance Authority, California, Local Agency Revenue Refunding Bonds, Series 2003H, 6.000%, 10/01/20  | 10/13 at 10 |
| 415   | Lammersville School District, San Joaquin County, California, Community Facilities District 2002, Mountain House Special Tax Bonds, Series 2006, 5.125%, 9/01/35      | 9/16 at 10  |

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NVX

Nuveen California Dividend Advantage Municipal Fund 2 (continued)  
Portfolio of INVESTMENTS August 31, 2008

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)   | OPTIONAL<br>PROVISIONS |
|---------------------------|---|------------------------|
| -----                     |   |                        |
|                           | TAX OBLIGATION/LIMITED (continued)  |                        |
| \$ 1,265                  | Lee Lake Water District, Riverside County, California, Special Tax Bonds, Community Facilities District 1 of Sycamore Creek, Series 2003, 6.500%, 9/01/24                               | 9/13 at 10             |
| 800                       | Los Angeles Community Redevelopment Agency, California, Lease Revenue Bonds, Manchester Social Services Project, Series 2005, 5.000%, 9/01/37 - AMBAC Insured                           | 9/15 at 10             |
| 2,795                     | Los Angeles County Metropolitan Transportation Authority, California, Proposition C Second Senior Lien Sales Tax Revenue Refunding Bonds, Series 1998A, 5.000%, 7/01/23 - AMBAC Insured | 1/09 at 10             |
| 495                       | North Natomas Community Facilities District 4, Sacramento, California, Special Tax Bonds, Series 2006D, 5.000%, 9/01/33   | 9/14 at 10             |
| 2,000                     | Orange County, California, Special Tax Bonds, Community Facilities District 02-1 of Ladera Ranch, Series 2003A, 5.550%, 8/15/33   | 8/11 at 10             |

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|        |  |             |
|--------|--|-------------|
| 385    | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 - XLCA Insured                           | 9/15 at 10  |
| 475    | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured                                     | 8/13 at 10  |
| 700    | Sacramento, California, Special Tax Bonds, North Natomas Community Facilities District 4, Series 2003C, 6.000%, 9/01/33                                    | 9/14 at 10  |
| 1,530  | San Marcos Public Facilities Authority, California, Tax Allocation Bonds, Project Areas 2 and 3, Series 2005C, 5.000%, 8/01/35 - AMBAC Insured             | 8/15 at 10  |
| 825    | San Mateo Union High School District, San Mateo County, California, Certificates of Participation, Phase 1, Series 2007A, 5.000%, 12/15/30 - AMBAC Insured | 12/17 at 10 |
| 1,330  | Washington Unified School District, Yolo County, California, Certificates of Participation, Series 2007, 5.125%, 8/01/37 - AMBAC Insured                   | 8/17 at 10  |
| 1,930  | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Series 2003B, 6.750%, 9/01/30                       | 9/13 at 10  |
| 500    | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Series 2004B, 6.000%, 9/01/39                       | 9/13 at 10  |
| 850    | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 2001-1, Series 2004A, 6.125%, 9/01/39                     | 9/13 at 10  |
| 10,000 | Western Placer Unified School District, Placer County, California, Certificates of Participation, Series 2008, 5.000%, 8/01/47 - AGC Insured               | 8/18 at 10  |

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49,100 Total Tax Obligation/Limited

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TRANSPORTATION - 10.9% (7.2% OF TOTAL INVESTMENTS)

|       |  |             |
|-------|--|-------------|
| 1,930 | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2006, 5.000%, 4/01/31 (UB)              | 4/16 at 10  |
| 1,055 | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2008, Trust 2921, 13.428%, 4/01/39 (IF) | 4/18 at 10  |
| 7,000 | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 0.000%, 1/15/27           | 1/14 at 10  |
| 5,585 | Port of Oakland, California, Revenue Bonds, Series 2002N, 5.000%, 11/01/16 - MBIA Insured (Alternative Minimum Tax)                    | 11/12 at 10 |
|       | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 2003, Issue 29A:      |             |

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|       |  |            |
|-------|--|------------|
| 2,430 | 5.250%, 5/01/18 - FGIC Insured (Alternative Minimum Tax)   | 5/13 at 10 |
| 2,555 | 5.250%, 5/01/19 - FGIC Insured (Alternative Minimum Tax)   | 5/13 at 10 |
| 1,000 | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 2003, Issue 29B, 5.125%, 5/01/17 - FGIC Insured | 5/13 at 10 |

50

| PRINCIPAL<br>AMOUNT (000)  | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|----------------------------|--|------------------------|
| TRANSPORTATION (continued) |  |                        |
| \$ 2,000                   | San Francisco Airports Commission, California, Revenue Refunding Bonds, San Francisco International Airport, Second Series 2002, Issue 28A, 5.250%, 5/01/17 - MBIA Insured (Alternative Minimum Tax) | 5/12 at 10             |
| 23,555                     | Total Transportation   |                        |

|       |  |             |
|-------|--|-------------|
| 9,000 | U.S. GUARANTEED - 43.2% (28.7% OF TOTAL INVESTMENTS) (4)<br>Anitoch Area Public Facilities Financing Agency, California, Special Tax Bonds, Community Facilities District 1989-1, Series 2001, 5.250%, 8/01/25 (Pre-refunded 8/01/11) - MBIA Insured | 8/11 at 10  |
| 6,000 | California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A, 5.125%, 5/01/18 (Pre-refunded 5/01/12)   | 5/12 at 10  |
| 450   | California Statewide Community Development Authority, Revenue Bonds, Thomas Jefferson School of Law, Series 2005A, 4.875%, 10/01/31 (Pre-refunded 10/01/15)  | 10/15 at 10 |
| 4,000 | Daly City Housing Development Finance Agency, California, Mobile Home Park Revenue Bonds, Franciscan Mobile Home Park Project, Series 2002A, 5.850%, 12/15/32 (Pre-refunded 12/15/13)  | 12/13 at 10 |
| 4,900 | East Bay Municipal Utility District, Alameda and Contra Costa Counties, California, Water System Subordinated Revenue Bonds, Series 2001, 5.000%, 6/01/26 (Pre-refunded 6/01/11) - MBIA Insured  | 6/11 at 10  |
| 2,985 | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2003A-1, 6.250%, 6/01/33 (Pre-refunded 6/01/13)   | 6/13 at 10  |
| 1,170 | Lincoln, California, Special Tax Bonds, Lincoln Crossing Community Facilities District 03-1, Series 2003A, 6.500%, 9/01/25 (Pre-refunded 9/01/13)  | 9/13 at 10  |
| 885   | Lincoln, California, Special Tax Bonds, Lincoln Crossing Community Facilities District 03-1, Series 2004, 6.000%, 9/01/34 (Pre-refunded 9/01/13)   | 9/13 at 10  |

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|        |   |             |
|--------|---|-------------|
| 7,530  | Los Angeles Unified School District, California, General<br>Obligation Bonds, Series 2000D, 5.375%, 7/01/25<br>(Pre-refunded 7/01/10) - FGIC Insured  | 7/10 at 10  |
| 9,510  | Los Angeles Unified School District, California, General<br>Obligation Bonds, Series 2002E, 5.000%, 7/01/19<br>(Pre-refunded 7/01/12) - MBIA Insured  | 7/12 at 10  |
| 3,000  | Northern California Tobacco Securitization Authority, Tobacco<br>Settlement Asset-Backed Bonds, Series 2001A,<br>5.375%, 6/01/41 (Pre-refunded 6/01/11)   | 6/11 at 10  |
| 2,000  | Puerto Rico Public Finance Corporation, Commonwealth<br>Appropriation Bonds, Series 2002E, 6.000%, 8/01/26 (ETM)  | No Opt.     |
| 6,000  | Riverside County Redevelopment Agency, California, Tax<br>Allocation Bonds, Jurupa Valley Project Area, Series 2001,<br>5.250%, 10/01/35 (Pre-refunded 10/01/11) - AMBAC Insured  | 10/11 at 10 |
| 12,090 | Santa Clara Valley Transportation Authority, California, Sales<br>Tax Revenue Bonds, Series 2001A, 5.000%, 6/01/25<br>(Pre-refunded 6/01/11) - MBIA Insured   | 6/11 at 10  |
| 4,050  | Santa Rosa High School District, Sonoma County, California,<br>General Obligation Bonds, Series 2001, 5.300%, 5/01/26<br>(Pre-refunded 5/01/11) - FGIC Insured  | 5/11 at 10  |
| 6,200  | Southwestern Community College District, San Diego County,<br>California, General Obligation Bonds, Series 2001,<br>5.375%, 8/01/25 (Pre-refunded 8/01/11) - AMBAC Insured  | 8/11 at 10  |
| 2,800  | Tobacco Securitization Authority of Southern California, Tobacco<br>Settlement Asset-Backed Bonds, San Diego County Tobacco<br>Asset Securitization Corporation, Senior Series 2001A, 5.500%,<br>6/01/36 (Pre-refunded 6/01/12) | 6/12 at 10  |
| 1,500  | Whittier, California, Health Facility Revenue Bonds, Presbyterian<br>Intercommunity Hospital, Series 2002, 5.600%, 6/01/22<br>(Pre-refunded 6/01/12)  | 6/12 at 10  |
| -----  |   |             |
| 84,070 | Total U.S. Guaranteed   |             |
| -----  |   |             |

UTILITIES - 7.2% (4.8% OF TOTAL INVESTMENTS)

|       |   |             |
|-------|---|-------------|
| 5,000 | Anaheim Public Finance Authority, California, Second Lien<br>Electric Distribution Revenue Bonds, Series 2004,<br>5.250%, 10/01/21 - MBIA Insured | 10/14 at 10 |
| 2,355 | Long Beach Bond Finance Authority, California, Natural Gas<br>Purchase Revenue Bonds, Series 2007A, 5.000%, 11/15/35                              | No Opt.     |



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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)   | OPTIONAL<br>PROVISIONS |
|---------------------------|---|------------------------|
| -----                     |   |                        |
|                           | UTILITIES (continued)   |                        |
| \$ 1,000                  | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2003A-2, 5.000%, 7/01/23 - MBIA Insured                         | 7/13 at 10             |
| 500                       | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2008, 5.000%, 7/01/31 - FSA Insured (UB)                        | 7/15 at 10             |
| 790                       | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - XLCA Insured  | 9/15 at 10             |
| 2,000                     | Santa Clara, California, Subordinate Electric Revenue Bonds, Series 2003A, 5.250%, 7/01/20 - MBIA Insured   | 7/13 at 10             |
| 4,000                     | Southern California Public Power Authority, Natural Gas Project 1 Revenue Bonds, Series 2007A, 5.000%, 11/01/33   | No Opt.                |
| -----                     |   |                        |
| 15,645                    | Total Utilities   |                        |
| -----                     |   |                        |
|                           | WATER AND SEWER - 9.3% (6.2% OF TOTAL INVESTMENTS)  |                        |
| 1,400                     | Castaic Lake Water Agency, California, Certificates of Participation, Series 2006C, 5.000%, 8/01/36 - MBIA Insured  | 8/16 at 10             |
| 545                       | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured                                  | 4/16 at 10             |
| 750                       | Sacramento County Sanitation District Financing Authority, California, Revenue Bonds, Series 2006, 5.000%, 12/01/31 - FGIC Insured                        | 6/16 at 10             |
| 1,700                     | San Buenaventura, California, Wastewater Revenue Certificates of Participation, Series 2004, 5.000%, 3/01/24 - MBIA Insured                               | 3/14 at 10             |
| 4,785                     | San Diego Public Facilities Financing Authority, California, Subordinate Lien Water Revenue Bonds, Series 2002, 5.000%, 8/01/21 - MBIA Insured            | 8/12 at 10             |
| 10,000                    | San Francisco City and County Public Utilities Commission, California, Clean Water Revenue Refunding Bonds, Series 2003A, 5.250%, 10/01/20 - MBIA Insured | 4/13 at 10             |
| -----                     |   |                        |
| 19,180                    | Total Water and Sewer   |                        |
| -----                     |   |                        |
| \$ 324,052                | Total Investments (cost \$319,536,900) - 150.9%   |                        |
| =====                     |   |                        |
|                           | Floating Rate Obligations - (4.7)%  |                        |
|                           | -----   |                        |
|                           | Other Assets Less Liabilities - 5.5%  |                        |
|                           | -----   |                        |
|                           | Auction Rate Preferred Shares, at Liquidation Value - (51.7)% (5)   |                        |
|                           | -----   |                        |
|                           | Net Assets Applicable to Common Shares - 100%   |                        |

- =====
- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
  - (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
  - (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The Portfolio of Investments may reflect the ratings on certain bonds insured by ACA, AMBAC, FGIC, MBIA, RAAI and XLCA as of August 31, 2008. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments is 34.2%.

N/R Not rated.

(ETM) Escrowed to maturity.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

See accompanying notes to financial statements.

NZH  
 Nuveen California Dividend Advantage Municipal Fund 3  
 Portfolio of INVESTMENTS

August 31, 2008

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1) | OPTIONAL<br>PROVISIONS |
|---------------------------|-----------------|------------------------|
|---------------------------|-----------------|------------------------|

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CONSUMER STAPLES - 7.3% (4.9% OF TOTAL INVESTMENTS)

|       |        |  |            |
|-------|--------|--|------------|
| \$    | 1,150  | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Sonoma County Tobacco Securitization Corporation, Series 2005, 4.250%, 6/01/21 | 6/15 at 10 |
|       | 7,500  | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-1, 5.750%, 6/01/47                           | 6/17 at 10 |
|       | 29,660 | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-2, 0.000%, 6/01/37                           | 6/22 at 10 |
| <hr/> |        |  |            |
|       | 38,310 | Total Consumer Staples   |            |
| <hr/> |        |  |            |

EDUCATION AND CIVIC ORGANIZATIONS - 6.5% (4.4% OF TOTAL INVESTMENTS)

|       |        |   |             |
|-------|--------|---|-------------|
|       | 290    | California Educational Facilities Authority, Revenue Bonds, University of Redlands, Series 2005A, 5.000%, 10/01/35  | 10/15 at 10 |
|       | 200    | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2006:<br>5.000%, 11/01/21   | 11/15 at 10 |
|       | 270    | 5.000%, 11/01/25  | 11/15 at 10 |
|       | 3,825  | California Educational Facilities Authority, Student Loan Revenue Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 - MBIA Insured (Alternative Minimum Tax)   | 9/08 at 10  |
|       | 2,354  | California State Public Works Board, Lease Revenue Bonds, University of California Regents, Trust 1065, 13.699%, 3/01/33 (IF)                                       | 3/18 at 10  |
|       | 3,600  | California State Public Works Board, Lease Revenue Bonds, University of California, UCLA Replacement Hospital Project, Series 2002A, 5.375%, 10/01/17 - FSA Insured | 10/12 at 10 |
|       | 6,000  | California State University, Systemwide Revenue Bonds, Series 2005C, 5.000%, 11/01/27 - MBIA Insured  | 11/15 at 10 |
|       | 620    | California Statewide Community Development Authority, Revenue Bonds, Notre Dame de Namur University, Series 2003, 6.500%, 10/01/23                                  | 10/13 at 10 |
|       | 4,000  | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2003A, 5.000%, 5/15/23 - AMBAC Insured (UB)   | 5/13 at 10  |
| <hr/> |        |   |             |
|       | 21,159 | Total Education and Civic Organizations   |             |
| <hr/> |        |   |             |

HEALTH CARE - 24.5% (16.5% OF TOTAL INVESTMENTS)

|  |       |  |            |
|--|-------|--|------------|
|  | 4,000 | California Health Facilities Financing Authority, Revenue Bonds, Casa Colina Inc., Series 2001:<br>6.000%, 4/01/22 | 4/12 at 10 |
|--|-------|--|------------|

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|       |  |             |
|-------|--|-------------|
| 2,000 | 6.125%, 4/01/32  | 4/12 at 10  |
| 670   | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 4/01/37            | 4/16 at 10  |
| 9,330 | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health Residual Trust 2061, 14.853%, 11/15/46 (IF)         | 11/16 at 10 |
| 2,000 | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2007A, 5.000%, 11/15/42 - MBIA Insured      | 11/16 at 10 |
| 9,000 | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31  | 8/11 at 10  |
| 2,520 | California Statewide Communities Development Authority, Revenue Bonds, Adventist Health System West, Series 2005A, 5.000%, 3/01/35 | 3/15 at 10  |

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NZH

Nuveen California Dividend Advantage Municipal Fund 3 (continued)  
Portfolio of INVESTMENTS August 31, 2008

| PRINCIPAL AMOUNT (000)  | DESCRIPTION (1)  | OPTIONAL PROVISIONS |
|-------------------------|--|---------------------|
| HEALTH CARE (continued) |  |                     |
| \$ 1,594                | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 14.166%, 7/01/47 - FSA Insured (IF)                 | 7/18 at 10          |
| 1,575                   | California Statewide Communities Development Authority, Revenue Bonds, ValleyCare Health System, Series 2007A, 5.125%, 7/15/31                                     | 7/17 at 10          |
| 6,525                   | California Statewide Community Development Authority, Health Facility Revenue Refunding Bonds, Memorial Health Services, Series 2003A, 6.000%, 10/01/12            | No Opt.             |
| 6,450                   | California Statewide Community Development Authority, Hospital Revenue Bonds, Monterey Peninsula Hospital, Series 2003B, 5.250%, 6/01/18 - FSA Insured             | 6/13 at 10          |
| 4,500                   | California Statewide Community Development Authority, Insured Health Facility Revenue Bonds, Catholic Healthcare West, Series 2008K, 5.500%, 7/01/41 - AGC Insured | 7/17 at 10          |
| 7,665                   | California Statewide Community Development Authority, Insured Mortgage Hospital Revenue Bonds, Mission Community Hospital, Series 2001, 5.375%, 11/01/21           | 11/09 at 10         |
| 12,425                  | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41  | 3/16 at 10          |
| 645                     | California Statewide Community Development Authority,  | 8/16 at 10          |

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|        |  |             |
|--------|--|-------------|
|        | Revenue Bonds, Kaiser Permanente System, Series 2001C,<br>5.250%, 8/01/31  |             |
|        | Rancho Mirage Joint Powers Financing Authority, California,<br>Revenue Bonds, Eisenhower Medical Center, Series 2007A:   |             |
| 5,790  | 5.000%, 7/01/38  | 7/17 at 10  |
| 5,540  | 5.000%, 7/01/47  | 7/17 at 10  |
| -----  |  |             |
| 82,229 | Total Health Care  |             |
| -----  |  |             |
|        | HOUSING/MULTIFAMILY - 3.3% (2.2% OF TOTAL INVESTMENTS)   |             |
| 325    | Independent Cities Lease Finance Authority, California, Mobile<br>Home Park Revenue Bonds, San Juan Mobile Estates,<br>Series 2006B, 5.850%, 5/15/41                                 | 5/16 at 10  |
| 1,735  | Rohnert Park Finance Authority, California, Senior Lien<br>Revenue Bonds, Rancho Feliz Mobile Home Park,<br>Series 2003A, 5.750%, 9/15/38  | 9/13 at 10  |
| 1,125  | Rohnert Park Finance Authority, California, Subordinate Lien<br>Revenue Bonds, Rancho Feliz Mobile Home Park,<br>Series 2003B, 6.625%, 9/15/38                                       | 9/13 at 10  |
| 3,610  | San Bernardino County Housing Authority, California,<br>GNMA Collateralized Multifamily Mortgage Revenue Bonds,<br>Pacific Palms Mobile Home Park, Series 2001A,<br>6.700%, 12/20/41 | 11/11 at 10 |
|        | San Jose, California, Multifamily Housing Revenue Bonds, GNMA<br>Mortgage-Backed Securities Program, Lenzen Housing, Series<br>2001B:  |             |
| 1,250  | 5.350%, 2/20/26 (Alternative Minimum Tax)  | 8/11 at 10  |
| 2,880  | 5.450%, 2/20/43 (Alternative Minimum Tax)  | 8/11 at 10  |
| -----  |  |             |
| 10,925 | Total Housing/Multifamily  |             |
| -----  |  |             |
|        | HOUSING/SINGLE FAMILY - 1.5% (1.1% OF TOTAL INVESTMENTS)   |             |
| 785    | California Housing Finance Agency, Home Mortgage Revenue<br>Bonds, Series 2006H, 5.750%, 8/01/30 - FGIC Insured<br>(Alternative Minimum Tax)   | 2/16 at 10  |
| 8,485  | California Housing Finance Agency, Home Mortgage Revenue<br>Bonds, Series 2007M, Trust 1021, 9.741%, 8/01/31<br>(Alternative Minimum Tax) (IF)                                       | 2/16 at 10  |
| -----  |  |             |
| 9,270  | Total Housing/Single Family  |             |
| -----  |  |             |
|        | INDUSTRIALS - 1.8% (1.2% OF TOTAL INVESTMENTS)   |             |
| 2,000  | California Pollution Control Financing Authority, Solid Waste<br>Disposal Revenue Bonds, Waste Management Inc., Series 2002A,<br>5.000%, 1/01/22 (Alternative Minimum Tax)           | 1/16 at 10  |

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|       |  |         |
|-------|--|---------|
| 5,205 | California Statewide Communities Development Authority,<br>Revenue Bonds, EnerTech Regional Biosolids Project,<br>Series 2007A, 5.500%, 12/01/33 (Alternative Minimum Tax) | No Opt. |
| 7,205 | Total Industrials  |         |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)   | OPTIONAL<br>PROVISIONS |
|---------------------------|---|------------------------|
|                           | LONG-TERM CARE - 1.6% (1.1% OF TOTAL INVESTMENTS)   |                        |
| \$ 2,450                  | California Health Facilities Financing Authority, Cal-Mortgage<br>Insured Revenue Bonds, Northern California Retired Officers<br>Community Corporation - Paradise Valley Estates, Series 2002,<br>5.125%, 1/01/22 | 1/13 at 10             |
| 1,500                     | California Health Facilities Financing Authority, Insured Senior<br>Living Revenue Bonds, Aldersly Project, Series 2002A:<br>5.125%, 3/01/22  | 3/12 at 10             |
| 1,315                     | 5.250%, 3/01/32   | 3/12 at 10             |
| 5,265                     | Total Long-Term Care  |                        |

|        |  |             |
|--------|--|-------------|
|        | TAX OBLIGATION/GENERAL - 16.8% (11.3% OF TOTAL INVESTMENTS)  |             |
| 9,335  | California, General Obligation Bonds, Series 2002,<br>6.000%, 2/01/16 - FSA Insured  | No Opt.     |
| 10     | California, General Obligation Veterans Welfare Bonds,<br>Series 1997BJ, 5.500%, 12/01/18 (Alternative Minimum Tax)                                | 12/08 at 10 |
| 14,300 | California, General Obligation Veterans Welfare Bonds,<br>Series 2001BZ, 5.350%, 12/01/21 - MBIA Insured<br>(Alternative Minimum Tax)              | 12/08 at 10 |
| 3,000  | Contra Costa County Community College District, California,<br>General Obligation Bonds, Series 2002, 5.000%, 8/01/23 -<br>FGIC Insured            | 8/12 at 10  |
| 2,500  | Fullerton Joint Union High School District, Orange County,<br>California, General Obligation Bonds, Series 2002A,<br>5.000%, 8/01/23 - FSA Insured | 8/12 at 10  |
| 2,260  | Jurupa Unified School District, Riverside County, California,<br>General Obligation Bonds, Series 2002, 5.125%, 8/01/22 -<br>FGIC Insured          | 8/11 at 10  |
| 870    | Puerto Rico, General Obligation and Public Improvement Bonds,<br>Series 2001, 5.000%, 7/01/24 - FSA Insured  | 7/11 at 10  |

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|        |   |            |
|--------|---|------------|
| 575    | Roseville Joint Union High School District, Placer County, California, General Obligation Bonds, Series 2006B, 5.000%, 8/01/27 - FGIC Insured             | 8/15 at 10 |
| 10,810 | San Diego Unified School District, San Diego County, California, General Obligation Bonds, Election of 1998, Series 2001C, 5.000%, 7/01/26 - FSA Insured  | 7/11 at 10 |
| 4,000  | San Diego Unified School District, San Diego County, California, General Obligation Bonds, Election of 1998, Series 2002D, 5.250%, 7/01/21 - FGIC Insured | 7/12 at 10 |
| 2,715  | San Jose-Evergreen Community College District, Santa Clara County, California, General Obligation Bonds, Series 2005A, 5.000%, 9/01/25 - MBIA Insured     | 9/15 at 10 |
| 1,630  | West Contra Costa Unified School District, Contra Costa County, California, General Obligation Bonds, Series 2003C, 5.000%, 8/01/22 - FGIC Insured        | 8/11 at 10 |

---

|        |                              |  |
|--------|------------------------------|--|
| 52,005 | Total Tax Obligation/General |  |
|--------|------------------------------|--|

---

TAX OBLIGATION/LIMITED - 38.8% (26.2% OF TOTAL INVESTMENTS)

|       |   |             |
|-------|---|-------------|
| 2,040 | Borrego Water District, California, Community Facilities District 2007-1 Montesorro, Special Tax Bonds, Series 2007, 5.750%, 8/01/25                          | 8/17 at 10  |
| 7,135 | Brentwood Infrastructure Financing Authority, Contra Costa County, California, Capital Improvement Revenue Bonds, Series 2001, 5.000%, 11/01/25 - FSA Insured | 11/11 at 10 |
| 8,210 | California State Public Works Board, Lease Revenue Bonds, Department of Corrections, Series 2003C, 5.500%, 6/01/16  | 12/13 at 10 |
| 4,000 | California State Public Works Board, Lease Revenue Bonds, Department of General Services, Series 2002B, 5.000%, 3/01/27 - AMBAC Insured                       | 3/12 at 10  |
| 4,510 | California State Public Works Board, Lease Revenue Bonds, Department of Mental Health, Hospital Addition, Series 2001A, 5.000%, 12/01/26 - AMBAC Insured      | 12/11 at 10 |
|       | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District 90-2 - Talega, Series 2003:                   |             |
| 1,750 | 5.875%, 9/01/23   | 9/13 at 10  |
| 550   | 6.000%, 9/01/33   | 9/13 at 10  |

NZH  
 Nuveen California Dividend Advantage Municipal Fund 3 (continued)  
 Portfolio of INVESTMENTS August 31, 2008

|                           |                 |                        |
|---------------------------|-----------------|------------------------|
| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1) | OPTIONAL<br>PROVISIONS |
|---------------------------|-----------------|------------------------|

TAX OBLIGATION/LIMITED (continued)

|    |       |  |             |
|----|-------|--|-------------|
| \$ | 715   | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District, Series 2005, 5.000%, 9/01/24 - FGIC Insured     | 9/15 at 10  |
|    | 2,160 | Chino Redevelopment Agency, California, Merged Chino Redevelopment Project Area Tax Allocation Bonds, Series 2006, 5.000%, 9/01/38 - AMBAC Insured               | 9/16 at 10  |
|    | 1,125 | Fontana, California, Special Tax Bonds, Sierra Community Facilities District 22, Series 2004, 6.000%, 9/01/34  | 9/14 at 10  |
|    | 1,000 | Fullerton Community Facilities District 1, California, Special Tax Bonds, Amerige Heights, Series 2002, 6.100%, 9/01/22  | 9/12 at 10  |
|    | 5,000 | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A, 5.000%, 6/01/45 - AMBAC Insured        | 6/15 at 10  |
|    |       | Irvine, California, Unified School District, Community Facilities District Special Tax Bonds, Series 2006A:  |             |
|    | 350   | 5.000%, 9/01/26  | 9/16 at 10  |
|    | 805   | 5.125%, 9/01/36  | 9/16 at 10  |
|    | 3,000 | Lake Elsinore Public Finance Authority, California, Local Agency Revenue Refunding Bonds, Series 2003H, 6.000%, 10/01/20   | 10/13 at 10 |
|    | 685   | Lammersville School District, San Joaquin County, California, Community Facilities District 2002, Mountain House Special Tax Bonds, Series 2006, 5.125%, 9/01/35 | 9/16 at 10  |
|    | 5,250 | Lammersville School District, San Joaquin County, California, Special Tax Bonds, Community Facilities District of Mountain House, Series 2002, 6.300%, 9/01/24   | 9/12 at 10  |
|    | 2,000 | Lee Lake Water District, Riverside County, California, Special Tax Bonds, Community Facilities District 1 of Sycamore Creek, Series 2003, 6.500%, 9/01/24        | 9/13 at 10  |
|    | 1,000 | Lindsay Redevelopment Agency, California, Project 1 Tax Allocation Bonds, Series 2007, 5.000%, 8/01/37 - RAAI Insured  | 8/17 at 10  |
|    | 5,425 | Lodi, California, Certificates of Participation, Public Improvement Financing Project, Series 2002, 5.000%, 10/01/26 - MBIA Insured                              | 10/12 at 10 |
|    | 1,310 | Los Angeles Community Redevelopment Agency, California, Lease Revenue Bonds, Manchester Social Services Project, Series 2005, 5.000%, 9/01/37 - AMBAC Insured    | 9/15 at 10  |
|    | 1,675 | Moreno Valley Unified School District, Riverside County, California, Certificates of Participation, Series 2005, 5.000%, 3/01/26 - FSA Insured                   | 3/14 at 10  |
|    |       | North Natomas Community Facilities District 4, Sacramento, California, Special Tax Bonds, Series 2006D:  |             |
|    | 545   | 5.000%, 9/01/26  | 9/14 at 10  |
|    | 250   | 5.000%, 9/01/33  | 9/14 at 10  |
|    | 3,000 | Oakland Redevelopment Agency, California, Subordinate Lien Tax Allocation Bonds, Central District Redevelopment  | 3/13 at 10  |



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|        |  |            |
|--------|--|------------|
|        | Project, Series 2003, 5.500%, 9/01/19 - FGIC Insured   |            |
| 4,520  | Ontario Redevelopment Financing Authority, California, Lease Revenue Bonds, Capital Projects, Series 2001, 5.000%, 8/01/24 - AMBAC Insured           | 8/11 at 10 |
| 2,000  | Orange County, California, Special Tax Bonds, Community Facilities District 02-1 of Ladera Ranch, Series 2003A, 5.550%, 8/15/33                      | 8/11 at 10 |
| 11,165 | Palm Desert Financing Authority, California, Tax Allocation Revenue Refunding Bonds, Project Area 1, Series 2002, 5.100%, 4/01/30 - MBIA Insured     | 4/12 at 10 |
| 3,250  | Pomona Public Financing Authority, California, Revenue Refunding Bonds, Merged Redevelopment Projects, Series 2001AD, 5.000%, 2/01/27 - MBIA Insured | 2/11 at 10 |
| 6,000  | Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2007N, 5.250%, 7/01/39 - FGIC Insured                                | No Opt.    |
| 625    | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 - XLCA Insured                     | 9/15 at 10 |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | TAX OBLIGATION/LIMITED (continued)   |                        |
| \$ 780                    | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured                                     | 8/13 at 10             |
| 1,145                     | Sacramento, California, Special Tax Bonds, North Natomas Community Facilities District 4, Series 2003C, 6.000%, 9/01/33                                    | 9/14 at 10             |
| 14,505                    | San Diego Redevelopment Agency, California, Tax Allocation Bonds, Centre City Project, Series 2001, 5.000%, 9/01/26 - FSA Insured (UB)                     | 9/11 at 10             |
| 2,300                     | San Francisco Bay Area Rapid Transit District, California, Sales Tax Revenue Bonds, Series 2001, 5.000%, 7/01/26 - AMBAC Insured                           | 7/11 at 10             |
| 1,345                     | San Mateo Union High School District, San Mateo County, California, Certificates of Participation, Phase 1, Series 2007A, 5.000%, 12/15/30 - AMBAC Insured | 12/17 at 10            |
| 8,710                     | South Orange County Public Financing Authority, California, Special Tax Revenue Bonds, Ladera Ranch, Series 2005A, 5.000%, 8/15/32 - AMBAC Insured         | 8/15 at 10             |
| 2,810                     | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Series 2003B, 7.000%, 9/01/38                       | 9/13 at 10             |
| 2,000                     | West Patterson Financing Authority, California, Special  | 9/13 at 10             |

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|         |   |             |
|---------|---|-------------|
|         | Tax Bonds, Community Facilities District 01-1,<br>Series 2004B, 6.000%, 9/01/39   |             |
| 1,375   | West Patterson Financing Authority, California, Special<br>Tax Bonds, Community Facilities District 2001-1,<br>Series 2004A, 6.125%, 9/01/39                                  | 9/13 at 10  |
| 2,500   | Yucaipa-Calimesa Joint Unified School District,<br>San Bernardino County, California, General Obligation<br>Refunding Bonds, Series 2001A, 5.000%, 10/01/26 -<br>MBIA Insured | 10/11 at 10 |
| -----   |   |             |
| 128,520 | Total Tax Obligation/Limited  |             |
| -----   |   |             |

TRANSPORTATION - 7.2% (4.9% OF TOTAL INVESTMENTS)

|        |  |            |
|--------|--|------------|
| 1,690  | Bay Area Toll Authority, California, Revenue Bonds,<br>San Francisco Bay Area Toll Bridge, Series 2006,<br>5.000%, 4/01/31 (UB)              | 4/16 at 10 |
| 1,305  | Bay Area Toll Authority, California, Revenue Bonds,<br>San Francisco Bay Area Toll Bridge, Series 2008,<br>Trust 2921, 13.428%, 4/01/39 (IF) | 4/18 at 10 |
| 11,750 | Foothill/Eastern Transportation Corridor Agency, California,<br>Toll Road Revenue Refunding Bonds, Series 1999,<br>0.000%, 1/15/28           | 1/14 at 10 |
|        | San Francisco Airports Commission, California, Revenue<br>Bonds, San Francisco International Airport, Second<br>Series 2003, Issue 29B:      |            |
| 4,110  | 5.125%, 5/01/17 - FGIC Insured   | 5/13 at 10 |
| 5,140  | 5.125%, 5/01/19 - FGIC Insured   | 5/13 at 10 |
| -----  |  |            |
| 23,995 | Total Transportation   |            |
| -----  |  |            |

U.S. GUARANTEED - 22.6% (15.2% OF TOTAL INVESTMENTS) (4)

|        |  |             |
|--------|--|-------------|
| 4,000  | Beaumont Financing Authority, California, Local Agency<br>Revenue Bonds, Series 2002A, 6.750%, 9/01/25<br>(Pre-refunded 9/01/12)   | 9/12 at 10  |
| 11,240 | California County Tobacco Securitization Agency, Tobacco<br>Settlement Asset-Backed Bonds, Merced County Tobacco<br>Funding Corporation, Series 2002A, 5.500%, 6/01/33<br>(Pre-refunded 6/01/12) (5) | 6/12 at 10  |
|        | California Department of Water Resources, Power Supply<br>Revenue Bonds, Series 2002A:   |             |
| 3,500  | 5.375%, 5/01/17 (Pre-refunded 5/01/12) - XLCA Insured  | 5/12 at 10  |
| 9,000  | 5.125%, 5/01/18 (Pre-refunded 5/01/12)   | 5/12 at 10  |
| 720    | California Statewide Community Development Authority,<br>Revenue Bonds, Thomas Jefferson School of Law,<br>Series 2005A, 4.875%, 10/01/31 (Pre-refunded 10/01/15)                                    | 10/15 at 10 |

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|       |   |             |
|-------|---|-------------|
| 1,770 | Central California Joint Powers Health Finance Authority, Certificates of Participation, Community Hospitals of Central California Obligated Group, Series 2000, 6.000%, 2/01/20 (Pre-refunded 2/01/10) | 2/10 at 10  |
| 2,000 | Daly City Housing Development Finance Agency, California, Mobile Home Park Revenue Bonds, Franciscan Mobile Home Park Project, Series 2002A, 5.800%, 12/15/25 (Pre-refunded 12/15/13)                   | 12/13 at 10 |

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NZH

Nuveen California Dividend Advantage Municipal Fund 3 (continued)  
Portfolio of INVESTMENTS August 31, 2008

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | U.S. GUARANTEED (4) (continued)  |                        |
| \$ 5,690                  | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2003A-1, 6.250%, 6/01/33 (Pre-refunded 6/01/13)   | 6/13 at 10             |
| 1,940                     | Lincoln, California, Special Tax Bonds, Lincoln Crossing Community Facilities District 03-1, Series 2003A, 6.500%, 9/01/25 (Pre-refunded 9/01/13)  | 9/13 at 10             |
| 1,335                     | Lincoln, California, Special Tax Bonds, Lincoln Crossing Community Facilities District 03-1, Series 2004, 6.000%, 9/01/34 (Pre-refunded 9/01/13)   | 9/13 at 10             |
| 1,525                     | Lucia Mar Unified School District, San Luis Obispo County, California, General Obligation Bonds, Series 2004A, 5.250%, 8/01/22 (Pre-refunded 8/01/14) - FGIC Insured   | 8/14 at 10             |
| 5,500                     | Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2002D, 5.375%, 7/01/36 (Pre-refunded 7/01/12)  | 7/12 at 10             |
| 4,725                     | San Francisco Bay Area Rapid Transit District, California, Sales Tax Revenue Bonds, Series 2001, 5.000%, 7/01/26 (Pre-refunded 7/01/11) - AMBAC Insured  | 7/11 at 10             |
| 7,595                     | San Francisco State University Foundation Inc., California, Auxiliary Organization Student Housing Revenue Bonds, Series 2001, 5.000%, 9/01/26 (Pre-refunded 9/01/11) - MBIA Insured                                   | 9/11 at 10             |
| 4,200                     | Tobacco Securitization Authority of Southern California, Tobacco Settlement Asset-Backed Bonds, San Diego County Tobacco Asset Securitization Corporation, Senior Series 2001A, 5.500%, 6/01/36 (Pre-refunded 6/01/12) | 6/12 at 10             |
| 2,500                     | Whittier, California, Health Facility Revenue Bonds, Presbyterian Intercommunity Hospital, Series 2002, 5.600%, 6/01/22 (Pre-refunded 6/01/12)   | 6/12 at 10             |
| -----                     |  |                        |

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67,240 Total U.S. Guaranteed

-----  
 UTILITIES - 3.5% (2.4% OF TOTAL INVESTMENTS)

|       |   |            |
|-------|---|------------|
| 3,815 | Long Beach Bond Finance Authority, California, Natural Gas Purchase Revenue Bonds, Series 2007A, 5.000%, 11/15/35                       | No Opt.    |
| 1,285 | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - XLCA Insured                      | 9/15 at 10 |
| 5,000 | Merced Irrigation District, California, Revenue Certificates of Participation, Electric System Project, Series 2003, 5.700%, 9/01/36    | 9/13 at 10 |
| 2,250 | Salinas Valley Solid Waste Authority, California, Revenue Bonds, Series 2002, 5.125%, 8/01/22 - AMBAC Insured (Alternative Minimum Tax) | 8/12 at 10 |

-----  
 12,350 Total Utilities  
 -----

WATER AND SEWER - 12.8% (8.6% OF TOTAL INVESTMENTS)

|       |  |             |
|-------|--|-------------|
| 1,070 | Burbank, California, Wastewater System Revenue Bonds, Series 2004A, 5.000%, 6/01/22 - AMBAC Insured  | 6/14 at 10  |
| 7,000 | Carmichael Water District, Sacramento County, California, Water Revenue Certificates of Participation, Series 1999, 5.125%, 9/01/29 - MBIA Insured | 9/09 at 10  |
|       | Eastern Municipal Water District, California, Water and Sewerage System Revenue Certificates of Participation, Series 2008, Trust 2965:            |             |
| 2,750 | 13.177%, 7/01/33 (IF)  | 7/18 at 10  |
| 1,230 | 13.177%, 7/01/35 (IF)  | 7/18 at 10  |
| 1,125 | Fortuna Public Finance Authority, California, Water Revenue Bonds, Series 2006, 5.000%, 10/01/36 - FSA Insured                                     | 10/16 at 10 |
| 890   | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured                           | 4/16 at 10  |
| 850   | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured                      | 6/16 at 10  |
| 1,000 | Pico Rivera Water Authority, California, Revenue Bonds, Series 2001A, 6.250%, 12/01/32   | 12/11 at 10 |
| 1,000 | San Buenaventura, California, Wastewater Revenue Certificates of Participation, Series 2004, 5.000%, 3/01/24 - MBIA Insured                        | 3/14 at 10  |

|              |                 |            |
|--------------|-----------------|------------|
| PRINCIPAL    |                 | OPTIONAL   |
| AMOUNT (000) | DESCRIPTION (1) | PROVISIONS |

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WATER AND SEWER (continued)

|       |         |  |                         |            |
|-------|---------|--|-------------------------|------------|
|       |         | San Diego Public Facilities Financing Authority, California,<br>Subordinate Lien Water Revenue Bonds, Series 2002:           |                         |            |
| \$    | 2,500   | 5.000%   | 8/01/23 - MBIA Insured  | 8/12 at 10 |
|       | 6,260   | 5.000%   | 8/01/24 - MBIA Insured  | 8/12 at 10 |
|       |         | San Francisco City and County Public Utilities Commission,<br>California, Clean Water Revenue Refunding Bonds, Series 2003A: |                         |            |
|       | 3,315   | 5.250%   | 10/01/18 - MBIA Insured | 4/13 at 10 |
|       | 12,000  | 5.250%   | 10/01/19 - MBIA Insured | 4/13 at 10 |
|       | 40,990  | Total Water and Sewer  |                         |            |
| \$    | 499,463 | Total Investments (cost \$494,013,497) - 148.2%  |                         |            |
| ===== |         |  |                         |            |
|       |         | Floating Rate Obligations - (4.6)%   |                         |            |
| ----- |         |  |                         |            |
|       |         | Other Assets Less Liabilities - 5.1%   |                         |            |
| ----- |         |  |                         |            |
|       |         | Auction Rate Preferred Shares, at Liquidation Value - (48.7)% (6)  |                         |            |
| ----- |         |  |                         |            |
|       |         | Net Assets Applicable to Common Shares - 100%  |                         |            |
| ===== |         |  |                         |            |

FORWARD SWAPS OUTSTANDING AT AUGUST 31, 2008:

| COUNTERPARTY   | NOTIONAL<br>AMOUNT | FUND<br>PAY/RECEIVE<br>FLOATING RATE | FLOATING RATE<br>INDEX | FIXED RATE<br>(ANNUALIZED) | FIXED RATE<br>PAYMENT<br>FREQUENCY | EFFEC<br>DAT |
|--|--------------------|--------------------------------------|------------------------|----------------------------|------------------------------------|--------------|
|  |                    |                                      |                        |                            |                                    |              |
| Citigroup Inc.   | \$10,000,000       | Receive                              | 3-Month USD-LIBOR      | 5.323%                     | Semi-Annually                      | 7/2          |
| =====  |                    |                                      |                        |                            |                                    |              |
| USD-LIBOR (United States Dollar-London Inter-Bank Offered Rate). |                    |                                      |                        |                            |                                    |              |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The Portfolio of Investments may reflect the ratings on certain bonds insured by ACA, AMBAC, FGIC, MBIA, RAAI and XLCA as of August 31, 2008. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings

of the underlying insurers both during the period and after period end.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
  - (5) Portion of investment, with an aggregate market value of \$313,209, has been pledged to collateralize the net payment obligations under forward swap contracts.
  - (6) Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments is 32.8%.
  - (7) Effective Date represents the date on which both the Fund and counterparty commence interest payment accruals on each forward swap contract.
- N/R Not rated.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

See accompanying notes to financial statements.

NKL  
 Nuveen Insured California Dividend Advantage Municipal Fund  
 Portfolio of INVESTMENTS

August 31, 2008

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | CONSUMER STAPLES - 3.6% (2.4% OF TOTAL INVESTMENTS)  |                        |
| \$ 14,155                 | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-2, 0.000%, 6/01/37 | 6/22 at 10             |
| -----                     |  |                        |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 4.8% (3.3% OF TOTAL INVESTMENTS)   |                        |
| 1,675                     | California Educational Facilities Authority, Revenue Bonds, University of San Diego, Series 2002A, 5.250%, 10/01/30                          | 10/12 at 10            |
| 9,000                     | California State University, Systemwide Revenue Bonds, Series 2002A, 5.125%, 11/01/26 - AMBAC Insured  | 11/12 at 10            |
| -----                     |  |                        |
| 10,675                    | Total Education and Civic Organizations  |                        |

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HEALTH CARE - 6.6% (4.5% OF TOTAL INVESTMENTS)

|       |   |            |
|-------|---|------------|
| 5,000 | ABAG Finance Authority for Non-Profit Corporations, California, Cal-Mortgage Insured Revenue Bonds, Sansum-Santa Barbara Medical Foundation Clinic, Series 2002A, 5.600%, 4/01/26 | 4/12 at 10 |
| 5,000 | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.250%, 3/01/45   | 3/16 at 10 |
| 2,815 | California Health Facilities Financing Authority, Revenue Bonds, Lucile Salter Packard Children's Hospital, Series 2003C, 5.000%, 8/15/20 - AMBAC Insured                         | 8/13 at 10 |
| 1,748 | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 14.166%, 7/01/47 - FSA Insured (IF)                                | 7/18 at 10 |

---

14,563 Total Health Care

---

HOUSING/MULTIFAMILY - 1.3% (0.9% OF TOTAL INVESTMENTS)

|       |  |            |
|-------|--|------------|
| 1,000 | California Statewide Community Development Authority, Student Housing Revenue Bonds, EAH - Irvine East Campus Apartments, LLC Project, Series 2002A, 5.500%, 8/01/22 - ACA Insured             | 8/12 at 10 |
| 1,905 | Los Angeles, California, GNMA Mortgage-Backed Securities Program Multifamily Housing Revenue Bonds, Park Plaza West Senior Apartments, Series 2001B, 5.300%, 1/20/21 (Alternative Minimum Tax) | 7/11 at 10 |

---

2,905 Total Housing/Multifamily

---

HOUSING/SINGLE FAMILY - 0.3% (0.1% OF TOTAL INVESTMENTS)

|     |  |            |
|-----|--|------------|
| 505 | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2006H, 5.750%, 8/01/30 - FGIC Insured (Alternative Minimum Tax) | 2/16 at 10 |
|-----|--|------------|

INDUSTRIALS - 1.2% (0.7% OF TOTAL INVESTMENTS)

|       |  |         |
|-------|--|---------|
| 3,000 | California Pollution Control Financing Authority, Solid Waste Disposal Revenue Bonds, Republic Services Inc., Series 2002C, 5.250%, 6/01/23 (Mandatory put 12/01/17) (Alternative Minimum Tax) | No Opt. |
|-------|--|---------|

LONG-TERM CARE - 1.4% (0.9% OF TOTAL INVESTMENTS)

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3,000 ABAG Finance Authority for Non-Profit Corporations, California, 11/12 at 10  
 Insured Senior Living Revenue Bonds, Odd Fellows Home of  
 California, Series 2003A, 5.200%, 11/15/22

60

| PRINCIPAL<br>AMOUNT (000)                                   | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|---|--|------------------------|
| TAX OBLIGATION/GENERAL - 27.1% (18.4% OF TOTAL INVESTMENTS) |  |                        |
| \$ 5,920  | Cajon Valley Union School District, San Diego County, California, General Obligation Bonds, Series 2002B, 5.125%, 8/01/32 - MBIA Insured                             | 8/10 at 10             |
| 2,900   | California, General Obligation Bonds, Series 2003, 5.000%, 2/01/21   | 8/13 at 10             |
| 8,250   | California, General Obligation Refunding Bonds, Series 2002, 5.000%, 2/01/22 - MBIA Insured  | 2/12 at 10             |
| 3,375   | Coast Community College District, Orange County, California, General Obligation Bonds, Series 2006C, 0.000%, 8/01/31 - FSA Insured                                   | 8/18 at 10             |
| 230   | El Monte Union High School District, Los Angeles County, California, General Obligation Bonds, Series 2003A, 5.000%, 6/01/28 - FSA Insured                           | 6/13 at 10             |
| 1,365   | Fontana Unified School District, San Bernardino County, California, General Obligation Bonds, Trust 2668, 13.010%, 8/01/28 - FSA Insured (IF)                        | 8/18 at 10             |
| 10,000  | Fremont Unified School District, Alameda County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/25 - FGIC Insured                                  | 8/12 at 10             |
| 1,000   | Los Rios Community College District, Sacramento, El Dorado and Yolo Counties, California, General Obligation Bonds, Series 2006C, 5.000%, 8/01/25 - FSA Insured (UB) | 8/14 at 10             |
| 1,500   | Madera Unified School District, Madera County, California, General Obligation Bonds, Series 2002, 5.000%, 8/01/28 - FSA Insured                                      | 8/12 at 10             |
| 2,000   | Murrieta Valley Unified School District, Riverside County, California, General Obligation Bonds, Series 2007, 4.500%, 9/01/30 - FSA Insured                          | 9/17 at 10             |
| 2,500   | Oakland Unified School District, Alameda County, California, General Obligation Bonds, Series 2002, 5.250%, 8/01/21 - FGIC Insured                                   | 8/12 at 10             |
| 375   | Roseville Joint Union High School District, Placer County, California, General Obligation Bonds, Series 2006B, 5.000%, 8/01/27 - FGIC Insured                        | 8/15 at 10             |



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|        |  |             |
|--------|--|-------------|
| 3,250  | San Diego Unified School District, San Diego County, California, General Obligation Bonds, Election of 1998, Series 2001C, 5.000%, 7/01/22 - FSA Insured | 7/11 at 10  |
| 3,500  | San Mateo County Community College District, California, General Obligation Bonds, Series 2002A, 5.000%, 9/01/26 - FGIC Insured                          | 9/12 at 10  |
| 10,000 | Vista Unified School District, San Diego County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/23 - FSA Insured                       | 8/12 at 10  |
| 3,905  | West Kern Community College District, California, General Obligation Bonds, Election 2004, Series 2007C, 5.000%, 10/01/32 - XLCA Insured                 | 11/17 at 10 |
| 60,070 | Total Tax Obligation/General   |             |

TAX OBLIGATION/LIMITED - 48.4% (32.9% OF TOTAL INVESTMENTS)

|       |  |             |
|-------|--|-------------|
| 1,450 | Baldwin Park Public Financing Authority, California, Sales Tax and Tax Allocation Bonds, Puente Merced Redevelopment Project, Series 2003, 5.250%, 8/01/21                 | 8/13 at 10  |
| 6,895 | Brea and Olinda Unified School District, Orange County, California, Certificates of Participation Refunding, Series 2002A, 5.125%, 8/01/26 - FSA Insured                   | 8/11 at 10  |
| 2,200 | California Infrastructure Economic Development Bank, Los Angeles County, Revenue Bonds, Department of Public Social Services, Series 2003, 5.000%, 9/01/28 - AMBAC Insured | 9/13 at 10  |
| 3,100 | California State Public Works Board, Lease Revenue Bonds, Department of Health Services, Richmond Lab, Series 2005B, 5.000%, 11/01/30 - XLCA Insured                       | 11/15 at 10 |
| 465   | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District, Series 2005, 5.000%, 9/01/24 - FGIC Insured               | 9/15 at 10  |
| 1,400 | Chino Redevelopment Agency, California, Merged Chino Redevelopment Project Area Tax Allocation Bonds, Series 2006, 5.000%, 9/01/38 - AMBAC Insured                         | 9/16 at 10  |

NKL  
 Nuveen Insured California Dividend Advantage Municipal Fund (continued)  
 Portfolio of INVESTMENTS August 31, 2008

| PRINCIPAL AMOUNT (000)             | DESCRIPTION (1)   | OPTIONAL PROVISIONS |
|------------------------------------|---|---------------------|
| TAX OBLIGATION/LIMITED (continued) |   |                     |
| \$ 7,035                           | Corona-Norco Unified School District, Riverside County, | 9/13 at 10          |

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|       |  |            |
|-------|--|------------|
|       | California, Special Tax Bonds, Community Facilities District 98-1,<br>Series 2003, 5.000%, 9/01/28 - MBIA Insured  |            |
| 3,145 | Culver City Redevelopment Agency, California, Tax Allocation<br>Revenue Bonds, Redevelopment Project, Series 2002A,<br>5.125%, 11/01/25 - MBIA Insured   | 5/11 at 10 |
| 8,720 | El Monte, California, Senior Lien Certificates of Participation,<br>Department of Public Services Facility Phase II,<br>Series 2001, 5.000%, 1/01/21 - AMBAC Insured                             | 1/11 at 10 |
| 4,000 | Folsom Public Financing Authority, California, Special Tax<br>Revenue Bonds, Series 2004A, 5.000%, 9/01/21 -<br>AMBAC Insured  | 9/12 at 10 |
| 3,735 | Golden State Tobacco Securitization Corporation, California,<br>Enhanced Tobacco Settlement Revenue Bonds, Drivers<br>Trust 2091, 14.214%, 6/01/45 - AGC Insured (IF)                            | 6/15 at 10 |
| 8,780 | Golden State Tobacco Securitization Corporation, California,<br>Tobacco Settlement Asset-Backed Revenue Bonds,<br>Series 2005A, 5.000%, 6/01/45 - AMBAC Insured                                  | 6/15 at 10 |
| 1,300 | Hesperia Public Financing Authority, California, Redevelopment<br>and Housing Projects Tax Allocation Bonds, Series 2007A,<br>5.000%, 9/01/37 - XLCA Insured                                     | 9/17 at 10 |
| 2,115 | Inglewood Redevelopment Agency, California, Tax Allocation<br>Refunding Bonds, Merged Area Redevelopment Project,<br>Series 1998A, 5.250%, 5/01/23 - AMBAC Insured                               | No Opt.    |
| 3,500 | La Quinta Redevelopment Agency, California, Tax Allocation<br>Bonds, Redevelopment Project Area 1, Series 2001,<br>5.100%, 9/01/31 - AMBAC Insured   | 9/11 at 10 |
| 3,400 | La Quinta Redevelopment Agency, California, Tax Allocation<br>Bonds, Redevelopment Project Area 1, Series 2002,<br>5.000%, 9/01/22 - AMBAC Insured   | 9/12 at 10 |
| 845   | Los Angeles Community Redevelopment Agency, California,<br>Lease Revenue Bonds, Manchester Social Services Project,<br>Series 2005, 5.000%, 9/01/37 - AMBAC Insured                              | 9/15 at 10 |
| 1,640 | Los Angeles County Metropolitan Transportation Authority,<br>California, Proposition C Second Senior Lien Sales Tax<br>Revenue Refunding Bonds, Series 1998A, 5.000%, 7/01/23 -<br>AMBAC Insured | 1/09 at 10 |
| 1,460 | Los Angeles, California, Certificates of Participation, Municipal<br>Improvement Corporation, Series 2003AW, 5.000%, 6/01/33 -<br>AMBAC Insured  | 6/13 at 10 |
| 7,000 | Los Angeles, California, Certificates of Participation,<br>Series 2002, 5.200%, 4/01/27 - AMBAC Insured  | 4/12 at 10 |
| 8,470 | Ontario Redevelopment Financing Authority, California, Lease<br>Revenue Bonds, Capital Projects, Series 2001, 5.200%, 8/01/29 -<br>AMBAC Insured   | 8/11 at 10 |
| 5,000 | Palm Desert Financing Authority, California, Tax Allocation<br>Revenue Refunding Bonds, Project Area 1, Series 2002,<br>5.000%, 4/01/25 - MBIA Insured   | 4/12 at 10 |

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|       |  |            |
|-------|--|------------|
| 3,000 | Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2007N, 5.250%, 7/01/39 - FGIC Insured  | No Opt.    |
| 405   | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 - XLCA Insured                               | 9/15 at 10 |
| 4,475 | Riverside County, California, Asset Leasing Corporate Leasehold Revenue Bonds, Riverside County Hospital Project, Series 1997B, 5.000%, 6/01/19 - MBIA Insured | 6/12 at 10 |
| 505   | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured   | 8/13 at 10 |
| 3,175 | San Buenaventura, California, Certificates of Participation, Series 2001C, 5.250%, 2/01/31 - AMBAC Insured   | 2/11 at 10 |
| 3,730 | San Diego Redevelopment Agency, California, Subordinate Lien Tax Increment and Parking Revenue Bonds, Centre City Project, Series 2003B, 5.250%, 9/01/26       | 9/09 at 10 |
| 4,000 | San Jose Financing Authority, California, Lease Revenue Refunding Bonds, Convention Center Project, Series 2001F, 5.000%, 9/01/19 - MBIA Insured               | 9/11 at 10 |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)   | OPTIONAL<br>PROVISIONS |
|---------------------------|---|------------------------|
| -----                     |   |                        |
|                           | TAX OBLIGATION/LIMITED (continued)  |                        |
| \$ 1,000                  | San Jose Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 8/01/28 - MBIA Insured            | 8/15 at 10             |
| 2,160                     | Temecula Redevelopment Agency, California, Tax Allocation Revenue Bonds, Redevelopment Project 1, Series 2002, 5.125%, 8/01/27 - MBIA Insured | 8/09 at 10             |
| -----                     |   |                        |
| 108,105                   | Total Tax Obligation/Limited  |                        |
| -----                     |   |                        |
|                           | TRANSPORTATION - 5.1% (3.5% OF TOTAL INVESTMENTS)   |                        |
| 7,500                     | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 0.000%, 1/15/29                  | 1/14 at 10             |
|                           | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 2003, Issue 29A:             |                        |
| 2,185                     | 5.250%, 5/01/16 - FGIC Insured (Alternative Minimum Tax)  | 5/13 at 10             |
| 2,300                     | 5.250%, 5/01/17 - FGIC Insured (Alternative Minimum Tax)  | 5/13 at 10             |
| -----                     |   |                        |

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11,985 Total Transportation

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U.S. GUARANTEED - 20.9% (14.2% OF TOTAL INVESTMENTS) (4)

|       |   |             |
|-------|---|-------------|
| 6,000 | California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A, 5.125%, 5/01/18 (Pre-refunded 5/01/12)  | 5/12 at 10  |
| 35    | California Department of Water Resources, Water System Revenue Bonds, Central Valley Project, Series 2002X, 5.150%, 12/01/23 (Pre-refunded 12/01/12) - FGIC Insured                     | 12/12 at 10 |
| 2,250 | California Infrastructure Economic Development Bank, First Lien Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2003A, 5.000%, 7/01/36 (Pre-refunded 1/01/28) - AMBAC Insured | 1/28 at 10  |
| 9,000 | Eastern Municipal Water District, California, Water and Sewerage System Revenue Certificates of Participation, Series 2001B, 5.000%, 7/01/30 (Pre-refunded 7/01/11) - FGIC Insured      | 7/11 at 10  |
|       | Fresno Unified School District, Fresno County, California, General Obligation Bonds, Series 2002B:  |             |
| 1,135 | 5.125%, 8/01/23 - FGIC Insured (ETM)  | 8/10 at 10  |
| 1,190 | 5.125%, 8/01/24 - FGIC Insured (ETM)  | 8/10 at 10  |
| 1,245 | 5.125%, 8/01/25 - FGIC Insured (ETM)  | 8/10 at 10  |
| 1,255 | 5.125%, 8/01/26 - FGIC Insured (ETM)  | 8/10 at 10  |
| 2,070 | Fresno Unified School District, Fresno County, California, General Obligation Bonds, Series 2002G, 5.125%, 8/01/26 - FSA Insured (ETM)  | 8/10 at 10  |
| 4,500 | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2003A-2, 7.900%, 6/01/42 (Pre-refunded 6/01/13)                      | 6/13 at 10  |
| 5,000 | Los Angeles Unified School District, California, General Obligation Bonds, Series 2002E, 5.125%, 1/01/27 (Pre-refunded 7/01/12) - MBIA Insured  | 7/12 at 10  |
| 3,380 | Rancho Mirage Joint Powers Financing Authority, California, Revenue Bonds, Eisenhower Medical Center, Series 2004, 5.875%, 7/01/26 (Pre-refunded 7/01/14)                               | 7/14 at 10  |
| 2,980 | Santa Clarita Community College District, Los Angeles County, California, General Obligation Bonds, Series 2002, 5.125%, 8/01/26 (Pre-refunded 8/01/11) - FGIC Insured                  | 8/11 at 10  |
| 2,460 | Vacaville Unified School District, Solano County, California, General Obligation Bonds, Series 2002, 5.000%, 8/01/26 (Pre-refunded 8/01/11) - FSA Insured                               | 8/11 at 10  |

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42,500 Total U.S. Guaranteed

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UTILITIES - 16.0% (10.9% OF TOTAL INVESTMENTS)

|       |  |             |
|-------|--|-------------|
| 9,000 | Anaheim Public Finance Authority, California, Revenue Bonds, Electric System Distribution Facilities, Series 2002A, 5.000%, 10/01/27 - FSA Insured | 10/12 at 10 |
|-------|--|-------------|

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|        |   |            |
|--------|---|------------|
| 10,000 | California Pollution Control Financing Authority, Remarketed Revenue Bonds, Pacific Gas and Electric Company, Series 1996A, 5.350%, 12/01/16 - MBIA Insured (Alternative Minimum Tax) | 4/11 at 10 |
|--------|---|------------|

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NKL

Nuveen Insured California Dividend Advantage Municipal Fund (continued)  
Portfolio of INVESTMENTS August 31, 2008

| PRINCIPAL<br>AMOUNT (000)                                | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|--|--|------------------------|
| <p style="text-align: center;">UTILITIES (continued)</p> |  |                        |
| \$ 2,490   | Long Beach Bond Finance Authority, California, Natural Gas Purchase Revenue Bonds, Series 2007A, 5.000%, 11/15/35                                  | No Opt.                |
| 3,000  | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2001A-1, 5.250%, 7/01/21 - FSA Insured                   | 7/11 at 10             |
| 830  | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - XLCA Insured                                 | 9/15 at 10             |
| 1,775  | Northern California Power Agency, Revenue Refunding Bonds, Hydroelectric Project 1, Series 1998A, 5.200%, 7/01/32 - MBIA Insured                   | 7/10 at 10             |
| 3,000  | Sacramento Municipal Utility District, California, Electric Revenue Bonds, Series 2001N, 5.000%, 8/15/28 - MBIA Insured                            | 8/11 at 10             |
| 5,630  | Southern California Public Power Authority, Subordinate Revenue Refunding Bonds, Transmission Project, Series 2002A, 4.750%, 7/01/19 - FSA Insured | 7/12 at 10             |
| <p>35,725 Total Utilities</p>                            |  |                        |

WATER AND SEWER - 10.8% (7.3% OF TOTAL INVESTMENTS)

|       |   |             |
|-------|---|-------------|
| 2,965 | California Department of Water Resources, Water System Revenue Bonds, Central Valley Project, Series 2002X, 5.150%, 12/01/23 - FGIC Insured                   | 12/12 at 10 |
| 750   | Fortuna Public Finance Authority, California, Water Revenue Bonds, Series 2006, 5.000%, 10/01/36 - FSA Insured  | 10/16 at 10 |
| 570   | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured                                      | 4/16 at 10  |
| 4,500 | Los Angeles County Sanitation Districts Financing Authority, California, Senior Revenue Bonds, Capital Projects, Series 2003A, 5.000%, 10/01/23 - FSA Insured | 10/13 at 10 |
| 2,425 | Manteca Financing Authority, California, Sewerage Revenue Bonds, Series 2003B, 5.000%, 12/01/33 - MBIA Insured  | 12/13 at 10 |

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|       |   |            |
|-------|---|------------|
| 500   | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured | 6/16 at 10 |
| 9,185 | Orange County Sanitation District, California, Certificates of Participation, Series 2003, 5.000%, 2/01/33 - FGIC Insured     | 8/13 at 10 |

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| PRINCIPAL<br>AMOUNT (000)   | DESCRIPTION (1)   | OPTIONAL<br>PROVISIONS |
|-----------------------------|---|------------------------|
| WATER AND SEWER (continued) |   |                        |
|                             | Semitropic Water Storage District, Kern County, California,<br>Water Banking Revenue Bonds, Series 2004A: |                        |
| \$ 1,315                    | 5.500%, 12/01/20 - XLCA Insured   | 12/14 at 10            |
| 1,415                       | 5.500%, 12/01/21 - XLCA Insured   | 12/14 at 10            |
| -----                       |   |                        |
| 23,625                      | Total Water and Sewer   |                        |
| -----                       |   |                        |
| \$ 330,813                  | Total Investments (cost \$323,929,350) - 147.5%   |                        |
| =====                       |   |                        |
|                             | Floating Rate Obligations - (0.3)%  |                        |
|                             | -----   |                        |
|                             | Other Assets Less Liabilities - 1.3%  |                        |
|                             | -----   |                        |
|                             | Auction Rate Preferred Shares, at Liquidation Value - (48.5)% (5)   |                        |
|                             | -----   |                        |
|                             | Net Assets Applicable to Common Shares - 100%   |                        |
|                             | =====   |                        |

At least 80% of the Fund's net assets (including net assets attributable to Auction Rate Preferred shares) are invested in municipal securities that are covered by insurance or backed by an escrow or trust account containing sufficient U.S. Government or U.S. Government agency securities or U.S. Treasury-issued State and Local Government Series securities to ensure the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 - Insurance, for more information.

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard &

Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The Portfolio of Investments may reflect the ratings on certain bonds insured by ACA, AMBAC, FGIC, MBIA, RAAI and XLCA as of August 31, 2008. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments is 32.9%.

N/R Not rated.

(ETM) Escrowed to maturity.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

See accompanying notes to financial statements.

NKX

Nuveen Insured California Tax-Free Advantage Municipal Fund  
Portfolio of INVESTMENTS

August 31, 2008

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | CONSUMER STAPLES - 4.1% (2.8% OF TOTAL INVESTMENTS)  |                        |
| \$ 6,070                  | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-2, 0.000%, 6/01/37 | 6/22 at 10             |
| -----                     |  |                        |
|                           | HEALTH CARE - 21.0% (14.5% OF TOTAL INVESTMENTS)   |                        |
| 1,815                     | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.250%, 3/01/45                      | 3/16 at 10             |
| 1,800                     | California Infrastructure Economic Development Bank, Revenue   | 8/11 at 10             |

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|        |   |             |
|--------|---|-------------|
|        | Bonds, Kaiser Hospital Assistance LLC, Series 2001A,<br>5.550%, 8/01/31   |             |
| 4,000  | California Statewide Community Development Authority, Insured<br>Health Facility Revenue Bonds, Catholic Healthcare West,<br>Series 2008K, 5.500%, 7/01/41 - AGC Insured  | 7/17 at 10  |
| 5,000  | California Statewide Community Development Authority, Revenue<br>Bonds, Kaiser Permanente System, 5.000%, 3/01/41 -<br>BHAC Insured (UB)  | 3/16 at 10  |
| 4,060  | California Statewide Community Development Authority, Revenue<br>Bonds, Sherman Oaks Health System, Series 1998A,<br>5.000%, 8/01/22 - AMBAC Insured  | No Opt.     |
| 662    | California Statewide Communities Development Authority,<br>Revenue Bonds, Saint Joseph Health System, Trust 2554,<br>14.166%, 7/01/47 - FSA Insured (IF)  | 7/18 at 10  |
| -----  |   |             |
| 17,337 | Total Health Care   |             |
| -----  |   |             |
|        | HOUSING/MULTIFAMILY - 1.3% (0.9% OF TOTAL INVESTMENTS)  |             |
| 1,165  | Poway, California, Housing Revenue Bonds, Revenue Bonds,<br>Poinsettia Mobile Home Park, Series 2003, 5.000%, 5/01/23   | 5/13 at 10  |
| -----  |   |             |
|        | LONG-TERM CARE - 3.6% (2.5% OF TOTAL INVESTMENTS)   |             |
| 1,000  | ABAG Finance Authority for Non-Profit Corporations, California,<br>Insured Senior Living Revenue Bonds, Odd Fellows Home of<br>California, Series 2003A, 5.200%, 11/15/22   | 11/12 at 10 |
| 2,000  | California Health Facilities Financing Authority, Cal-Mortgage<br>Insured Revenue Bonds, Northern California Retired Officers<br>Community Corporation - Paradise Valley Estates, Series 2002,<br>5.250%, 1/01/26 | 1/13 at 10  |
| -----  |   |             |
| 3,000  | Total Long-Term Care  |             |
| -----  |   |             |
|        | TAX OBLIGATION/GENERAL - 20.2% (13.9% OF TOTAL INVESTMENTS)   |             |
| 2,000  | Butte-Glenn Community College District, Butte and Glenn Counties,<br>California, General Obligation Bonds, Series 2002A,<br>5.000%, 8/01/26 - MBIA Insured  | 8/12 at 10  |
| 2,460  | California State, General Obligation Bonds, Series 2002:<br>5.000%, 4/01/27 - AMBAC Insured   | 4/12 at 10  |
| 55     | 5.250%, 4/01/30 - XLCA Insured  | 4/12 at 10  |
| 515    | Fontana Unified School District, San Bernardino County,<br>California, General Obligation Bonds, Trust 2668,<br>13.010%, 8/01/28 - FSA Insured (IF)   | 8/18 at 10  |
| 450    | Fremont Unified School District, Alameda County, California,  | 8/12 at 10  |



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General Obligation Bonds, Series 2002A, 5.000%, 8/01/25 -  
 FGIC Insured

|       |   |            |
|-------|---|------------|
| 2,000 | Los Angeles, California, General Obligation Bonds, Series 2002A,<br>5.000%, 9/01/22 - MBIA Insured  | 9/12 at 10 |
| 1,000 | Murrieta Valley Unified School District, Riverside County,<br>California, General Obligation Bonds, Series 2003A,<br>5.000%, 9/01/26 - FGIC Insured | 9/13 at 10 |

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| PRINCIPAL<br>AMOUNT (000)          | DESCRIPTION (1)   | OPTIONAL<br>PROVISIONS |
|------------------------------------|---|------------------------|
| TAX OBLIGATION/GENERAL (continued) |   |                        |
| \$ 1,000                           | Murrieta Valley Unified School District, Riverside County,<br>California, General Obligation Bonds, Series 2007,<br>4.500%, 9/01/30 - FSA Insured   | 9/17 at 10             |
| 140                                | Roseville Joint Union High School District, Placer County,<br>California, General Obligation Bonds, Series 2006B,<br>5.000%, 8/01/27 - FGIC Insured | 8/15 at 10             |
| 3,000                              | San Diego Unified School District, California, General<br>Obligation Bonds, Election of 1998, Series 2000B,<br>5.125%, 7/01/22 - MBIA Insured       | 7/10 at 10             |
| 3,855                              | San Rafael City High School District, Marin County,<br>California, General Obligation Bonds, Series 2003A,<br>5.000%, 8/01/28 - FSA Insured         | 8/12 at 10             |
| 16,475                             | Total Tax Obligation/General  |                        |

TAX OBLIGATION/LIMITED - 44.8% (31.0% OF TOTAL INVESTMENTS)

|       |  |             |
|-------|--|-------------|
| 550   | Baldwin Park Public Financing Authority, California, Sales<br>Tax and Tax Allocation Bonds, Puente Merced Redevelopment<br>Project, Series 2003, 5.250%, 8/01/21         | 8/13 at 10  |
| 1,165 | Burbank Public Financing Authority, California, Revenue<br>Refunding Bonds, Golden State Redevelopment Project,<br>Series 2003A, 5.250%, 12/01/22 - AMBAC Insured        | 12/13 at 10 |
| 4,000 | California State Public Works Board, Lease Revenue Bonds,<br>Department of General Services, Capital East End Project,<br>Series 2002A, 5.000%, 12/01/27 - AMBAC Insured | 12/12 at 10 |
| 170   | Capistrano Unified School District, Orange County, California,<br>Special Tax Bonds, Community Facilities District, Series 2005,<br>5.000%, 9/01/24 - FGIC Insured       | 9/15 at 10  |
| 525   | Chino Redevelopment Agency, California, Merged Chino<br>Redevelopment Project Area Tax Allocation Bonds, Series 2006,  | 9/16 at 10  |

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|       |  |             |
|-------|--|-------------|
|       | 5.000%, 9/01/38 - AMBAC Insured  |             |
| 1,610 | Folsom Public Financing Authority, California, Special Tax Revenue Bonds, Series 2004A, 5.000%, 9/01/21 - AMBAC Insured  | 9/12 at 10  |
| 1,410 | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Revenue Bonds, Drivers Trust 2091, 14.214%, 6/01/45 - AGC Insured (IF)    | 6/15 at 10  |
| 3,285 | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A, 5.000%, 6/01/45 - AMBAC Insured          | 6/15 at 10  |
| 1,000 | Hesperia Public Financing Authority, California, Redevelopment and Housing Projects Tax Allocation Bonds, Series 2007A, 5.000%, 9/01/37 - XLCA Insured             | 9/17 at 10  |
| 5,540 | Irvine Public Facilities and Infrastructure Authority, California, Assessment Revenue Bonds, Series 2003C, 5.000%, 9/02/21 - AMBAC Insured                         | 9/13 at 10  |
| 315   | Los Angeles Community Redevelopment Agency, California, Lease Revenue Bonds, Manchester Social Services Project, Series 2005, 5.000%, 9/01/37 - AMBAC Insured      | 9/15 at 10  |
| 1,770 | Los Angeles Unified School District, California, Certificates of Participation, Administration Building Project II, Series 2002C, 5.000%, 10/01/27 - AMBAC Insured | 10/12 at 10 |
| 2,000 | Los Angeles, California, Certificates of Participation, Municipal Improvement Corporation, Series 2003AW, 5.000%, 6/01/33 - AMBAC Insured                          | 6/13 at 10  |
| 1,500 | Los Angeles, California, Municipal Improvement Corporation, Lease Revenue Bonds, Police Headquarters, Series 2006A, 4.750%, 1/01/31 - FGIC Insured                 | 1/17 at 10  |
| 1,500 | Los Osos, California, Improvement Bonds, Community Services Wastewater Assessment District 1, Series 2002, 5.000%, 9/02/33 - MBIA Insured                          | 9/10 at 10  |
| 150   | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 - XLCA Insured                                   | 9/15 at 10  |
| 190   | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured   | 8/13 at 10  |
|       | San Buenaventura, California, Certificates of Participation, Golf Course Financing Project, Series 2002D:  |             |
| 3,000 | 5.000%, 2/01/27 - AMBAC Insured  | 2/12 at 10  |
| 3,300 | 5.000%, 2/01/32 - AMBAC Insured  | 2/12 at 10  |

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| PRINCIPAL<br>AMOUNT (000)                                | DESCRIPTION (1)  | OPTIONAL<br>PROVISIONS |
|--|--|------------------------|
| -----  |  |                        |
| TAX OBLIGATION/LIMITED (continued)                       |  |                        |
| \$ 1,200   | San Diego Redevelopment Agency, California, Subordinate Lien Tax Increment and Parking Revenue Bonds, Centre City Project, Series 2003B, 5.250%, 9/01/26                 | 9/09 at 10             |
| 2,770  | San Jose Financing Authority, California, Lease Revenue Refunding Bonds, Civic Center Project, Series 2002B, 5.000%, 6/01/32 - AMBAC Insured                             | 6/12 at 10             |
| 1,000  | San Jose Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 8/01/28 - MBIA Insured                                       | 8/15 at 10             |
| -----  |  |                        |
| 37,950   | Total Tax Obligation/Limited   |                        |
| -----  |  |                        |
| TRANSPORTATION - 10.3% (7.1% OF TOTAL INVESTMENTS)       |  |                        |
| 5,480  | Bay Area Governments Association, California, BART SFO Extension, Airport Premium Fare Revenue Bonds, Series 2002A, 5.000%, 8/01/26 - AMBAC Insured                      | 8/12 at 10             |
| 2,000  | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Bonds, Series 1995A, 5.000%, 1/01/35  | 1/10 at 10             |
| 1,300  | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 2000, Issue 26B, 5.000%, 5/01/25 - FGIC Insured         | 5/10 at 10             |
| -----  |  |                        |
| 8,780  | Total Transportation   |                        |
| -----  |  |                        |
| U.S. GUARANTEED - 19.0% (13.1% OF TOTAL INVESTMENTS) (4) |  |                        |
| 1,000  | Berryessa Union School District, Santa Clara County, California, General Obligation Bonds, Series 2003C, 5.000%, 8/01/21 (Pre-refunded 8/01/12) - FSA Insured            | 8/12 at 10             |
| 1,290  | California State, General Obligation Bonds, Series 2002: 5.000%, 4/01/27 (Pre-refunded 4/01/12) - AMBAC Insured  | 4/12 at 10             |
| 2,945  | 5.250%, 4/01/30 (Pre-refunded 4/01/12) - XLCA Insured  | 4/12 at 10             |
| 500  | California, General Obligation Bonds, Series 2004, 5.250%, 4/01/34 (Pre-refunded 4/01/14)  | 4/14 at 10             |
| 1,625  | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2003A-2, 7.900%, 6/01/42 (Pre-refunded 6/01/13)       | 6/13 at 10             |
| 2,030  | Hacienda La Puente Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2003B, 5.000%, 8/01/27 (Pre-refunded 8/01/13) - FSA Insured | 8/13 at 10             |

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|        |  |             |
|--------|--|-------------|
| 1,260  | Rancho Mirage Joint Powers Financing Authority, California, Revenue Bonds, Eisenhower Medical Center, Series 2004, 5.875%, 7/01/26 (Pre-refunded 7/01/14)              | 7/14 at 10  |
| 1,220  | San Jose Redevelopment Agency, California, Tax Allocation Bonds, Merged Area Redevelopment Project, Series 2002, 5.000%, 8/01/32 (Pre-refunded 8/01/10) - MBIA Insured | 8/10 at 10  |
| 2,390  | Solano County, California, Certificates of Participation, Series 2002, 5.250%, 11/01/24 (Pre-refunded 11/01/12) - MBIA Insured   | 11/12 at 10 |
| -----  |  |             |
| 14,260 | Total U.S. Guaranteed  |             |
| -----  |  |             |

UTILITIES - 6.8% (4.7% OF TOTAL INVESTMENTS)

|       |   |             |
|-------|---|-------------|
| 1,000 | Anaheim Public Finance Authority, California, Second Lien Electric Distribution Revenue Bonds, Series 2004, 5.250%, 10/01/21 - MBIA Insured | 10/14 at 10 |
| 945   | Long Beach Bond Finance Authority, California, Natural Gas Purchase Revenue Bonds, Series 2007A, 5.500%, 11/15/37                           | No Opt.     |
| 3,055 | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2001A-1, 5.250%, 7/01/22 - FSA Insured            | 7/11 at 10  |
| 275   | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2003A-2, 5.000%, 7/01/21 - MBIA Insured           | 7/13 at 10  |
| 310   | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - XLCA Insured                          | 9/15 at 10  |
| ----- |   |             |
| 5,585 | Total Utilities   |             |
| ----- |   |             |

| PRINCIPAL AMOUNT (000)                              | DESCRIPTION (1)  | OPTIONAL PROVISIONS |
|---|--|---------------------|
| -----   |  |                     |
| WATER AND SEWER - 13.7% (9.5% OF TOTAL INVESTMENTS) |  |                     |
| \$ 1,000  | Castaic Lake Water Agency, California, Certificates of Participation, Series 2006C, 5.000%, 8/01/36 - MBIA Insured       | 8/16 at 10          |
| 750   | Fortuna Public Finance Authority, California, Water Revenue Bonds, Series 2006, 5.000%, 10/01/36 - FSA Insured           | 10/16 at 10         |
| 215   | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured | 4/16 at 10          |
| 895   | Manteca Financing Authority, California, Sewerage Revenue  | 12/13 at 10         |

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Bonds, Series 2003B, 5.000%, 12/01/33 - MBIA Insured

|       |   |             |
|-------|---|-------------|
| 170   | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured                           | 6/16 at 10  |
|       | San Diego Public Facilities Financing Authority, California, Subordinate Lien Water Revenue Bonds, Series 2002:   |             |
| 3,000 | 5.000%, 8/01/22 - MBIA Insured  | 8/12 at 10  |
| 2,500 | 5.000%, 8/01/23 - MBIA Insured  | 8/12 at 10  |
| 1,180 | South Feather Water and Power Agency, California, Water Revenue Certificates of Participation, Solar Photovoltaic Project, Series 2003, 5.375%, 4/01/24 | 4/13 at 10  |
| 1,600 | Sunnyvale Financing Authority, California, Water and Wastewater Revenue Bonds, Series 2001, 5.000%, 10/01/26 - AMBAC Insured                            | 10/11 at 10 |

---

|        |                       |  |
|--------|-----------------------|--|
| 11,310 | Total Water and Sewer |  |
|--------|-----------------------|--|

---

|            |   |  |
|------------|---|--|
| \$ 121,932 | Total Investments (cost \$120,979,271) - 144.8% |  |
|------------|---|--|

---

Floating Rate Obligations - (4.5)%

---

Variable Rate Demand Preferred Shares, at Liquidation Value - (42.5)% (5)

---

Other Assets Less Liabilities - 2.2%

---

Net Assets Applicable to Common Shares - 100%

---

At least 80% of the Fund's net assets (including net assets attributable to Variable Rate Demand Preferred shares) are invested in municipal securities that are covered by insurance or backed by an escrow or trust account containing sufficient U.S. Government or U.S. Government agency securities or U.S. Treasury-issued State and Local Government Series securities to ensure the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 - Insurance, for more information.

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The Portfolio of Investments may reflect the ratings on certain bonds insured by ACA, AMBAC, FGIC, MBIA, RAAI and

XLCA as of August 31, 2008. Please see the Portfolio Manager's Commentary for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers both during the period and after period end.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) Variable Rate Demand Preferred Shares, at Liquidation Value, as a percentage of Total Investments is 29.4%. N/R Not rated.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

See accompanying notes to financial statements.

Statement of  
ASSETS & LIABILITIES

August 31, 2008

|  | INSURED<br>CALIFORNIA<br>PREMIUM INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME 2<br>(NCL) |
|--|--|---|
| -----  |  |   |
| ASSETS   |  |   |
| Investments, at value (cost \$135,840,088, \$266,598,998, \$116,394,237 and \$502,078,399, respectively) | \$141,545,857                                    | \$267,578,980   |
| Cash   | --   | 7,814,106   |
| Time deposit, 2.050%, maturity 9/05/08   | --   | --  |
| Receivables:   |  |   |
| Interest   | 2,446,438  | 3,630,449   |
| Investments sold   | --   | --  |
| Deferred offering costs  | --   | --  |
| Other assets   | 8,039  | 41,591  |
| -----  |  |   |
| Total assets   | 144,000,334                                      | 279,065,126   |
| -----  |  |   |
| LIABILITIES  |  |   |
| Cash overdraft   | 2,055,917  | --  |
| Payable for Auction Rate Preferred shares redeemed and/or noticed for redemption, at liquidation value   | --   | 7,575,000   |
| Floating rate obligations  | --   | 11,060,000  |
| Unrealized depreciation on forward swaps   | --   | --  |
| Variable Rate Demand Preferred shares, at liquidation value  | --   | --  |
| Accrued expenses:  |  |   |

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|   |               |               |
|---|---------------|---------------|
| Management fees   | 76,025        | 145,486       |
| Other   | 44,944        | 85,384        |
| Common share dividends payable  | 344,295       | 613,640       |
| Auction Rate Preferred share dividends payable  | 16,894        | 27,026        |
| Offering costs payable  | --            | --            |
| -----   |               |               |
| Total liabilities   | 2,538,075     | 19,506,536    |
| -----   |               |               |
| Auction Rate Preferred shares, at liquidation value   | 45,000,000    | 79,825,000    |
| -----   |               |               |
| Net assets applicable to Common shares  | \$ 96,462,259 | \$179,733,590 |
| =====   |               |               |
| Common shares outstanding   | 6,459,832     | 12,716,370    |
| =====   |               |               |
| Net asset value per Common share outstanding<br>(net assets applicable to Common shares,<br>divided by Common shares outstanding) | \$ 14.93      | \$ 14.13      |
| =====   |               |               |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:  |               |               |
| -----   |               |               |
| Common shares, \$.01 par value per share  | \$ 64,598     | \$ 127,164    |
| Paid-in surplus   | 89,426,693    | 176,235,765   |
| Undistributed (Over-distribution of) net investment income  | 149,112       | 707,293       |
| Accumulated net realized gain (loss) from investments<br>and derivative transactions  | 1,116,087     | 1,683,386     |
| Net unrealized appreciation (depreciation ) of investments<br>and derivative transactions   | 5,705,769     | 979,982       |
| -----   |               |               |
| Net assets applicable to Common shares  | \$ 96,462,259 | \$179,733,590 |
| =====   |               |               |
| Authorized shares:  |               |               |
| Common  | 200,000,000   | 200,000,000   |
| Auction Rate Preferred and Variable Rate Demand Preferred   | 1,000,000     | 1,000,000     |
| =====   |               |               |

See accompanying notes to financial statements.

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|   | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) |
|---|--|--|
| -----   |  |  |
| ASSETS  |  |  |
| Investments, at value (cost \$319,536,900, \$494,013,497, \$323,929,350<br>and \$120,979,271, respectively) | \$321,268,113                                  | \$487,009,510                                  |
| Cash  | 8,152,614                                      | 11,333,506                                     |
| Time deposit, 2.050%, maturity 9/05/08  | --   | --   |
| Receivables:  |  |  |
| Interest  | 4,521,100                                      | 7,624,158                                      |
| Investments sold  | 15,000   | 25,000   |
| Deferred offering costs   | --   | --   |
| Other assets  | 35,546   | 39,071   |
| -----   |  |  |
| Total assets  | 333,992,373                                    | 506,031,245                                    |

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| LIABILITIES   |                   |                   |
|---|-------------------|-------------------|
| Cash overdraft  | --                | --                |
| Payable for Auction Rate Preferred shares redeemed and/or<br>noticed for redemption, at liquidation value                         | --                | --                |
| Floating rate obligations   | 10,004,000        | 15,142,000        |
| Unrealized depreciation on forward swaps  | --                | 595,545           |
| Variable Rate Demand Preferred shares, at liquidation value   | --                | --                |
| Accrued expenses:   |                   |                   |
| Management fees   | 129,963           | 174,049           |
| Other   | 95,161            | 127,653           |
| Common share dividends payable  | 821,626           | 1,355,556         |
| Auction Rate Preferred share dividends payable<br>10,368  |                   | 51,656            |
| Offering costs payable  | --                | --                |
| <b>Total liabilities</b>  | <b>11,102,406</b> | <b>17,447,576</b> |
| Auction Rate Preferred shares, at liquidation value   | 110,000,000       | 159,925,000       |
| Net assets applicable to Common shares  | \$212,889,967     | \$328,658,669     |
| Common shares outstanding   | 14,797,422        | 24,132,334        |
| Net asset value per Common share outstanding<br>(net assets applicable to Common shares,<br>divided by Common shares outstanding) | \$ 14.39          | \$ 13.62          |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:  |                   |                   |
| Common shares, \$.01 par value per share  | \$ 147,974        | \$ 241,323        |
| Paid-in surplus   | 210,182,679       | 342,810,815       |
| Undistributed (Over-distribution of) net investment income  | 265,440           | 718,052           |
| Accumulated net realized gain (loss) from investments<br>and derivative transactions  | 562,661           | (7,511,989)       |
| Net unrealized appreciation (depreciation) of investments<br>and derivative transactions  | 1,731,213         | (7,599,532)       |
| Net assets applicable to Common shares  | \$212,889,967     | \$328,658,669     |
| Authorized shares:  |                   |                   |
| Common  | Unlimited         | Unlimited         |
| Auction Rate Preferred and Variable Rate Demand Preferred   | Unlimited         | Unlimited         |

See accompanying notes to financial statements.

Statement of  
OPERATIONS

Year Ended August 31, 2008

|  |            |            |
|--|------------|------------|
|  | INSURED    | INSURED    |
|  | CALIFORNIA | CALIFORNIA |
|  | PREMIUM    | PREMIUM    |
|  | INCOME 2   | INCOME 2   |
|  | (NPC)      | (NCL)      |



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|   |              |              |
|---|--------------|--------------|
| INVESTMENT INCOME   | \$ 7,281,324 | \$14,344,641 |
| -----   |              |              |
| EXPENSES  |              |              |
| Management fees   | 906,873      | 1,750,979    |
| Auction fees  | 112,500      | 237,344      |
| Dividend disbursing agent fees  | 10,000       | 20,000       |
| Shareholders' servicing agent fees and expenses   | 8,083        | 13,391       |
| Interest expense  | --           | 40,691       |
| Custodian's fees and expenses   | 51,209       | 70,900       |
| Directors'/Trustees' fees and expenses  | 3,510        | 6,800        |
| Professional fees   | 18,332       | 25,570       |
| Shareholders' reports - printing and mailing expenses   | 15,312       | 38,137       |
| Stock exchange listing fees   | 9,385        | 9,367        |
| Investor relations expense  | 14,047       | 26,761       |
| Other expenses  | 14,874       | 22,375       |
| -----   |              |              |
| Total expenses before custodian fee credit and expense reimbursement  | 1,164,125    | 2,262,315    |
| Custodian fee credit  | (11,540)     | (20,298)     |
| Expense reimbursement   | --           | --           |
| -----   |              |              |
| Net expenses  | 1,152,585    | 2,242,017    |
| -----   |              |              |
| Net investment income   | 6,128,739    | 12,102,624   |
| -----   |              |              |
| REALIZED AND UNREALIZED GAIN (LOSS)   |              |              |
| Net realized gain (loss) from:  |              |              |
| Investments   | 328,360      | 1,445,377    |
| Forward swaps   | 863,429      | 856,758      |
| Futures   | --           | --           |
| Change in net unrealized appreciation (depreciation) of:  |              |              |
| Investments   | (1,420,724)  | (7,171,193)  |
| Forward swaps   | (364,728)    | (656,230)    |
| -----   |              |              |
| Net realized and unrealized gain (loss)   | (593,663)    | (5,525,288)  |
| -----   |              |              |
| DISTRIBUTIONS TO AUCTION RATE PREFERRED SHAREHOLDERS  |              |              |
| From net investment income  | (1,447,316)  | (3,061,483)  |
| From accumulated net realized gains   | (25,344)     | --           |
| -----   |              |              |
| Decrease in net assets applicable to Common shares<br>from distributions to Auction Rate Preferred shareholders | (1,472,660)  | (3,061,483)  |
| -----   |              |              |
| Net increase (decrease) in net assets applicable to Common shares<br>from operations                            | \$ 4,062,416 | \$ 3,515,853 |
| =====   |              |              |

See accompanying notes to financial statements.

|                   | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) |
|-------------------|--|--|
| INVESTMENT INCOME | \$16,999,827                                   | \$27,744,430                                   |

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|   |              |              |
|---|--------------|--------------|
| EXPENSES  |              |              |
| Management fees   | 2,046,464    | 3,238,100    |
| Auction fees  | 275,000      | 459,548      |
| Dividend disbursing agent fees  | 20,000       | 20,000       |
| Shareholders' servicing agent fees and expenses   | 1,908        | 3,315        |
| Interest expense  | 190,552      | 72,436       |
| Custodian's fees and expenses   | 96,770       | 147,034      |
| Directors'/Trustees' fees and expenses  | 7,274        | 12,533       |
| Professional fees   | 24,722       | 35,261       |
| Shareholders' reports - printing and mailing expenses   | 35,728       | 48,260       |
| Stock exchange listing fees   | 1,816        | 2,962        |
| Investor relations expense  | 21,070       | 46,560       |
| Other expenses  | 1,450        | 27,782       |
| Total expenses before custodian fee credit and expense reimbursement  | 2,722,754    | 4,113,791    |
| Custodian fee credit  | (34,119)     | (60,420)     |
| Expense reimbursement   | (587,369)    | (1,068,648)  |
| Net expenses  | 2,101,266    | 2,984,723    |
| Net investment income   | 14,898,561   | 24,759,707   |
| REALIZED AND UNREALIZED GAIN (LOSS)   |              |              |
| Net realized gain (loss) from:  |              |              |
| Investments   | (313,737)    | (978,786)    |
| Forward swaps   | 1,314,381    | (1,478,000)  |
| Futures   | --           | (291,364)    |
| Change in net unrealized appreciation (depreciation) of:  |              |              |
| Investments   | (6,006,208)  | (14,054,312) |
| Forward swaps   | (396,451)    | 57,314       |
| Net realized and unrealized gain (loss)   | (5,402,015)  | (16,745,148) |
| DISTRIBUTIONS TO AUCTION RATE PREFERRED SHAREHOLDERS  |              |              |
| From net investment income  | (3,691,110)  | (6,076,255)  |
| From accumulated net realized gains   | --           | --           |
| Decrease in net assets applicable to Common shares<br>from distributions to Auction Rate Preferred shareholders | (3,691,110)  | (6,076,255)  |
| Net increase (decrease) in net assets applicable to Common shares<br>from operations                            | \$ 5,805,436 | \$ 1,938,304 |

See accompanying notes to financial statements.

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Statement of  
CHANGES in NET ASSETS

| INSURED CALIFORNIA<br>PREMIUM INCOME (NPC) |                       | INSURED CALIFORNIA<br>PREMIUM INCOME 2 (NCL) |                       |
|--|-----------------------|--|-----------------------|
| YEAR ENDED<br>8/31/08                      | YEAR ENDED<br>8/31/07 | YEAR ENDED<br>8/31/08                        | YEAR ENDED<br>8/31/07 |

OPERATIONS

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|   |              |               |               |               |
|---|--------------|---------------|---------------|---------------|
| Net investment income   | \$ 6,128,739 | \$ 5,834,849  | \$ 12,102,624 | \$ 11,372,772 |
| Net realized gain (loss) from:  |              |               |               |               |
| Investments   | 328,360      | 132,902       | 1,445,377     | (30,877)      |
| Forward swaps   | 863,429      | 159,600       | 856,758       | 419,200       |
| Futures   | --           | --            | --            | --            |
| Change in net unrealized appreciation (depreciation) of:  |              |               |               |               |
| Investments   | (1,420,724)  | (2,928,553)   | (7,171,193)   | (6,140,606)   |
| Forward swaps   | (364,728)    | 35,238        | (656,230)     | (181,996)     |
| Futures   | --           | --            | --            | --            |
| Distributions to Auction Rate Preferred shareholders:   |              |               |               |               |
| From net investment income  | (1,447,316)  | (1,373,537)   | (3,061,483)   | (3,120,823)   |
| From accumulated net realized gains   | (25,344)     | (118,110)     | --            | --            |
| -----   |              |               |               |               |
| Net increase (decrease) in net assets applicable to Common shares from operations                 | 4,062,416    | 1,742,389     | 3,515,853     | 2,317,670     |
| -----   |              |               |               |               |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS  |              |               |               |               |
| From net investment income  | (4,689,975)  | (4,725,196)   | (8,125,762)   | (8,545,402)   |
| From accumulated net realized gains   | (86,562)     | (486,696)     | --            | --            |
| -----   |              |               |               |               |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders      | (4,776,537)  | (5,211,892)   | (8,125,762)   | (8,545,402)   |
| -----   |              |               |               |               |
| CAPITAL SHARE TRANSACTIONS  |              |               |               |               |
| Net proceeds from Common shares issued to shareholders due to reinvestment of distributions       | --           | 65,214        | --            | --            |
| -----   |              |               |               |               |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | --           | 65,214        | --            | --            |
| -----   |              |               |               |               |
| Net increase (decrease) in net assets applicable to Common shares                                 | (714,121)    | (3,404,289)   | (4,609,909)   | (6,227,732)   |
| Net assets applicable to Common shares at the beginning of year                                   | 97,176,380   | 100,580,669   | 184,343,499   | 190,571,231   |
| -----   |              |               |               |               |
| Net assets applicable to Common shares at the end of year   | \$96,462,259 | \$ 97,176,380 | \$179,733,590 | \$184,343,499 |
| =====   |              |               |               |               |
| Undistributed (Over-distribution of) net investment income at the end of year                     | \$ 149,112   | \$ 158,730    | \$ 707,293    | \$ (179,908)  |
| =====   |              |               |               |               |

See accompanying notes to financial statements.

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|  | CALIFORNIA<br>DIVIDEND ADVANTAGE (NAC) |                       | CALIFORNIA<br>DIVIDEND ADVANTAGE 2 (NVX) |                       |
|--|--|-----------------------|--|-----------------------|
|  | YEAR ENDED<br>8/31/08                  | YEAR ENDED<br>8/31/07 | YEAR ENDED<br>8/31/08                    | YEAR ENDED<br>8/31/07 |
| <hr/>  |  |                       |  |                       |
| OPERATIONS   |  |                       |  |                       |
| Net investment income  | \$ 24,047,246                          | \$ 23,391,916         | \$ 14,898,561                            | \$ 14,244,418         |
| Net realized gain (loss) from:   |  |                       |  |                       |
| Investments  | 4,832,689                              | 1,330,465             | (313,737)                                | (394,576)             |
| Forward swaps  | 4,168,843                              | (824,000)             | 1,314,381                                | 352,500               |
| Futures  | --                                     | 29,877                | --                                       | --                    |
| Change in net unrealized<br>appreciation (depreciation) of:  |  |                       |  |                       |
| Investments  | (18,634,531)                           | (14,848,472)          | (6,006,208)                              | (8,830,002)           |
| Forward swaps  | (2,275,676)                            | 1,437,247             | (396,451)                                | (351,758)             |
| Futures  | --                                     | (27,339)              | --                                       | --                    |
| Distributions to Auction Rate<br>Preferred shareholders:   |  |                       |  |                       |
| From net investment income   | (5,502,755)                            | (5,740,999)           | (3,691,110)                              | (3,680,820)           |
| From accumulated net<br>realized gains   | (260,925)                              | (310,662)             | --                                       | --                    |
| <hr/>  |  |                       |  |                       |
| Net increase (decrease) in net assets<br>applicable to Common shares<br>from operations                  | 6,374,891                              | 4,438,033             | 5,805,436                                | 1,339,762             |
| <hr/>  |  |                       |  |                       |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS   |  |                       |  |                       |
| From net investment income   | (17,328,427)                           | (18,656,213)          | (10,247,217)                             | (11,272,438)          |
| From accumulated net<br>realized gains   | (838,245)                              | (1,250,132)           | --                                       | --                    |
| <hr/>  |  |                       |  |                       |
| Decrease in net assets<br>applicable to<br>Common shares from<br>distributions to<br>Common shareholders | (18,166,672)                           | (19,906,345)          | (10,247,217)                             | (11,272,438)          |
| <hr/>  |  |                       |  |                       |
| CAPITAL SHARE TRANSACTIONS   |  |                       |  |                       |
| Net proceeds from Common shares<br>issued to shareholders due to<br>reinvestment of distributions        | --                                     | 475,567               | --                                       | 104,551               |
| <hr/>  |  |                       |  |                       |
| Net increase (decrease) in net assets<br>applicable to Common shares from<br>capital share transactions  | --                                     | 475,567               | --                                       | 104,551               |
| <hr/>  |  |                       |  |                       |
| Net increase (decrease)<br>in net assets<br>applicable to Common shares                                  | (11,791,781)                           | (14,992,745)          | (4,441,781)                              | (9,828,125)           |
| Net assets applicable to Common<br>shares at the<br>beginning of year                                    | 350,523,419                            | 365,516,164           | 217,331,748                              | 227,159,873           |
| <hr/>  |  |                       |  |                       |
| Net assets applicable to Common<br>shares at the end of year   | \$338,731,638                          | \$350,523,419         | \$212,889,967                            | \$217,331,748         |
| <hr/>  |  |                       |  |                       |
| Undistributed (Over-distribution of)<br>net investment income<br>at the end of year                      | \$ 234,601                             | \$ (979,692)          | \$ 265,440                               | \$ (655,912)          |
| <hr/>  |  |                       |  |                       |

See accompanying notes to financial statements.

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Statement of  
CHANGES in NET ASSETS (continued)

|   | INSURED CALIFORNIA<br>DIVIDEND ADVANTAGE (NKL) |                       |
|---|--|-----------------------|
|   | YEAR ENDED<br>8/31/08                          | YEAR ENDED<br>8/31/07 |
| -----   |  |                       |
| OPERATIONS  |  |                       |
| Net investment income   | \$ 15,678,470                                  | \$ 15,395,108         |
| Net realized gain (loss) from:  |  |                       |
| Investments   | 1,337,028                                      | 653,722               |
| Forward swaps   | 731,015  | (200,000)             |
| Futures   | --   | --                    |
| Change in net unrealized appreciation (depreciation) of:  |  |                       |
| Investments   | (6,994,006)                                    | (8,944,129)           |
| Forward swaps   | (24,419)                                       | 24,419                |
| Futures   | --   | --                    |
| Distributions to Auction Rate Preferred shareholders:   |  |                       |
| From net investment income  | (3,886,043)                                    | (4,037,528)           |
| From accumulated net realized gains   | (116,419)                                      | (10,666)              |
| -----   |  |                       |
| Net increase (decrease) in net assets<br>applicable to Common shares<br>from operations                 | 6,725,626                                      | 2,880,926             |
| -----   |  |                       |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS  |  |                       |
| From net investment income  | (10,952,422)                                   | (11,778,209)          |
| From accumulated net realized gains   | (340,878)                                      | (39,709)              |
| -----   |  |                       |
| Decrease in net assets applicable to<br>Common shares from distributions to<br>Common shareholders      | (11,293,300)                                   | (11,817,918)          |
| -----   |  |                       |
| CAPITAL SHARE TRANSACTIONS  |  |                       |
| Net proceeds from Common shares<br>issued to shareholders due to<br>reinvestment of distributions       | --   | 335,845               |
| -----   |  |                       |
| Net increase (decrease) in net assets<br>applicable to Common shares from<br>capital share transactions | --   | 335,845               |
| -----   |  |                       |
| Net increase (decrease) in net assets<br>applicable to Common shares                                    | (4,567,674)                                    | (8,601,147)           |
| Net assets applicable to Common<br>shares at the beginning of year                                      | 227,923,442                                    | 236,524,589           |
| -----   |  |                       |
| Net assets applicable to Common<br>shares at the end of year  | \$223,355,768                                  | \$227,923,442         |
| =====   |  |                       |
| Undistributed (Over-distribution of)<br>net investment income   |  |                       |

|                    |    |         |    |           |
|--------------------|----|---------|----|-----------|
| at the end of year | \$ | 310,679 | \$ | (520,310) |
|--------------------|----|---------|----|-----------|

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See accompanying notes to financial statements.

Notes to  
FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The funds covered in this report and their corresponding Common share stock exchange symbols are Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC), Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL), Nuveen California Premium Income Municipal Fund (NCU), Nuveen California Dividend Advantage Municipal Fund (NAC), Nuveen California Dividend Advantage Municipal Fund 2 (NVX), Nuveen California Dividend Advantage Municipal Fund 3 (NZH), Nuveen Insured California Dividend Advantage Municipal Fund (NKL) and Nuveen Insured California Tax-Free Advantage Municipal Fund (NKX) (collectively, the "Funds"). Common shares of Insured California Premium Income (NPC), Insured California Premium Income 2 (NCL) and California Dividend Advantage (NAC) are traded on the New York Stock Exchange while Common shares of California Premium Income (NCU), California Dividend Advantage 2 (NVX), California Dividend Advantage 3 (NZH), Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX) are traded on the American Stock Exchange. The Funds are registered under the Investment Company Act of 1940, as amended, as closed-end management investment companies.

Each Fund seeks to provide current income exempt from both regular federal and California state income taxes, and in the case of Insured California Tax-Free Advantage (NKX) the alternative minimum tax applicable to individuals, by investing primarily in a diversified portfolio of municipal obligations issued by state and local government authorities within the state of California or certain U.S. territories.

The following is a summary of significant accounting policies followed by the Funds in the preparation of their financial statements in accordance with U.S. generally accepted accounting principles.

Investment Valuation

The prices of municipal bonds in each Fund's investment portfolio are provided by a pricing service approved by the Fund's Board of Directors/Trustees. When market price quotes are not readily available (which is usually the case for municipal securities), the pricing service may establish fair value based on yields or prices of municipal bonds of comparable quality, type of issue, coupon, maturity and rating, indications of value from securities dealers, evaluations of anticipated cash flows or collateral and general market conditions. Prices of forward swap contracts are also provided by an independent pricing service approved by each Fund's Board of Directors/Trustees. Futures contracts are valued using the closing settlement price, or in the absence of such a price, at the mean of the bid and asked prices. If the pricing service is unable to supply a price for an investment or derivative instrument, each Fund may use market quotes provided by major broker/dealers in such investments. If it is determined that the market price for an investment or derivative instrument is unavailable or inappropriate, the Board of Directors/Trustees of

the Funds, or its designee, may establish fair value in accordance with procedures established in good faith by the Board of Directors/Trustees. Temporary investments in securities that have variable rate and demand features qualifying them as short-term investments are valued at amortized cost, which approximates value.

#### Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from transactions are determined on the specific identification method. Investments purchased on a when-issued/delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when-issued/delayed delivery purchase commitments. At August 31, 2008, there were no such outstanding purchase commitments in any of the Funds.

#### Investment Income

Interest income, which includes the amortization of premiums and accretion of discounts for financial reporting purposes, is recorded on an accrual basis. Investment income also includes paydown gains and losses, if any.

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#### Notes to FINANCIAL STATEMENTS (continued)

#### Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to distribute substantially all of its net investment income and net capital gains to shareholders and to otherwise comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required. Furthermore, each Fund intends to satisfy conditions which will enable interest from municipal securities, which is exempt from regular federal and California state income taxes, and in the case of Insured California Tax-Free Advantage (NKX) the alternative minimum tax applicable to individuals, to retain such tax-exempt status when distributed to shareholders of the Funds. Net realized capital gains and ordinary income distributions paid by the Funds are subject to federal taxation.

Effective February 29, 2008, the Funds adopted Financial Accounting Standards Board (FASB) Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the affirmative evaluation of tax positions taken or expected to be taken in the course of preparing the Funds' tax returns to determine whether it is "more-likely-than-not" (i.e., a greater than 50-percent likelihood) of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold may result in a tax expense in the current year.

Implementation of FIN 48 required management of the Funds to analyze all open tax years, as defined by the statute of limitations, for all major jurisdictions, which includes federal and certain states. Open tax years are those that are open for examination by taxing authorities (i.e., generally, the

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last four tax year ends and the interim tax period since then). The Funds have no examinations in progress.

For all open tax years and all major taxing jurisdictions through the end of the reporting period, management of the Funds has reviewed all tax positions taken or expected to be taken in the preparation of the Funds' tax returns and concluded the adoption of FIN 48 resulted in no impact to the Funds' net assets or results of operations as of and during the fiscal year ended August 31, 2008.

The Funds are also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

Dividends and Distributions to Common Shareholders

Dividends from tax-exempt net investment income are declared monthly. Net realized capital gains and/or market discount from investment transactions, if any, are distributed to shareholders at least annually. Furthermore, capital gains are distributed only to the extent they exceed available capital loss carryforwards.

Distributions to Common shareholders of tax-exempt net investment income, net realized capital gains and/or market discount, if any, are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles.

Auction Rate Preferred Shares

The following Funds have issued and outstanding Auction Rate Preferred shares, \$25,000 stated value per share, as a means of effecting financial leverage. Each Fund's Auction Rate Preferred shares are issued in one or more Series. The dividend rate paid by the Funds on each Series is determined every seven days, pursuant to a dutch auction process overseen by the auction agent,

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and is payable at the end of each rate period. As of August 31, 2008, the number of Auction Rate Preferred shares outstanding, by Series and in total, for each Fund is as follows:

|                   | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME 2<br>(NCL) | CALIFO<br>PRE<br>IN<br>( |
|-------------------|---|---|--------------------------|
| -----             |   |   |                          |
| Number of shares: |   |   |                          |
| Series M          | --  | --  | 1                        |
| Series T          | 1,800   | 1,597   |                          |
| Series TH         | --  | 1,596   |                          |
| Series F          | --  | --  |                          |
| -----             |   |   |                          |
| Total             | 1,800   | 3,193   | 1                        |
| =====             |   |   |                          |



|                   | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVI<br>ADVANTA<br>( |
|-------------------|--|------------------------------------|
| -----             |  |                                    |
| Number of shares: |  |                                    |
| Series M          | 2,200  | 3                                  |
| Series T          | --   |                                    |
| Series TH         | --   | 3                                  |
| Series F          | 2,200  |                                    |
| -----             |  |                                    |
| Total             | 4,400  | 6                                  |
| =====             |  |                                    |

Beginning in February 2008, more shares for sale were submitted in the regularly scheduled auctions for the Auction Rate Preferred shares issued by the Funds than there were offers to buy. This meant that these auctions "failed to clear," and that many Auction Rate Preferred shareholders who wanted to sell their shares in these auctions were unable to do so. Auction Rate Preferred shareholders unable to sell their shares received distributions at the "maximum rate" applicable to failed auctions as calculated in accordance with the pre-established terms of the Auction Rate Preferred shares.

These developments generally do not affect the management or investment policies of the Funds. However, one implication of these auction failures for Common shareholders is that the Funds' cost of leverage will likely be higher, at least temporarily, than it otherwise would have been had the auctions continued to be successful. As a result, the Funds' future Common share earnings may be lower than they otherwise would have been.

On June 11, 2008, Nuveen Investments, Inc. ("Nuveen") announced the Fund Board's approval of plans to use tender option bonds (TOBs), also known as "floaters" or floating rate obligations, to refinance a portion of the municipal funds' outstanding Auction Rate Preferred shares, whose auctions have been failing for several months. The plan included an initial phase of approximately \$1 billion in forty-one funds. During the fiscal year ended August 31, 2008, Insured California Premium Income 2 (NCL), California Dividend Advantage (NAC), California Dividend Advantage 3 (NZH) and Insured California Dividend Advantage (NKL) redeemed and/or noticed for redemption \$15,175,000, \$39,475,000, \$27,075,000 and \$9,750,000 of their outstanding Auction Rate Preferred shares, respectively, at liquidation value, using the proceeds from the issuance of TOBs.

Variable Rate Demand Preferred Shares

On August 7, 2008, Insured California Tax-Free Advantage (NKX) issued 355 Series 1 Variable Rate Demand Preferred shares, \$100,000 liquidation value per share, in a privately negotiated offering. Proceeds of this offering along with the proceeds from the Fund's creation of TOBs, discussed above, will be used to redeem all of the Fund's outstanding Auction Rate Preferred shares totaling \$45,000,000. The Variable Rate Demand Preferred shares were offered to institutional buyers as defined pursuant to Rule 144A under the Securities Act of 1933, have a maturity date of August 1, 2038, and include a liquidity feature that allows the Variable Rate Demand Preferred shareholders to have their shares purchased by the liquidity provider in the event that sell orders are not matched with purchase orders in a remarketing. Dividends on the Variable Rate Demand Preferred shares (which are treated as interest payments for financial reporting purposes) are set weekly at a rate established by a remarketing agent; therefore, the liquidation value of the Variable Rate Demand Preferred shares approximates fair value.

Subject to certain conditions, Variable Rate Demand Preferred shares may be redeemed, in whole or in part, at any time at the option of the Fund. The Fund may also redeem certain of the Variable Rate Demand Preferred shares if the Fund fails to maintain certain asset coverage requirements and such failures are not cured by the applicable cure date. The redemption price per share is equal to the sum of the liquidation value per share plus any accumulated but unpaid dividends.

Insured California Tax-Free Advantage (NKX) had \$35,500,000 Variable Rate Demand Preferred shares outstanding for the period August 7, 2008 through August 31, 2008 with an annualized interest rate of 1.98%.

Notes to  
FINANCIAL STATEMENTS (continued)

For financial reporting purposes only, Variable Rate Demand Preferred shares, at the liquidation value are recorded as a liability on the Statement of Assets and Liabilities and the dividends paid on the Variable Rate Demand Preferred shares are included as a component of "Interest expense" on the Statement of Operations.

#### Insurance

Under normal circumstances, Insured California Premium Income (NPC), Insured California Premium Income 2 (NCL), Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX) will invest at least 80% of their net assets (including net assets attributable to Auction Rate Preferred shares or Variable Rate Demand Preferred shares) in municipal securities that are covered by insurance guaranteeing the timely payment of principal and interest. For purposes of this 80% test, insurers must have a claims paying ability rated at least "A" at the time of purchase by at least one independent rating agency. In addition, each Fund will invest at least 80% of its net assets (including net assets attributable to Auction Rate Preferred shares or Variable Rate Demand Preferred shares) in municipal securities that are rated at least "AA" at the time of purchase (based on the higher of the rating of the insurer, if any, or the underlying security) by at least one independent rating agency, or are unrated but judged to be of similar credit quality by Nuveen Asset Management (the "Adviser"), or municipal bonds backed by an escrow or trust account containing sufficient U.S. government or U.S. government agency securities or U.S. Treasury-issued State and Local Government Series securities to ensure timely payment of principal and interest. Each Fund may also invest up to 20% of its net assets (including net assets attributable to Auction Rate Preferred shares or Variable Rate Demand Preferred shares) in municipal securities rated below "AA" (based on the higher rating of the insurer, if any, or the underlying bond) or are unrated but judged to be of comparable quality by the Adviser.

Each insured municipal security is covered by Original Issue Insurance, Secondary Market Insurance or Portfolio Insurance. Such insurance does not guarantee the market value of the municipal securities or the value of the Funds' Common shares. Original Issue Insurance and Secondary Market Insurance remain in effect as long as the municipal securities covered thereby remain outstanding and the insurer remains in business, regardless of whether the Funds ultimately dispose of such municipal securities. Consequently, the market value

of the municipal securities covered by Original Issue Insurance or Secondary Market Insurance may reflect value attributable to the insurance. Portfolio Insurance, in contrast, is effective only while the municipal securities are held by the Funds. Accordingly, neither the prices used in determining the market value of the underlying municipal securities nor the Common share net asset value of the Funds include value, if any, attributable to the Portfolio Insurance. Each policy of the Portfolio Insurance does, however, give the Funds the right to obtain permanent insurance with respect to the municipal security covered by the Portfolio Insurance policy at the time of its sale.

#### Inverse Floating Rate Securities

Each Fund is authorized to invest in inverse floating rate securities. An inverse floating rate security is created by depositing a municipal bond, typically with a fixed interest rate, into a special purpose trust created by a broker-dealer. In turn, this trust (a) issues floating rate certificates, in face amounts equal to some fraction of the deposited bond's par amount or market value, that typically pay short-term tax-exempt interest rates to third parties, and (b) issues to a long-term investor (such as one of the Funds) an inverse floating rate certificate (sometimes referred to as an "inverse floater") that represents all remaining or residual interest in the trust. The income received by the inverse floater holder varies inversely with the short-term rate paid to the floating rate certificates' holders, and in most circumstances the inverse floater holder bears substantially all of the underlying bond's downside investment risk and also benefits disproportionately from any potential appreciation of the underlying bond's value. The price of an inverse floating rate security will be more volatile than that of the underlying bond because the interest rate is dependent on not only the fixed coupon rate of the underlying bond but also on the short-term interest paid on the floating rate certificates, and because the inverse floating rate security essentially bears the risk of loss of the greater face value of the underlying bond.

A Fund may purchase an inverse floating rate security in a secondary market transaction without first owning the underlying bond (referred to as an "externally-deposited inverse floater"), or instead by first selling a fixed-rate bond to a broker-dealer for deposit into the special purpose trust and receiving in turn the residual interest in the trust (referred to as a "self-deposited inverse floater"). The inverse floater held by a Fund gives the Fund the right (a) to cause the holders of the floating rate certificates to tender their notes at par, and (b) to have the broker transfer the fixed-rate bond held by the trust to the Fund, thereby collapsing the trust. An investment in an externally-deposited inverse floater is identified in the Portfolio of Investments as an "Inverse floating rate investment". An investment in a self-deposited inverse floater is accounted for as a financing transaction in accordance with Statement of Financial Accounting Standards (SFAS) No. 140 "Accounting for Transfers and Servicing of Financial Assets and

Extinguishment of Liabilities". In such instances, a fixed-rate bond deposited into a special purpose trust is identified in the Portfolio of Investments as an "Underlying bond of an inverse floating rate trust", with the Fund accounting for the short-term floating rate certificates issued by the trust as "Floating rate obligations" on the Statement of Assets and Liabilities. In addition, the Fund reflects in Investment Income the entire earnings of the underlying bond and the related interest paid to the holders of the short-term floating rate certificates is included as a component of "Interest expense" on the Statement of Operations.

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Each Fund may also enter into shortfall and forbearance agreements (sometimes referred to as a "recourse trust" or "credit recovery swap") with a broker-dealer by which a Fund agrees to reimburse the broker-dealer, in certain circumstances, for the difference between the liquidation value of the fixed-rate bond held by the trust and the liquidation value of the floating rate certificates, as well as any shortfalls in interest cash flows. Under these agreements, a Fund's potential exposure to losses related to or on inverse floaters increases beyond the value of the investments included in the Fund's Statement of Assets and Liabilities as the Fund may potentially be liable to fulfill all amounts owed to holders of the floating rate certificates.

During the fiscal year ended August 31, 2008, each Fund invested in externally deposited inverse floaters and/or self-deposited inverse floaters.

At August 31, 2008, each Fund's maximum exposure to recourse trusts and/or credit recovery swaps is as follows:

| INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) | CALIFORNIA DIVIDEND ADVANTAGE (NAC) | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) |
|---|---|---------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|---|
| \$ --                                   | \$16,845,000                              | \$ --                           | \$31,560,000                        | \$ --                                 | \$ --                                 | \$ --                                       |

The average floating rate obligations outstanding and average annual interest rate and fees related to self-deposited inverse floaters during the fiscal year ended August 31, 2008, were as follows:

|                                       | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) |
|---------------------------------------|---|---|---------------------------------|
| Average floating rate obligations     | --                                      | \$1,891,913                               | \$3,678                         |
| Average annual interest rate and fees | --                                      | 2.15%                                     | 2                               |

|                                       | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) |
|---------------------------------------|---------------------------------------|---------------------------------------|---|
| Average floating rate obligations     | \$7,179,923                           | \$3,301,240                           | \$151                                       |
| Average annual interest rate and fees | 2.65%                                 | 2.19%                                 | 2   |

Forward Swap Transactions

Each Fund is authorized to invest in forward interest rate swap transactions. Each Fund's use of forward interest rate swap transactions is intended to help

the Fund manage its overall interest rate sensitivity, either shorter or longer, generally to more closely align the Fund's interest rate sensitivity with that of the broader municipal market. Forward interest rate swap transactions involve each Fund's agreement with a counterparty to pay, in the future, a fixed or variable rate payment in exchange for the counterparty paying the Fund a variable or fixed rate payment, the accruals for which would begin at a specified date in the future (the "effective date"). The amount of the payment obligation is based on the notional amount of the forward swap contract and the termination date of the swap (which is akin to a bond's maturity). The value of the Fund's swap commitment would increase or decrease based primarily on the extent to which long-term interest rates for bonds having a maturity of the swap's termination date increases or decreases. The Funds may terminate a swap contract prior to the effective date, at which point a realized gain or loss is recognized. When a forward swap is terminated, it ordinarily does not involve the delivery of securities or other underlying assets or principal, but rather is settled in cash on a net basis. Each Fund intends, but is not obligated, to terminate its forward swaps before the effective date. Accordingly, the risk of loss with respect to the swap counterparty on such transactions is limited to the credit risk associated with a counterparty failing to honor its commitment to pay any realized gain to the Fund upon termination. To reduce such credit risk, all counterparties are required to pledge collateral daily (based on the daily valuation of each swap) on behalf of each Fund with a value approximately equal to the amount of any unrealized gain above a pre-determined threshold. Reciprocally, when any of the Funds have an unrealized loss on a swap contract, the Funds have instructed the custodian to pledge assets of the Funds as collateral with a value approximately equal to the amount of the unrealized loss above a pre-determined threshold. Collateral pledges are monitored and subsequently adjusted if and when the swap valuations fluctuate, either up or down, by at least the predetermined threshold amount.

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Notes to  
FINANCIAL STATEMENTS (continued)

#### Futures Contracts

Each Fund is authorized to invest in futures contracts. Upon entering into a futures contract, a Fund is required to deposit with the broker an amount of cash or liquid securities equal to a specified percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by a Fund each day, depending on the daily fluctuation of the value of the contract.

During the period the futures contract is open, changes in the value of the contract are recognized as an unrealized gain or loss by "marking-to-market" on a daily basis to reflect the changes in market value of the contract. When the contract is closed or expired, a Fund records a realized gain or loss equal to the difference between the value of the contract on the closing date and value of the contract when originally entered into. Cash held by the broker to cover initial margin requirements on open futures contracts, if any, is recognized on the Statement of Assets and Liabilities. Additionally, the Statement of Assets and Liabilities reflects a receivable or payable for the variation margin when applicable. California Dividend Advantage 3 (NZH) was the only Fund to invest in futures contracts during the fiscal year ended August 31, 2008.

Risks of investments in futures contracts include the possible adverse movement of the securities or indices underlying the contracts, the possibility that there may not be a liquid secondary market for the contracts and/or that a change in the value of the contract may not correlate with a change in the value of the underlying securities or indices.

#### Zero Coupon Securities

Each Fund is authorized to invest in zero coupon securities. A zero coupon security does not pay a regular interest coupon to its holders during the life of the security. Tax-exempt income to the holder of the security comes from accretion of the difference between the original purchase price of the security at issuance and the par value of the security at maturity and is effectively paid at maturity. Such securities are included in the Portfolios of Investments with a 0.000% coupon rate in their description. The market prices of zero coupon securities generally are more volatile than the market prices of securities that pay interest periodically.

#### Offering Costs

Costs incurred by Insured California Tax-Free Advantage (NKX) in connection with its offering of the Variable Rate Demand Preferred shares (\$530,000) were recorded as a deferred charge which will be amortized over the 30-year life of the shares and is included as a component of "Interest expense" on the Statement of Operations.

#### Custodian Fee Credit

Each Fund has an arrangement with the custodian bank whereby certain custodian fees and expenses are reduced by net credits earned on each Fund's cash on deposit with the bank. Such deposit arrangements are an alternative to overnight investments. Credits for cash balances may be offset by charges for any days on which a Fund overdraws its account at the custodian bank.

#### Indemnifications

Under the Funds' organizational documents, their Officers and Directors/Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Funds. In addition, in the normal course of business, the Funds enter into contracts that provide general indemnifications to other parties. The Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. However, the Funds have not had prior claims or losses pursuant to these contracts and expect the risk of loss to be remote.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets applicable to Common shares from operations during the reporting period. Actual results may differ from those estimates.

## 2. FUND SHARES

#### Common Share Repurchases

On July 30, 2008, the Funds' Board of Directors/Trustees approved a program under which each Fund may repurchase up to 10% of its common shares. The Funds did not repurchase any of their common shares during the fiscal year ended August 31, 2008.

Transactions in Common shares were as follows:

|  | INSURED CALIFORNIA<br>PREMIUM INCOME (NPC) |            | INSURED CALIFORNIA<br>PREMIUM INCOME 2 (NCL) |            | PREMIUM INCOME 3 (NPL) |
|--|--|------------|--|------------|------------------------|
|  | YEAR ENDED                                 | YEAR ENDED | YEAR ENDED                                   | YEAR ENDED |                        |
|  | 8/31/08                                    | 8/31/07    | 8/31/08                                      | 8/31/07    |                        |

|  |    |       |    |    |  |
|--|----|-------|----|----|--|
| Common shares issued to shareholders<br>due to reinvestment of distributions | -- | 4,166 | -- | -- |  |
|--|----|-------|----|----|--|

|  | CALIFORNIA DIVIDEND<br>ADVANTAGE (NAC) |            | CALIFORNIA DIVIDEND<br>ADVANTAGE 2 (NVX) |            | CALIFORNIA DIVIDEND<br>ADVANTAGE 3 (NAX) |
|--|--|------------|--|------------|--|
|  | YEAR ENDED                             | YEAR ENDED | YEAR ENDED                               | YEAR ENDED |  |
|  | 8/31/08                                | 8/31/07    | 8/31/08                                  | 8/31/07    |  |

|  |    |        |    |       |  |
|--|----|--------|----|-------|--|
| Common shares issued to shareholders<br>due to reinvestment of distributions | -- | 29,993 | -- | 6,762 |  |
|--|----|--------|----|-------|--|

|  | INSURED CALIFORNIA DIVIDEND<br>ADVANTAGE (NKL) |            | CALIFORNIA DIVIDEND<br>ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND<br>ADVANTAGE 3 (NAX) |
|--|--|------------|--|--|
|  | YEAR ENDED                                     | YEAR ENDED |  |  |
|  | 8/31/08  | 8/31/07    |  |  |

|  |    |  |        |   |
|--|----|--|--------|---|
| Common shares issued to shareholders<br>due to reinvestment of distributions | -- |  | 21,450 | 1 |
|--|----|--|--------|---|

Transactions in Auction Rate Preferred shares were as follows:

|  | INSURED CALIFORNIA<br>PREMIUM INCOME (NPC) |        |            |        | INSURED CALIFORNIA<br>PREMIUM INCOME 2 (NCL) |        |
|--|--|--------|------------|--------|--|--------|
|  | YEAR ENDED                                 |        | YEAR ENDED |        | YEAR ENDED                                   |        |
|  | 8/31/08                                    |        | 8/31/07    |        | 8/31/08                                      |        |
|  | SHARES                                     | AMOUNT | SHARES     | AMOUNT | SHARES                                       | AMOUNT |

Auction Rate Preferred  
shares redeemed and/or  
noticed for redemption:

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|              |           |              |           |              |            |                     |
|--------------|-----------|--------------|-----------|--------------|------------|---------------------|
| Series M     | --        | \$ --        | --        | \$ --        | --         | \$ --               |
| Series T     | --        | --           | --        | --           | 303        | 7,575,000           |
| Series TH    | --        | --           | --        | --           | 304        | 7,600,000           |
| Series F     | --        | --           | --        | --           | --         | --                  |
| <b>Total</b> | <b>--</b> | <b>\$ --</b> | <b>--</b> | <b>\$ --</b> | <b>607</b> | <b>\$15,175,000</b> |

|   | CALIFORNIA<br>PREMIUM INCOME (NCU) |              |                       |              | CALIFORNIA<br>ADVANTAGE |                     |
|---|------------------------------------|--------------|-----------------------|--------------|-------------------------|---------------------|
|   | YEAR ENDED<br>8/31/08              |              | YEAR ENDED<br>8/31/07 |              | YEAR ENDED<br>8/31/08   |                     |
|   | SHARES                             | AMOUNT       | SHARES                | AMOUNT       | SHARES                  | AMOUNT              |
| Auction Rate Preferred<br>shares redeemed and/or<br>noticed for redemption: |                                    |              |                       |              |                         |                     |
| Series M  | --                                 | \$ --        | --                    | \$ --        | --                      | \$ --               |
| Series T  | --                                 | --           | --                    | --           | --                      | --                  |
| Series TH   | --                                 | --           | --                    | --           | 790                     | 19,750,000          |
| Series F  | --                                 | --           | --                    | --           | 789                     | 19,725,000          |
| <b>Total</b>  | <b>--</b>                          | <b>\$ --</b> | <b>--</b>             | <b>\$ --</b> | <b>1,579</b>            | <b>\$39,475,000</b> |

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Notes to  
FINANCIAL STATEMENTS (continued)

|   | CALIFORNIA DIVIDEND<br>ADVANTAGE 2 (NVX) |              |                       |              | CALIFORNIA<br>ADVANTAGE |                     |
|---|--|--------------|-----------------------|--------------|-------------------------|---------------------|
|   | YEAR ENDED<br>8/31/08                    |              | YEAR ENDED<br>8/31/07 |              | YEAR ENDED<br>8/31/08   |                     |
|   | SHARES                                   | AMOUNT       | SHARES                | AMOUNT       | SHARES                  | AMOUNT              |
| Auction Rate Preferred<br>shares redeemed and/or<br>noticed for redemption: |  |              |                       |              |                         |                     |
| Series M  | --                                       | \$ --        | --                    | \$ --        | 542                     | \$13,550,000        |
| Series T  | --                                       | --           | --                    | --           | --                      | --                  |
| Series TH   | --                                       | --           | --                    | --           | 541                     | \$13,525,000        |
| Series F  | --                                       | --           | --                    | --           | --                      | --                  |
| <b>Total</b>  | <b>--</b>                                | <b>\$ --</b> | <b>--</b>             | <b>\$ --</b> | <b>1,083</b>            | <b>\$27,075,000</b> |

|  | INSURED<br>CALIFORNIA DIVIDEND<br>ADVANTAGE (NKL) |        |                       |        | INSUR<br>CALIFORNIA<br>ADVANTAG |        |
|--|---|--------|-----------------------|--------|---------------------------------|--------|
|  | YEAR ENDED<br>8/31/08                             |        | YEAR ENDED<br>8/31/07 |        | YEAR ENDED<br>8/31/08           |        |
|  | SHARES  | AMOUNT | SHARES                | AMOUNT | SHARES                          | AMOUNT |
|  |   |        |                       |        |                                 |        |



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|   | SHARES | AMOUNT      | SHARES | AMOUNT | SHARES | AMOUNT       |
|---|--------|-------------|--------|--------|--------|--------------|
| -----   |        |             |        |        |        |              |
| Auction Rate Preferred<br>shares redeemed and/or<br>noticed for redemption: |        |             |        |        |        |              |
| Series M  | --     | \$ --       | --     | \$ --  | --     | \$ --        |
| Series T  | 195    | 4,875,000   | --     | --     | --     | --           |
| Series TH   | --     | --          | --     | --     | 1,800  | 45,000,000   |
| Series F  | 195    | 4,875,000   | --     | --     | --     | --           |
| -----   |        |             |        |        |        |              |
| Total   | 390    | \$9,750,000 | --     | \$ --  | 1,800  | \$45,000,000 |
| =====   |        |             |        |        |        |              |

Transactions in Variable Rate Demand Preferred shares were as follows:

|   | YEAR ENDED<br>8/31/08 |              |
|---|-----------------------|--------------|
|   | SHARES                | AMOUNT       |
| -----   |                       |              |
| Variable Rate Demand Preferred shares issued: |                       |              |
| Series 1                                      | 355                   | \$35,500,000 |
| =====   |                       |              |

3. INVESTMENT TRANSACTIONS

Purchases and sales (including maturities but excluding short-term investments and derivative transactions) during the fiscal year ended August 31, 2008, were as follows:

|                      | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME 2<br>(NCL) | CALIF<br>PR<br>I |
|----------------------|---|---|------------------|
| -----                |   |   |                  |
| Purchases            | \$24,476,645  | \$34,316,455  | \$5,94           |
| Sales and maturities | 24,477,060  | 35,625,054  | 11,79            |
| =====                |   |   |                  |

|       | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) | IN<br>CALIF<br>DIV<br>ADVA |
|-------|--|--|----------------------------|
| ----- |  |  |                            |

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|                      |              |               |         |
|----------------------|--------------|---------------|---------|
| Purchases            | \$64,122,478 | \$119,657,892 | \$21,90 |
| Sales and maturities | 68,545,230   | 153,537,475   | 38,03   |

4. INCOME TAX INFORMATION

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in recognizing taxable market discount, timing differences in recognizing certain gains and losses on investment transactions and the treatment of investments in inverse floating rate transactions subject to SFAS No.140. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts on the Statement of Assets and Liabilities presented in the annual report, based on their federal tax basis treatment; temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset values of the Funds.

At August 31, 2008, the cost of investments was as follows:

|                     | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME 2<br>(NCL) | CALIFOR<br>PREM<br>INC<br>(N |
|---------------------|---|---|------------------------------|
| Cost of investments | \$135,787,726                                       | \$255,335,448   | \$107,769,                   |

|                     | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) | INSU<br>CALIFOR<br>DIVID<br>ADVANT<br>(N |
|---------------------|--|--|--|
| Cost of investments | \$309,644,085                                  | \$478,818,423                                  | \$323,037,                               |

Gross unrealized appreciation and gross unrealized depreciation of investments at August 31, 2008, were as follows:

|   | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME 2<br>(NCL) | CALIF<br>PR<br>I |
|---|---|---|------------------|
| Gross unrealized:   |   |   |                  |
| Appreciation  | \$ 6,972,873  | \$ 7,113,290  | \$ 3,40          |
| Depreciation  | (1,214,742)   | (5,928,400)   | (2,92            |
| Net unrealized appreciation (depreciation) of investments | \$ 5,758,131  | \$ 1,184,890  | \$ 47            |

|   | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) | INSURE<br>CALIFOR<br>DIVI<br>ADVA |
|---|--|--|-----------------------------------|
| Gross unrealized:   |  |  |                                   |
| Appreciation  | \$ 11,894,981                                  | \$ 13,169,005                                  | \$12,05                           |
| Depreciation  | (10,275,181)                                   | (20,119,880)                                   | (6,48                             |
| Net unrealized appreciation (depreciation) of investments | \$ 1,619,800                                   | \$ (6,950,875)                                 | \$ 5,57                           |

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Notes to  
FINANCIAL STATEMENTS (continued)

The tax components of undistributed net tax-exempt income, net ordinary income and net long-term capital gains at August 31, 2008, the Funds' tax year end, were as follows:

|   | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME 2<br>(NCL) | CALIFO<br>PRE<br>IN |
|---|---|---|---------------------|
| Undistributed net tax-exempt income *     | \$504,463   | \$1,265,455   | \$394               |
| Undistributed net ordinary income **      | 759,818   | 212,980   |                     |
| Undistributed net long-term capital gains | 356,269   | 1,408,325   | 48                  |

|   | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) | INS<br>CALIFO<br>DIVI<br>ADVAN<br>( |
|---|--|--|-------------------------------------|
| Undistributed net tax-exempt income *     | \$1,134,252                                    | \$2,157,520                                    | \$983                               |
| Undistributed net ordinary income **      | 35,139   | 11,584   | 616                                 |
| Undistributed net long-term capital gains | 672,624  | --   | 153                                 |

\* Undistributed net tax-exempt income (on a tax basis) has not been reduced for the dividend declared on August 1, 2008, paid on September 2, 2008.

\*\* Net ordinary income consists of taxable market discount income and net short-term capital gains, if any.

The tax character of distributions paid during the Funds' tax years ended August 31, 2008 and August 31, 2007, was designated for purposes of the dividends paid

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deduction as follows:

| 2008  | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCL) |
|---|---|---|---------------------------------|
| Distributions from net tax-exempt income ***        | \$6,134,637                             | \$11,218,712                              | \$5,106,000                     |
| Distributions from net ordinary income **           | 65,183                                  | --  | --                              |
| Distributions from net long-term capital gains **** | 46,723                                  | --  | --                              |

| 2008  | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | INSURED CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) |
|---|---------------------------------------|---------------------------------------|---|
| Distributions from net tax-exempt income ***        | \$13,977,615                          | \$23,159,643                          | \$14,876,000                                  |
| Distributions from net ordinary income **           | --                                    | --                                    | --  |
| Distributions from net long-term capital gains **** | --                                    | --                                    | 457,000                                       |

\*\* Net ordinary income consists of taxable market discount income and net short-term capital gains, if any.

\*\*\* The Funds hereby designate these amounts paid during the fiscal year ended August 31, 2008, as Exempt Interest Dividends.

\*\*\*\* The Funds designated as a long-term capital gain dividend, pursuant to the Internal Revenue Code Section 852(b)(3), the amount necessary to reduce earnings and profits of the Funds related to net capital gain to zero for the tax year ended August 31, 2008.

| 2007   | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCL) |
|--|---|---|---------------------------------|
| Distributions from net tax-exempt income       | \$6,064,156                             | \$11,716,879                              | \$5,291,000                     |
| Distributions from net ordinary income **      | 46,600                                  | --  | --                              |
| Distributions from net long-term capital gains | 604,806                                 | --  | 228,000                         |

| 2007 | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | INSURED CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) |
|------|---------------------------------------|---------------------------------------|---|
|      |                                       |                                       |   |

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|  |              |              |          |
|--|--------------|--------------|----------|
| Distributions from net tax-exempt income       | \$15,011,893 | \$24,913,042 | \$15,884 |
| Distributions from net ordinary income **      | --           | --           |          |
| Distributions from net long-term capital gains | --           | --           | 50       |

\*\* Net ordinary income consists of taxable market discount income and net short-term capital gains, if any.

At August 31, 2008, the Fund's tax year end, the following Fund had unused capital loss carryforwards available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire as follows:

|                 | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) |
|-----------------|--|
| Expiration:     |  |
| August 31, 2011 | \$2,816,211                                    |
| August 31, 2012 | 323,840  |
| August 31, 2016 | 3,869,938                                      |
| Total           | \$7,009,989                                    |

The following Funds have elected to defer net realized losses from investments incurred from November 1, 2007 through August 31, 2008, the Funds' tax year end, ("post-October losses") in accordance with federal income tax regulations. Post-October losses are treated as having arisen on the first day of the following fiscal year:

|                             | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) | INSURED<br>CALIFORNIA<br>DIVIDEND<br>ADVANTAGE<br>(NKL) |
|-----------------------------|--|---|
| Post-October capital losses | \$529,587                                      | \$190,813   |

5. MANAGEMENT FEES AND OTHER TRANSACTIONS WITH AFFILIATES

Each Fund's management fee is separated into two components - a complex-level component, based on the aggregate amount of all fund assets managed by the Adviser, and a specific fund-level component, based only on the amount of assets within each individual Fund. This pricing structure enables Nuveen fund shareholders to benefit from growth in the assets within each individual fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

Notes to  
FINANCIAL STATEMENTS (continued)

The annual fund-level fee, payable monthly, for each Fund is based upon the average daily net assets (including net assets attributable to Auction Rate

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Preferred shares or Variable Rate Demand Preferred shares) of each Fund as follows:

| AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO AUCTION RATE PREFERRED SHARES OR VARIABLE RATE DEMAND PREFERRED SHARES) | INSURED CALIFORNIA PRE<br>INSURED CALIFORNIA PREMI<br>CALIFORNIA PRE<br>FU |
|--|--|
| -----  |  |
| For the first \$125 million  |  |
| For the next \$125 million   |  |
| For the next \$250 million   |  |
| For the next \$500 million   |  |
| For the next \$1 billion   |  |
| For the next \$3 billion   |  |
| For net assets over \$5 billion  |  |
| =====  |  |

| AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO AUCTION RATE PREFERRED SHARES OR VARIABLE RATE DEMAND PREFERRED SHARES) | CALIFORNIA DIVIDEN<br>CALIFORNIA DIVIDEND<br>CALIFORNIA DIVIDEND<br>INSURED CALIFORNIA DIVIDEN<br>INSURED CALIFORNIA TAX-FRE<br>FUN |
|--|---|
| -----  |   |
| For the first \$125 million  |   |
| For the next \$125 million   |   |
| For the next \$250 million   |   |
| For the next \$500 million   |   |
| For the next \$1 billion   |   |
| For net assets over \$2 billion  |   |
| =====  |   |

The annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S., is based on the aggregate amount of total fund assets managed as stated in the table below. As of August 31, 2008, the complex-level fee rate was .1867%.

The complex-level fee schedule is as follows:

| COMPLEX-LEVEL ASSET BREAKPOINT LEVEL (1) | EFFECTIVE RATE AT BREAKPOINT LEVEL |
|--|------------------------------------|
| -----                                    |                                    |
| \$55 billion                             | .2000%                             |
| \$56 billion                             | .1996                              |
| \$57 billion                             | .1989                              |
| \$60 billion                             | .1961                              |
| \$63 billion                             | .1931                              |
| \$66 billion                             | .1900                              |
| \$71 billion                             | .1851                              |
| \$76 billion                             | .1806                              |
| \$80 billion                             | .1773                              |
| \$91 billion                             | .1691                              |

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|               |       |
|---------------|-------|
| \$125 billion | .1599 |
| \$200 billion | .1505 |
| \$250 billion | .1469 |
| \$300 billion | .1445 |

(1) The complex-level fee component of the management fee for the funds is calculated based upon the aggregate daily net assets of all Nuveen-sponsored funds in the United States, with such daily net assets to include assets attributable to Preferred stock (Auction Rate Preferred shares or Variable Rate Demand Preferred shares) issued by or borrowings by such funds but to exclude assets attributable to investments in other Nuveen-sponsored funds.

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Funds pay no compensation directly to those of its Directors/Trustees who are affiliated with the Adviser or to its Officers, all of whom receive remuneration for their services to the Funds from the Adviser or its affiliates. The Board of Directors/Trustees has adopted a deferred compensation plan for independent Directors/Trustees that enables Directors/Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from certain Nuveen advised funds. Under the plan, deferred amounts are treated as though equal dollar amounts had been invested in shares of select Nuveen advised funds.

For the first ten years of California Dividend Advantage's (NAC) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily net assets (including net assets attributable to Auction Rate Preferred shares or Variable Rate Demand Preferred shares), for fees and expenses in the amounts and for the time periods set forth below:

| YEAR ENDING<br>JULY 31, |      | YEAR ENDING<br>JULY 31, |      |
|-------------------------|------|-------------------------|------|
| 1999*                   | .30% | 2005                    | .25% |
| 2000                    | .30  | 2006                    | .20  |
| 2001                    | .30  | 2007                    | .15  |
| 2002                    | .30  | 2008                    | .10  |
| 2003                    | .30  | 2009                    | .05  |
| 2004                    | .30  |                         |      |

\* From the commencement of operations.

The Adviser has not agreed to reimburse California Dividend Advantage (NAC) for any portion of its fees and expenses beyond July 31, 2009.

For the first ten years of California Dividend Advantage 2's (NVX) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily net assets (including net assets attributable to Auction Rate Preferred shares or Variable Rate Demand Preferred shares), for fees and expenses in the amounts and for the time periods set forth below:

| YEAR ENDING<br>MARCH 31, |      | YEAR ENDING<br>MARCH 31, |      |
|--------------------------|------|--------------------------|------|
| 2001*                    | .30% | 2007                     | .25% |
| 2002                     | .30  | 2008                     | .20  |
| 2003                     | .30  | 2009                     | .15  |
| 2004                     | .30  | 2010                     | .10  |
| 2005                     | .30  | 2011                     | .05  |
| 2006                     | .30  |                          |      |

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\* From the commencement of operations.

Notes to  
FINANCIAL STATEMENTS (continued)

The Adviser has not agreed to reimburse California Dividend Advantage 2 (NVX) for any portion of its fees and expenses beyond March 31, 2011.

For the first ten years of California Dividend Advantage 3's (NZH) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily net assets (including net assets attributable to Auction Rate Preferred shares or Variable Rate Demand Preferred shares), for fees and expenses in the amounts and for the time periods set forth below:

| YEAR ENDING<br>SEPTEMBER 30, |      | YEAR ENDING<br>SEPTEMBER 30, |      |
|------------------------------|------|------------------------------|------|
| 2001*                        | .30% | 2007                         | .25% |
| 2002                         | .30  | 2008                         | .20  |
| 2003                         | .30  | 2009                         | .15  |
| 2004                         | .30  | 2010                         | .10  |
| 2005                         | .30  | 2011                         | .05  |
| 2006                         | .30  |                              |      |

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\* From the commencement of operations.

The Adviser has not agreed to reimburse California Dividend Advantage 3 (NZH) for any portion of its fees and expenses beyond September 30, 2011.

For the first ten years of Insured California Dividend Advantage's (NKL) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily net assets (including net assets attributable to Auction Rate Preferred shares or Variable Rate Demand Preferred shares), for fees and expenses in the amounts and for the time periods set forth below:

| YEAR ENDING<br>MARCH 31, |      | YEAR ENDING<br>MARCH 31, |      |
|--------------------------|------|--------------------------|------|
| 2002*                    | .30% | 2008                     | .25% |
| 2003                     | .30  | 2009                     | .20  |
| 2004                     | .30  | 2010                     | .15  |
| 2005                     | .30  | 2011                     | .10  |
| 2006                     | .30  | 2012                     | .05  |
| 2007                     | .30  |                          |      |

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\* From the commencement of operations.

The Adviser has not agreed to reimburse Insured California Dividend Advantage (NKL) for any portion of its fees and expenses beyond March 31, 2012.

For the first eight years of Insured California Tax-Free Advantage's (NKX) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily net assets (including net assets attributable to Auction Rate Preferred shares or Variable Rate Demand Preferred shares), for fees and



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expenses in the amounts and for the time periods set forth below:

| YEAR ENDING<br>NOVEMBER 30, |      | YEAR ENDING<br>NOVEMBER 30, |      |
|-----------------------------|------|-----------------------------|------|
| 2002*                       | .32% | 2007                        | .32% |
| 2003                        | .32  | 2008                        | .24  |
| 2004                        | .32  | 2009                        | .16  |
| 2005                        | .32  | 2010                        | .08  |
| 2006                        | .32  |                             |      |

\* From the commencement of operations.

The Adviser has not agreed to reimburse Insured California Tax-Free Advantage (NKX) for any portion of its fees and expenses beyond November 30, 2010.

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Agreement and Plan of Merger

On June 20, 2007, Nuveen announced that it had entered into a definitive Agreement and Plan of Merger ("Merger Agreement") with Windy City Investments, Inc. ("Windy City"), a corporation formed by investors led by Madison Dearborn Partners, LLC ("Madison Dearborn"), pursuant to which Windy City would acquire Nuveen. Madison Dearborn is a private equity investment firm based in Chicago, Illinois. The merger was consummated on November 13, 2007.

The consummation of the merger was deemed to be an "assignment" (as that term is defined in the Investment Company Act of 1940) of the investment management agreement between each Fund and the Adviser, and resulted in the automatic termination of each Fund's agreement. The Board of Directors/Trustees of each Fund considered and approved a new investment management agreement with the Adviser on the same terms as the previous agreements. Each new ongoing investment management agreement, was approved by the shareholders of each Fund and took effect on November 13, 2007.

The investors led by Madison Dearborn includes an affiliate of Merrill Lynch. As a result, Merrill Lynch is an indirect "affiliated person" (as that term is defined in the Investment Company Act of 1940) of each Fund. Certain conflicts of interest may arise as a result of such indirect affiliation. For example, the Funds are generally prohibited from entering into principal transactions with Merrill Lynch and its affiliates. The Adviser does not believe that any such prohibitions or limitations as a result of Merrill Lynch's affiliation will significantly impact the ability of the Funds to pursue their investment objectives and policies.

6. NEW ACCOUNTING PRONOUNCEMENTS

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. SFAS No. 157 applies to fair value measurements already required or permitted by existing standards. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The changes to current generally accepted accounting principles from the application of this standard relate to

the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. As of August 31, 2008, management does not believe the adoption of SFAS No. 157 will impact the financial statement amounts; however, additional disclosures may be required about the inputs used to develop the measurements and the effect of certain of the measurements included within the Statement of Operations for the period.

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 161

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities." This standard is intended to enhance financial statement disclosures for derivative instruments and hedging activities and enable investors to understand: a) how and why a fund uses derivative instruments, b) how derivative instruments and related hedge items are accounted for, and c) how derivative instruments and related hedge items affect a fund's financial position, results of operations and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. As of August 31, 2008, management does not believe the adoption of SFAS No. 161 will impact the financial statement amounts; however, additional footnote disclosures may be required about the use of derivative instruments and hedging items.

7. SUBSEQUENT EVENTS

Distributions to Common Shareholders

The Funds declared Common share dividend distributions from their tax-exempt net investment income which were paid on October 1, 2008, to shareholders of record on September 15, 2008, as follows:

|                    | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME 2<br>(NCL) | CALIFO<br>PRE<br>IN<br>( |
|--------------------|---|---|--------------------------|
| Dividend per share | \$ .0605  | \$ .0560  | \$ .                     |

|                    | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) | INS<br>CALIFO<br>DIVI<br>ADVAN<br>( |
|--------------------|--|--|-------------------------------------|
| Dividend per share | \$ .0605                                       | \$ .0615                                       | \$ .                                |

Financial HIGHLIGHTS

Selected data for a Common share outstanding throughout each period:

Investment Operations

| Beginning<br>Common<br>Share<br>Net Asset<br>Value | Net<br>Investment<br>Income | Realized/<br>Unrealized<br>Gain (Loss) | Distributions<br>from Net<br>Investment<br>Income to<br>Auction Rate<br>Preferred<br>Shareholders+ | Distributions<br>from<br>Capital<br>Gains to<br>Auction Rate<br>Preferred<br>Shareholders+ | Total |
|--|-----------------------------|--|--|--|-------|
|--|-----------------------------|--|--|--|-------|

INSURED CALIFORNIA PREMIUM INCOME (NPC)

Year Ended 8/31:

|      |         |       |          |          |          |        |
|------|---------|-------|----------|----------|----------|--------|
| 2008 | \$15.04 | \$.95 | \$ (.10) | \$ (.22) | \$ --*** | \$ .63 |
| 2007 | 15.58   | .90   | (.40)    | (.21)    | (.02)    | .27    |
| 2006 | 16.21   | .92   | (.38)    | (.18)    | (.02)    | .34    |
| 2005 | 16.23   | .95   | .22      | (.10)    | (.01)    | 1.06   |
| 2004 | 15.59   | .99   | .68      | (.05)    | --       | 1.62   |

INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)

Year Ended 8/31:

|      |       |     |       |       |    |      |
|------|-------|-----|-------|-------|----|------|
| 2008 | 14.50 | .95 | (.44) | (.24) | -- | .27  |
| 2007 | 14.99 | .89 | (.46) | (.25) | -- | .18  |
| 2006 | 15.33 | .90 | (.28) | (.20) | -- | .42  |
| 2005 | 15.12 | .91 | .29   | (.11) | -- | 1.09 |
| 2004 | 14.60 | .96 | .53   | (.06) | -- | 1.43 |

Total Returns

| Ending<br>Common<br>Share<br>Net Asset<br>Value | Ending<br>Market<br>Value | Based<br>on<br>Market<br>Value* | Based<br>on<br>Common<br>Share Net<br>Asset<br>Value* |
|---|---------------------------|---------------------------------|---|
|---|---------------------------|---------------------------------|---|

INSURED CALIFORNIA PREMIUM INCOME (NPC)

Year Ended 8/31:

|      |         |         |         |       |
|------|---------|---------|---------|-------|
| 2008 | \$14.93 | \$13.89 | (2.21)% | 4.23% |
| 2007 | 15.04   | 14.96   | 4.61    | 1.70  |
| 2006 | 15.58   | 15.08   | 1.00    | 2.23  |
| 2005 | 16.21   | 15.90   | 7.58    | 6.74  |
| 2004 | 16.23   | 15.81   | 11.80   | 10.64 |

INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)

Year Ended 8/31:

|      |       |       |        |       |
|------|-------|-------|--------|-------|
| 2008 | 14.13 | 12.66 | (3.06) | 1.86  |
| 2007 | 14.50 | 13.71 | 1.26   | 1.18  |
| 2006 | 14.99 | 14.19 | (.63)  | 2.91  |
| 2005 | 15.33 | 15.05 | 5.10   | 7.42  |
| 2004 | 15.12 | 15.18 | 12.71  | 10.02 |

Ratios/Supplemental Data

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|  | Ending<br>Net<br>Assets<br>Applicable<br>to Common<br>Shares (000) | Ratios to Average Net Assets<br>Applicable to Common Shares<br>Before Credit/Reimbursement |   |                               | Ratios to Average Net Assets<br>Applicable to Common Shares<br>After Credit/Reimbursement |   |
|--|--|--|---|-------------------------------|---|---|
|  |  | Expenses<br>Including<br>Interest++ (a)  | Expenses<br>Excluding<br>Interest++ (a) | Net<br>Investment<br>Income++ | Expenses<br>Including<br>Interest++ (a)   | Expenses<br>Including<br>Interest++ (a) |

INSURED CALIFORNIA PREMIUM INCOME (NPC)

Year Ended 8/31:

|      |           |       |       |       |       |
|------|-----------|-------|-------|-------|-------|
| 2008 | \$ 96,462 | 1.19% | 1.19% | 6.24% | 1.17% |
| 2007 | 97,176    | 1.22  | 1.16  | 5.84  | 1.20  |
| 2006 | 100,581   | 1.16  | 1.16  | 5.89  | 1.15  |
| 2005 | 104,510   | 1.14  | 1.14  | 5.85  | 1.13  |
| 2004 | 104,618   | 1.17  | 1.17  | 6.17  | 1.16  |

INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)

Year Ended 8/31:

|      |         |      |      |      |      |
|------|---------|------|------|------|------|
| 2008 | 179,734 | 1.23 | 1.21 | 6.56 | 1.22 |
| 2007 | 184,343 | 1.24 | 1.18 | 6.00 | 1.22 |
| 2006 | 190,571 | 1.20 | 1.20 | 6.05 | 1.19 |
| 2005 | 194,895 | 1.17 | 1.17 | 6.03 | 1.17 |
| 2004 | 192,035 | 1.19 | 1.19 | 6.38 | 1.19 |

|  | Auction Rate Preferred Shares<br>at End of Period |   |                                | Variable Rate Demand Preferred Shares<br>at End of Period |   |                                |
|--|---|---|--------------------------------|---|---|--------------------------------|
|  | Aggregate<br>Amount<br>Outstanding<br>(000)       | Liquidation<br>and Market<br>Value<br>Per Share | Asset<br>Coverage<br>Per Share | Aggregate<br>Amount<br>Outstanding<br>(000)               | Liquidation<br>and Market<br>Value<br>Per Share | Asset<br>Coverage<br>Per Share |

INSURED CALIFORNIA PREMIUM INCOME (NPC)

Year Ended 8/31:

|      |          |          |          |       |       |       |
|------|----------|----------|----------|-------|-------|-------|
| 2008 | \$45,000 | \$25,000 | \$78,590 | \$ -- | \$ -- | \$ -- |
| 2007 | 45,000   | 25,000   | 78,987   | --    | --    | --    |
| 2006 | 45,000   | 25,000   | 80,878   | --    | --    | --    |
| 2005 | 45,000   | 25,000   | 83,061   | --    | --    | --    |
| 2004 | 45,000   | 25,000   | 83,121   | --    | --    | --    |

INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)

Year Ended 8/31:

|      |        |        |        |    |    |    |
|------|--------|--------|--------|----|----|----|
| 2008 | 87,400 | 25,000 | 76,411 | -- | -- | -- |
| 2007 | 95,000 | 25,000 | 73,511 | -- | -- | -- |
| 2006 | 95,000 | 25,000 | 75,150 | -- | -- | -- |
| 2005 | 95,000 | 25,000 | 76,288 | -- | -- | -- |
| 2004 | 95,000 | 25,000 | 75,535 | -- | -- | -- |

\* Total Return Based on Market Value is the combination of changes in the

market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

\*\* After custodian fee credit and expense reimbursement, where applicable.

\*\*\* Rounds to less than \$.01 per share.

+ The amounts shown are based on Common share equivalents.

++ Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders; income ratios reflect income earned on assets attributable to Auction Rate Preferred shares or Variable Rate Demand Preferred shares, where applicable.

(a) Interest expense arises from payments to Variable Rate Demand Preferred shareholders and the application of SFAS No. 140 to certain inverse floating rate transactions entered into by the Fund as more fully described in Footnote 1 - Inverse Floating Rate Securities, where applicable.

See accompanying notes to financial statements.

92-93 spread

Financial  
HIGHLIGHTS (continued)

Selected data for a Common share outstanding throughout each period:

|  |                       | Investment Operations               |       |       |  |  |       |
|--|-----------------------|-------------------------------------|-------|-------|--|--|-------|
|  |                       |                                     |       |       | Distributions from Net Investment Income to Auction Rate Preferred Shareholders+ | Distributions from Capital Gains to Auction Rate Preferred Shareholders+ | Total |
| Beginning Common Share Net Asset Value | Net Investment Income | Net Realized/Unrealized Gain (Loss) |       |       |  |  |       |
| -----                                  | -----                 | -----                               | ----- | ----- | -----  | -----  |       |

CALIFORNIA PREMIUM INCOME (NCU)

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| Year Ended 8/31: |         |        |          |          |       |        |
|------------------|---------|--------|----------|----------|-------|--------|
| 2008             | \$14.06 | \$ .92 | \$ (.43) | \$ (.24) | \$ -- | \$ .25 |
| 2007             | 14.63   | .90    | (.52)    | (.24)    | (.01) | .13    |
| 2006             | 15.03   | .89    | (.30)    | (.21)    | --    | .38    |
| 2005             | 14.51   | .90    | .60      | (.12)    | --    | 1.38   |
| 2004             | 13.66   | .94    | .85      | (.06)    | --    | 1.73   |

CALIFORNIA DIVIDEND ADVANTAGE (NAC)

| Year Ended 8/31: |       |      |       |       |       |      |
|------------------|-------|------|-------|-------|-------|------|
| 2008             | 14.93 | 1.02 | (.50) | (.23) | (.01) | .28  |
| 2007             | 15.59 | 1.00 | (.56) | (.24) | (.01) | .19  |
| 2006             | 15.98 | 1.01 | (.25) | (.21) | --    | .55  |
| 2005             | 15.59 | 1.04 | .50   | (.12) | --    | 1.42 |
| 2004             | 14.82 | 1.05 | .76   | (.06) | --    | 1.75 |

Total Returns

| Ending<br>Common<br>Share<br>Net Asset<br>Value | Ending<br>Market<br>Value | Based<br>on<br>Market<br>Value* | Based<br>on<br>Common<br>Share Net<br>Asset<br>Value* |
|---|---------------------------|---------------------------------|---|
|---|---------------------------|---------------------------------|---|

CALIFORNIA PREMIUM INCOME (NCU)

| Year Ended 8/31: |         |         |        |       |
|------------------|---------|---------|--------|-------|
| 2008             | \$13.67 | \$12.58 | 1.51%  | 1.81% |
| 2007             | 14.06   | 13.03   | (2.21) | .82   |
| 2006             | 14.63   | 14.01   | 3.14   | 2.72  |
| 2005             | 15.03   | 14.37   | 11.76  | 9.75  |
| 2004             | 14.51   | 13.67   | 12.04  | 12.94 |

CALIFORNIA DIVIDEND ADVANTAGE (NAC)

| Year Ended 8/31: |       |       |        |       |
|------------------|-------|-------|--------|-------|
| 2008             | 14.43 | 13.44 | (.84)  | 1.85  |
| 2007             | 14.93 | 14.34 | (5.19) | 1.16  |
| 2006             | 15.59 | 15.97 | 5.47   | 3.63  |
| 2005             | 15.98 | 16.07 | 14.62  | 9.41  |
| 2004             | 15.59 | 15.00 | 12.07  | 12.11 |

Ratios/Supplemental Data

| Ending<br>Net<br>Assets<br>Applicable<br>to Common<br>Shares (000) | Ratios to Average Net Assets<br>Applicable to Common Shares<br>Before Credit/Reimbursement |  |                               | Ratios to Average Net Assets<br>Applicable to Common Shares<br>After Credit/Reimbursement |  |
|--|--|--|-------------------------------|---|--|
|  | Expenses<br>Including<br>Interest++(a)   | Expenses<br>Excluding<br>Interest++(a) | Net<br>Investment<br>Income++ | Expenses<br>Including<br>Interest++(a)  | Expenses<br>Excluding<br>Interest++(a) |

CALIFORNIA PREMIUM INCOME (NCU)

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Year Ended 8/31:

|      |           |       |       |       |       |
|------|-----------|-------|-------|-------|-------|
| 2008 | \$ 78,966 | 1.34% | 1.23% | 6.56% | 1.33% |
| 2007 | 81,200    | 1.29  | 1.21  | 6.14  | 1.27  |
| 2006 | 84,467    | 1.23  | 1.23  | 6.09  | 1.21  |
| 2005 | 86,785    | 1.21  | 1.21  | 6.08  | 1.20  |
| 2004 | 83,772    | 1.23  | 1.23  | 6.62  | 1.22  |

CALIFORNIA DIVIDEND ADVANTAGE (NAC)

Year Ended 8/31:

|      |         |      |      |      |      |
|------|---------|------|------|------|------|
| 2008 | 338,732 | 1.26 | 1.15 | 6.77 | 1.10 |
| 2007 | 350,523 | 1.17 | 1.12 | 6.24 | .94  |
| 2006 | 365,516 | 1.13 | 1.13 | 6.22 | .83  |
| 2005 | 374,265 | 1.12 | 1.12 | 6.22 | .75  |
| 2004 | 365,066 | 1.14 | 1.14 | 6.38 | .70  |

Auction Rate Preferred Shares  
at End of Period

Variable Rate Demand Preferred Shares  
at End of Period

| Aggregate<br>Amount<br>Outstanding<br>(000) | Liquidation<br>and Market<br>Value<br>Per Share | Asset<br>Coverage<br>Per Share | Aggregate<br>Amount<br>Outstanding<br>(000) | Liquidation<br>and Market<br>Value<br>Per Share | Asset<br>Coverage<br>Per Share |
|---|---|--------------------------------|---|---|--------------------------------|
|---|---|--------------------------------|---|---|--------------------------------|

CALIFORNIA PREMIUM INCOME (NCU)

Year Ended 8/31:

|      |           |          |          |       |       |       |
|------|-----------|----------|----------|-------|-------|-------|
| 2008 | \$ 43,000 | \$25,000 | \$70,910 | \$ -- | \$ -- | \$ -- |
| 2007 | 43,000    | 25,000   | 72,209   | --    | --    | --    |
| 2006 | 43,000    | 25,000   | 74,109   | --    | --    | --    |
| 2005 | 43,000    | 25,000   | 75,456   | --    | --    | --    |
| 2004 | 43,000    | 25,000   | 73,704   | --    | --    | --    |

CALIFORNIA DIVIDEND ADVANTAGE (NAC)

Year Ended 8/31:

|      |         |        |        |    |    |    |
|------|---------|--------|--------|----|----|----|
| 2008 | 135,525 | 25,000 | 87,485 | -- | -- | -- |
| 2007 | 175,000 | 25,000 | 75,075 | -- | -- | -- |
| 2006 | 175,000 | 25,000 | 77,217 | -- | -- | -- |
| 2005 | 175,000 | 25,000 | 78,466 | -- | -- | -- |
| 2004 | 175,000 | 25,000 | 77,152 | -- | -- | -- |

\* Total Return Based on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value,

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if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

\*\* After custodian fee credit and expense reimbursement, where applicable.

+ The amounts shown are based on Common share equivalents.

++ Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders; income ratios reflect income earned on assets attributable to Auction Rate Preferred shares or Variable Rate Demand Preferred shares, where applicable.

(a) Interest expense arises from payments to Variable Rate Demand Preferred shareholders and the application of SFAS No. 140 to certain inverse floating rate transactions entered into by the Fund as more fully described in Footnote 1 - Inverse Floating Rate Securities, where applicable.

See accompanying notes to financial statements.

94-95 spread

Financial  
HIGHLIGHTS (continued)

Selected data for a Common share outstanding throughout each period:

|                                       | Beginning<br>Common<br>Share<br>Net Asset<br>Value | Investment Operations       |   |  |  |        | Total |
|---------------------------------------|--|-----------------------------|---|--|--|--------|-------|
|                                       |  | Net<br>Investment<br>Income | Net<br>Realized/<br>Unrealized<br>Gain (Loss) | Distributions<br>from Net<br>Investment<br>Income to<br>Auction Rate<br>Preferred<br>Shareholders+ | Distributions<br>from<br>Capital<br>Gains to<br>Auction Rate<br>Preferred<br>Shareholders+ |        |       |
| CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) |  |                             |   |  |  |        |       |
| Year Ended 8/31:                      |  |                             |   |  |  |        |       |
| 2008                                  | \$14.69  | \$1.01                      | \$ (.37)                                      | \$ (.25)   | \$ --  | \$ .39 |       |
| 2007                                  | 15.36  | .96                         | (.62)   | (.25)  | --   | .09    |       |
| 2006                                  | 15.63  | .97                         | (.19)   | (.21)  | --   | .57    |       |
| 2005                                  | 14.97  | .98                         | .71   | (.12)  | --   | 1.57   |       |
| 2004                                  | 14.18  | .99                         | .77   | (.06)  | --   | 1.70   |       |
| CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) |  |                             |   |  |  |        |       |
| Year Ended 8/31:                      |  |                             |   |  |  |        |       |
| 2008                                  | 14.25  | 1.03                        | (.70)   | (.25)  | --   | .08    |       |
| 2007                                  | 15.03  | .98                         | (.73)   | (.27)  | --   | (.02)  |       |
| 2006                                  | 15.31  | .97                         | (.20)   | (.22)  | --   | .55    |       |
| 2005                                  | 14.65  | .97                         | .68   | (.13)  | --   | 1.52   |       |
| 2004                                  | 13.72  | .98                         | .88   | (.07)  | --   | 1.79   |       |



|                                       | Ending<br>Common<br>Share<br>Net Asset<br>Value | Ending<br>Market<br>Value | Total Returns                   |   |
|---------------------------------------|---|---------------------------|---------------------------------|---|
|                                       |   |                           | Based<br>on<br>Market<br>Value* | Based<br>on<br>Common<br>Share Net<br>Asset<br>Value* |
| CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) |   |                           |                                 |   |
| Year Ended 8/31:                      |   |                           |                                 |   |
| 2008                                  | \$14.39   | \$12.67                   | (2.80)%                         | 2.76%   |
| 2007                                  | 14.69   | 13.73                     | (3.39)                          | .46   |
| 2006                                  | 15.36   | 14.95                     | 4.19                            | 3.82  |
| 2005                                  | 15.63   | 15.19                     | 14.98                           | 10.80   |
| 2004                                  | 14.97   | 14.08                     | 13.60                           | 12.11   |
| CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) |   |                           |                                 |   |
| Year Ended 8/31:                      |   |                           |                                 |   |
| 2008                                  | 13.62   | 12.87                     | .46                             | .60   |
| 2007                                  | 14.25   | 13.52                     | (4.12)                          | (.32)   |
| 2006                                  | 15.03   | 14.84                     | 8.50                            | 3.81  |
| 2005                                  | 15.31   | 14.49                     | 15.75                           | 10.69   |
| 2004                                  | 14.65   | 13.33                     | 11.97                           | 13.36   |

|                                       | Ending<br>Net<br>Assets<br>Applicable<br>to Common<br>Shares (000) | Ratios/Supplemental Data   |   |   |   |
|---------------------------------------|--|--|---|---|---|
|                                       |  | Ratios to Average Net Assets<br>Applicable to Common Shares<br>Before Credit/Reimbursement |   | Ratios to Average Net Assets<br>Applicable to Common Shares<br>After Credit/Reimbursement |   |
| Year Ended 8/31:                      |  | Expenses<br>Including<br>Interest++ (a)  | Expenses<br>Excluding<br>Interest++ (a) | Net<br>Investment<br>Income++   | Expenses<br>Including<br>Interest++ (a) |
| CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) |  |  |   |   |   |
| Year Ended 8/31:                      |  |  |   |   |   |
| 2008                                  | \$212,890  | 1.25%  | 1.16%                                   | 6.56%   | .97%                                    |
| 2007                                  | 217,332  | 1.25   | 1.17                                    | 5.97  | .89                                     |
| 2006                                  | 227,160  | 1.16   | 1.16                                    | 5.94  | .73                                     |
| 2005                                  | 231,140  | 1.16   | 1.16                                    | 5.94  | .70                                     |
| 2004                                  | 221,395  | 1.18   | 1.18                                    | 6.24  | .72                                     |
| CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) |  |  |   |   |   |
| Year Ended 8/31:                      |  |  |   |   |   |
| 2008                                  | 328,659  | 1.21   | 1.19                                    | 6.96  | .88                                     |
| 2007                                  | 343,806  | 1.22   | 1.16                                    | 6.16  | .81                                     |
| 2006                                  | 362,473  | 1.16   | 1.16                                    | 6.08  | .70                                     |
| 2005                                  | 369,262  | 1.17   | 1.17                                    | 6.05  | .70                                     |
| 2004                                  | 353,360  | 1.20   | 1.20                                    | 6.32  | .73                                     |

|                                       | Auction Rate Preferred Shares<br>at End of Period |   |                                | Variable Rate Demand Preferred Shares<br>at End of Period |   |                                |
|---------------------------------------|---|---|--------------------------------|---|---|--------------------------------|
|                                       | Aggregate<br>Amount<br>Outstanding<br>(000)       | Liquidation<br>and Market<br>Value<br>Per Share | Asset<br>Coverage<br>Per Share | Aggregate<br>Amount<br>Outstanding<br>(000)               | Liquidation<br>and Market<br>Value<br>Per Share | Asset<br>Coverage<br>Per Share |
| CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) |   |   |                                |   |   |                                |
| Year Ended 8/31:                      |   |   |                                |   |   |                                |
| 2008                                  | \$110,000   | \$25,000  | \$73,384                       | \$ --   | \$ --   | \$ --                          |
| 2007                                  | 110,000   | 25,000  | 74,394                         | --  | --  | --                             |
| 2006                                  | 110,000   | 25,000  | 76,627                         | --  | --  | --                             |
| 2005                                  | 110,000   | 25,000  | 77,532                         | --  | --  | --                             |
| 2004                                  | 110,000   | 25,000  | 75,317                         | --  | --  | --                             |
| CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) |   |   |                                |   |   |                                |
| Year Ended 8/31:                      |   |   |                                |   |   |                                |
| 2008                                  | 159,925   | 25,000  | 76,377                         | --  | --  | --                             |
| 2007                                  | 187,000   | 25,000  | 70,963                         | --  | --  | --                             |
| 2006                                  | 187,000   | 25,000  | 73,459                         | --  | --  | --                             |
| 2005                                  | 187,000   | 25,000  | 74,367                         | --  | --  | --                             |
| 2004                                  | 187,000   | 25,000  | 72,241                         | --  | --  | --                             |

\* Total Return Based on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

\*\* After custodian fee credit and expense reimbursement, where applicable.

+ The amounts shown are based on Common share equivalents.

++ Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders; income ratios reflect income earned on assets attributable to Auction Rate Preferred shares or Variable Rate Demand Preferred shares, where applicable.

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- (a) Interest expense arises from payments to Variable Rate Demand Preferred shareholders and the application of SFAS No. 140 to certain inverse floating rate transactions entered into by the Fund as more fully described in Footnote 1 - Inverse Floating Rate Securities, where applicable.

See accompanying notes to financial statements.

96-97 spread

Financial  
HIGHLIGHTS (continued)

Selected data for a Common share outstanding throughout each period:

| Investment Operations                              |                             |  |  |  |         |       |
|--|-----------------------------|--|--|--|---------|-------|
| Beginning<br>Common<br>Share<br>Net Asset<br>Value | Net<br>Investment<br>Income | Realized/<br>Unrealized<br>Gain (Loss) | Distributions<br>from Net<br>Investment<br>Income to<br>Preferred<br>Shareholders+ | Distributions<br>from<br>Capital<br>Gains to<br>Auction Rate<br>Preferred<br>Shareholders+ | Total   |       |
| =====  |                             |  |  |  |         |       |
| INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL)        |                             |  |  |  |         |       |
| -----  |                             |  |  |  |         |       |
| Year Ended 8/31:                                   |                             |  |  |  |         |       |
| 2008   | \$14.91                     | \$1.03                                 | \$(.33)  | \$(.25)  | \$(.01) | \$.44 |
| 2007   | 15.50                       | 1.01                                   | (.57)  | (.26)  | --***   | .18   |
| 2006   | 15.81                       | 1.01                                   | (.25)  | (.22)  | --      | .54   |
| 2005   | 15.35                       | 1.01                                   | .52  | (.12)  | --      | 1.41  |
| 2004   | 14.60                       | 1.02                                   | .84  | (.06)  | (.01)   | 1.79  |
| =====  |                             |  |  |  |         |       |
| INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX)        |                             |  |  |  |         |       |
| -----  |                             |  |  |  |         |       |
| Year Ended 8/31:                                   |                             |  |  |  |         |       |
| 2008   | 14.47                       | .97                                    | (.30)  | (.24)  | --      | .43   |
| 2007   | 14.92                       | .96                                    | (.46)  | (.24)  | --      | .26   |
| 2006   | 15.17                       | .95                                    | (.25)  | (.21)  | --      | .49   |
| 2005   | 14.62                       | .96                                    | .57  | (.13)  | --      | 1.40  |
| 2004   | 13.79                       | .96                                    | .84  | (.06)  | --      | 1.74  |
| =====  |                             |  |  |  |         |       |

| Total Returns                                   |                           |                                 |   |  |
|---|---------------------------|---------------------------------|---|--|
| Ending<br>Common<br>Share<br>Net Asset<br>Value | Ending<br>Market<br>Value | Based<br>on<br>Market<br>Value* | Based<br>on<br>Common<br>Share Net<br>Asset<br>Value* |  |
| =====   |                           |                                 |   |  |
| INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL)     |                           |                                 |   |  |
| -----   |                           |                                 |   |  |
| Year Ended 8/31:                                |                           |                                 |   |  |

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|      |         |         |        |       |
|------|---------|---------|--------|-------|
| 2008 | \$14.61 | \$13.50 | (.03)% | 2.98% |
| 2007 | 14.91   | 14.24   | (4.64) | 1.13  |
| 2006 | 15.50   | 15.70   | 10.72  | 3.62  |
| 2005 | 15.81   | 15.00   | 9.00   | 9.46  |
| 2004 | 15.35   | 14.67   | 12.54  | 12.53 |

INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX)

Year Ended 8/31:

|      |       |       |       |       |
|------|-------|-------|-------|-------|
| 2008 | 14.19 | 13.78 | .12   | 2.97  |
| 2007 | 14.47 | 14.47 | 6.35  | 1.69  |
| 2006 | 14.92 | 14.27 | 4.56  | 3.43  |
| 2005 | 15.17 | 14.38 | 7.46  | 9.84  |
| 2004 | 14.62 | 14.19 | 11.54 | 12.86 |

Ratios/Supplemental Data

|      | Ratios to Average Net Assets<br>Applicable to Common Shares<br>Before Credit/Reimbursement |                                   |                                   | Ratios to Average Net Assets<br>Applicable to Common Shares<br>After Credit/Reimbursement |                                   |
|------|--|-----------------------------------|-----------------------------------|---|-----------------------------------|
|      | Ending Net Assets<br>Applicable to Common Shares (000)                                     | Expenses Including Interest++ (a) | Expenses Excluding Interest++ (a) | Net Investment Income++   | Expenses Including Interest++ (a) |
| 2008 | \$223,356  | 1.19%                             | 1.19%                             | 6.52%   | .83%                              |
| 2007 | 227,923  | 1.21                              | 1.16                              | 6.12  | .78                               |
| 2006 | 236,525  | 1.17                              | 1.17                              | 6.12  | .71                               |
| 2005 | 241,254  | 1.16                              | 1.16                              | 6.06  | .71                               |
| 2004 | 234,186  | 1.18                              | 1.18                              | 6.28  | .72                               |

INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL)

Year Ended 8/31:

|      |           |       |       |       |      |
|------|-----------|-------|-------|-------|------|
| 2008 | \$223,356 | 1.19% | 1.19% | 6.52% | .83% |
| 2007 | 227,923   | 1.21  | 1.16  | 6.12  | .78  |
| 2006 | 236,525   | 1.17  | 1.17  | 6.12  | .71  |
| 2005 | 241,254   | 1.16  | 1.16  | 6.06  | .71  |
| 2004 | 234,186   | 1.18  | 1.18  | 6.28  | .72  |

INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX)

Year Ended 8/31:

|      |        |      |      |      |     |
|------|--------|------|------|------|-----|
| 2008 | 83,531 | 1.33 | 1.26 | 6.28 | .91 |
| 2007 | 85,144 | 1.27 | 1.21 | 5.95 | .77 |
| 2006 | 87,775 | 1.22 | 1.22 | 5.97 | .73 |
| 2005 | 89,272 | 1.21 | 1.21 | 5.95 | .73 |
| 2004 | 86,008 | 1.23 | 1.23 | 6.17 | .73 |

Auction Rate Preferred Shares  
at End of Period

Variable Rate Demand Preferred Shares  
at End of Period

| Auction Rate Preferred Shares<br>at End of Period |  |                          | Variable Rate Demand Preferred Shares<br>at End of Period |  |                          |
|---|--|--------------------------|---|--|--------------------------|
| Aggregate Amount Outstanding (000)                | Liquidation and Market Value Per Share | Asset Coverage Per Share | Aggregate Amount Outstanding (000)                        | Liquidation and Market Value Per Share | Asset Coverage Per Share |
|   |  |                          |   |  |                          |

INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL)

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Year Ended 8/31:

|      |           |          |          |       |       |       |
|------|-----------|----------|----------|-------|-------|-------|
| 2008 | \$118,000 | \$25,000 | \$72,321 | \$ -- | \$ -- | \$ -- |
| 2007 | 118,000   | 25,000   | 73,289   | --    | --    | --    |
| 2006 | 118,000   | 25,000   | 75,111   | --    | --    | --    |
| 2005 | 118,000   | 25,000   | 76,113   | --    | --    | --    |
| 2004 | 118,000   | 25,000   | 74,616   | --    | --    | --    |

INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX)

Year Ended 8/31:

|      |        |        |        |        |         |         |
|------|--------|--------|--------|--------|---------|---------|
| 2008 | --     | --     | --     | 35,500 | 100,000 | 335,290 |
| 2007 | 45,000 | 25,000 | 72,302 | --     | --      | --      |
| 2006 | 45,000 | 25,000 | 73,764 | --     | --      | --      |
| 2005 | 45,000 | 25,000 | 74,595 | --     | --      | --      |
| 2004 | 45,000 | 25,000 | 72,782 | --     | --      | --      |

\* Total Return Based on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

\*\* After custodian fee credit and expense reimbursement, where applicable.

\*\*\* Rounds to less than \$.01 per share.

+ The amounts shown are based on Common share equivalents.

++ Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders; income ratios reflect income earned on assets attributable to Auction Rate Preferred shares or Variable Rate Demand Preferred shares, where applicable.

(a) Interest expense arises from payments to Variable Rate Demand Preferred shareholders and the application of SFAS No. 140 to certain inverse floating rate transactions entered into by the Fund as more fully described in Footnote 1 - Inverse Floating Rate Securities, where applicable.

See accompanying notes to financial statements.

98-99 spread

Board Members & Officers

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The management of the Funds, including general supervision of the duties performed for the Funds by the Adviser, is the responsibility of the Board Members of the Funds. The number of board members of the Fund is currently set at nine. None of the board members who are not "interested" persons of the Funds (referred to herein as "independent board members") has ever been a director or employee of, or consultant to, Nuveen or its affiliates. The names and business addresses of the board members and officers of the Funds, their principal occupations and other affiliations during the past five years, the number of portfolios each oversees and other directorships they hold are set forth below.

| NAME,<br>BIRTHDATE<br>& ADDRESS  | POSITION(S) HELD<br>WITH THE FUNDS           | YEAR FIRST<br>ELECTED OR<br>APPOINTED<br>AND TERM(1) | NUMBER<br>OF PORTFOLIOS<br>IN FUND COMPLEX<br>OVERSEEN BY<br>BOARD MEMBER | PRINCIPAL<br>OCCUPATIO<br>INCLUDING<br>DIRECTORS<br>DURING PA   |
|--|--|--|---|---|
| INDEPENDENT BOARD MEMBERS:   |  |  |   |   |
| [ ] ROBERT P. BREMNER<br>8/22/40<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Chairman of<br>the Board<br>and Board member | 1997<br>CLASS III                                    | 186   | Private I   |
| [ ] JACK B. EVANS<br>10/22/48<br>333 W. Wacker Drive<br>Chicago, IL 60606    | Board member                                 | 1999<br>CLASS III                                    | 186   | President<br>private p<br>1996); Di<br>Fire Grou<br>of the Bo<br>Iowa Univ<br>Companies<br>Iowa Coll<br>Advisory<br>Finance i<br>Universit<br>Alliant E<br>Reserve B<br>and Chief<br>Group, In<br>firm. |
| [ ] WILLIAM C. HUNTER<br>3/6/48<br>333 W. Wacker Drive<br>Chicago, IL 60606  | Board member                                 | 2004<br>ANNUAL                                       | 186   | Dean, Tip<br>of Iowa (<br>and Disti<br>School of<br>Connectic<br>Vice Pres<br>the Feder<br>(1995-200<br>Research<br>Director<br>Director<br>Internati<br>Technolog                                      |
| [ ] DAVID J. KUNDERT<br>10/28/42<br>333 W. Wacker Drive                      | Board member                                 | 2005<br>CLASS II                                     | 186   | Director,<br>Managemen<br>Chairman,   |

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Chicago, IL 60606

President  
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Vice Pres  
Chairman  
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|---|---------------------|------------------------|------------|
| <p>[ ] WILLIAM J. SCHNEIDER<br/>9/24/44<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p> | <p>Board member</p> | <p>1997<br/>ANNUAL</p> | <p>186</p> |
|---|---------------------|------------------------|------------|

Chairman,  
Operating  
Miller-Va  
estate in  
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100

| NAME,<br>BIRTHDATE<br>& ADDRESS | POSITION(S) HELD<br>WITH THE FUNDS | YEAR FIRST<br>ELECTED OR<br>APPOINTED<br>AND TERM(1) | NUMBER<br>OF PORTFOLIOS<br>IN FUND COMPLEX<br>OVERSEEN BY<br>BOARD MEMBER | PRINCIPAL<br>OCCUPATIO<br>INCLUDING<br>DIRECTORS<br>DURING PA |
|---------------------------------|------------------------------------|--|---|---|
|---------------------------------|------------------------------------|--|---|---|

INDEPENDENT BOARD MEMBERS:

|   |                     |                         |            |
|---|---------------------|-------------------------|------------|
| <p>[ ] JUDITH M. STOCKDALE<br/>12/29/47<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p> | <p>Board member</p> | <p>1997<br/>CLASS I</p> | <p>186</p> |
|---|---------------------|-------------------------|------------|

Executive  
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|  |                     |                         |            |
|--|---------------------|-------------------------|------------|
| <p>[ ] CAROLE E. STONE<br/>6/28/47<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p> | <p>Board member</p> | <p>2007<br/>CLASS I</p> | <p>186</p> |
|--|---------------------|-------------------------|------------|

Director,  
(since 20  
Commissio  
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Director,  
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|---|---------------------|--------------------------|------------|
| <p>[ ] TERENCE J. TOTH(2)<br/>9/29/59<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p> | <p>Board Member</p> | <p>2008<br/>CLASS II</p> | <p>186</p> |
|---|---------------------|--------------------------|------------|

Private I  
President  
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2005), Un  
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Board (20  
Board (20  
Inc. Boar  
Hong Kong

INTERESTED BOARD MEMBER:

|  |                     |                          |            |
|--|---------------------|--------------------------|------------|
| <p>[ ] JOHN P. AMBOIAN (2) (3)<br/>6/14/61<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p> | <p>Board Member</p> | <p>2008<br/>CLASS II</p> | <p>186</p> |
|--|---------------------|--------------------------|------------|

Chief Exe  
and Direc  
Investmen  
(since 20  
Rittenhou  
Investmen  
President  
Corp. and  
Corp. (4)

OFFICERS OF THE FUND:

|  |   |             |            |
|--|---|-------------|------------|
| <p>[ ] GIFFORD R. ZIMMERMAN<br/>9/9/56<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p> | <p>Chief<br/>Administrative<br/>Officer</p> | <p>1988</p> | <p>186</p> |
|--|---|-------------|------------|

Managing  
Secretary  
formerly,  
General C  
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Assistant  
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|--|-----------------------|-------------|------------|
| <p>[ ] WILLIAM ADAMS IV<br/>6/9/55<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p> | <p>Vice President</p> | <p>2007</p> | <p>120</p> |
|--|-----------------------|-------------|------------|

Executive  
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|  |  |  |   |  |
|--|--|--|---|--|
| <p>NAME,<br/>BIRTHDATE<br/>AND ADDRESS</p> | <p>POSITION(S) HELD<br/>WITH THE FUNDS</p> | <p>YEAR FIRST<br/>ELECTED OR<br/>APPOINTED (5)</p> | <p>NUMBER<br/>OF PORTFOLIOS<br/>IN FUND COMPLEX</p> | <p>PRINCIPAL<br/>OCCUPATIO<br/>DURING PA</p> |
|--|--|--|---|--|



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OVERSEEN  
BY OFFICER

OFFICERS OF THE FUND:

|  |  |             |            |  |
|--|--|-------------|------------|--|
| <p>[ ] CEDRIC H. ANTOSIEWICZ<br/>1/11/62<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p> | <p>Vice President</p>                                      | <p>2007</p> | <p>120</p> | <p>Managing<br/>Vice Pres<br/>Investmen</p>  |
| <p>[ ] MICHAEL T. ATKINSON<br/>2/3/66<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p>    | <p>Vice President<br/>and Assistant<br/>Secretary</p>      | <p>2000</p> | <p>186</p> | <p>Vice Pres<br/>Investmen</p>   |
| <p>[ ] LORNA C. FERGUSON<br/>10/24/45<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p>    | <p>Vice President</p>                                      | <p>1998</p> | <p>186</p> | <p>Managing<br/>Vice Pres<br/>Managing<br/>President<br/>Corp. and<br/>Corp. (4);<br/>Nuveen As</p>  |
| <p>[ ] STEPHEN D. FOY<br/>5/31/54<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p>        | <p>Vice President<br/>and Controller</p>                   | <p>1998</p> | <p>186</p> | <p>Vice Pres<br/>Controlle<br/>Investmen<br/>and Funds<br/>Investmen<br/>Accountan</p>   |
| <p>[ ] WALTER M. KELLY<br/>2/24/70<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p>       | <p>Chief Compliance<br/>Officer and<br/>Vice President</p> | <p>2003</p> | <p>186</p> | <p>Senior Vi<br/>President<br/>Vice Pres<br/>(2003-200<br/>President<br/>Secretary<br/>Managemen</p>   |
| <p>[ ] DAVID J. LAMB<br/>3/22/63<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p>         | <p>Vice President</p>                                      | <p>2000</p> | <p>186</p> | <p>Vice Pres<br/>Investmen<br/>Accountan</p>   |
| <p>[ ] TINA M. LAZAR<br/>8/27/61<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p>         | <p>Vice President</p>                                      | <p>2002</p> | <p>186</p> | <p>Vice Pres<br/>(since 19</p>   |
| <p>[ ] LARRY W. MARTIN<br/>7/27/51<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p>       | <p>Vice President<br/>and Assistant<br/>Secretary</p>      | <p>1988</p> | <p>186</p> | <p>Vice Pres<br/>Assistant<br/>Investmen<br/>2005) and<br/>Investmen<br/>2005) and<br/>of Nuveen<br/>(since 20<br/>Assistant<br/>Rittenhou<br/>President<br/>Investmen<br/>Investmen<br/>2002), Sy</p> |

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 2006) and  
 Richards  
 formerly,  
 Secretary  
 Nuveen In

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| NAME,<br>BIRTHDATE<br>AND ADDRESS  | POSITION(S) HELD<br>WITH THE FUNDS           | YEAR FIRST<br>ELECTED OR<br>APPOINTED (5) | NUMBER<br>OF PORTFOLIOS<br>IN FUND COMPLEX<br>OVERSEEN<br>BY OFFICER | PRINCIPAL<br>OCCUPATION<br>DURING PAST  |
|--|--|---|--|---|
| OFFICERS OF THE FUND:  |  |   |  |   |
| [] KEVIN J. MCCARTHY<br>3/26/66<br>333 W. Wacker Drive<br>Chicago, IL 60606        | Vice President<br>and Secretary              | 2007                                      | 186  | Managing<br>Vice Pres<br>Investmen<br>Assistant<br>Managemen<br>Inc., Nuv<br>Nuveen In<br>Group LLC<br>Company,<br>LLC, NWQH<br>Managemen<br>Managemen<br>and Richa<br>prior the<br>LLP (1997 |
| [] JOHN V. MILLER<br>4/10/67<br>333 W. Wacker Drive<br>Chicago, IL 60606           | Vice President                               | 2007                                      | 186  | Managing<br>Vice Pres<br>Investmen<br>Analyst.  |
| [] CHRISTOPHER M. ROHRBACHER<br>8/1/71<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President<br>and Assistant<br>Secretary | 2008                                      | 186  | Vice Pres<br>(since 20<br>Secretary<br>2008); pr<br>Arps, Sla   |
| [] JAMES F. RUANE<br>7/3/62<br>333 W. Wacker Drive<br>Chicago, IL 60606            | Vice President<br>and Assistant<br>Secretary | 2007                                      | 186  | Vice Pres<br>(since 20<br>Deloitte<br>formerly,<br>Certified  |
| [] MARK L. WINGET<br>12/21/68<br>333 W. Wacker Drive<br>Chicago, IL 60606          | Vice President<br>and Assistant<br>Secretary | 2008                                      | 186  | Vice Pres<br>(since 20<br>Secretary<br>2008); pr<br>P.C. (199   |

(1) For California Premium Income (NCU), California Dividend Advantage (NAC),

California Dividend Advantage 2 (NVX), California Dividend Advantage 3 (NZH), Insured California Dividend Advantage (NKL), and Insured California Tax-Free Advantage (NKX), Board Members serve three year terms, except for two board members who are elected by the holders of Preferred shares. The Board of Trustees for NCU, NAC, NVX, NZH, NKL, and NKX is divided into three classes, Class I, Class II, and Class III, with each being elected to serve until the third succeeding annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed, except two board members are elected by the holders of Preferred shares to serve until the next annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed. For Insured California Premium Income (NPC) and Insured California Premium Income 2 (NCL), the Board Members serve a one year term to serve until the next annual meeting or until their successors shall have been duly elected and qualified. The first year elected or appointed represents the year in which the board member was first elected or appointed to any fund in the Nuveen Complex.

- (2) Mr. Amboian and Mr. Toth were appointed to the Board of Trustees of certain Nuveen Funds, effective July 1, 2008, and were subsequently elected to the Boards of the remaining Nuveen Funds on July 28, 2008. In connection with the appointment of Mr. Amboian as trustee, Timothy R. Schwertfeger, an interested trustee, resigned from the Board of Trustees, effective July 1, 2008.
- (3) Mr. Amboian is an interested trustee because of his position with Nuveen Investments, Inc. and certain of its subsidiaries, which are affiliates of the Nuveen Funds.
- (4) Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. were reorganized into Nuveen Asset Management, effective January 1, 2005.
- (5) Officers serve one year terms through July of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

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Annual Investment  
Management Agreement  
APPROVAL PROCESS

The Investment Company Act of 1940, as amended (the "1940 Act"), provides, in substance, that each investment advisory agreement between a fund and its investment adviser will continue in effect from year to year only if its continuance is approved at least annually by the fund's board members, including by a vote of a majority of the board members who are not parties to the advisory agreement or "interested persons" of any parties (the "Independent Board Members"), cast in person at a meeting called for the purpose of considering such approval. In connection with such approvals, the fund's board members must request and evaluate, and the investment adviser is required to furnish, such information as may be reasonably necessary to evaluate the terms of the advisory agreement. Accordingly, at a meeting held on May 28-29, 2008 (the "May Meeting"), the Boards of Trustees or Directors (as the case may be) (each, a "Board" and each Trustee or Director, a "Board Member") of the Funds, including a majority of the Independent Board Members, considered and approved the continuation of the advisory agreement (each, an "Advisory Agreement") between each Fund and Nuveen Asset Management ("NAM") for an additional one-year period. In preparation for their considerations at the May Meeting, the Board also held

a separate meeting on April 23, 2008 (the "April Meeting"). Accordingly, the factors considered and determinations made regarding the renewals by the Independent Board Members include those made at the April Meeting.

In addition, in evaluating the Advisory Agreements, as described in further detail below, the Independent Board Members reviewed a broad range of information relating to the Funds and NAM, including absolute performance, fee and expense information for the Funds as well as comparative performance, fee and expense information for a comparable peer group of funds, the performance information of recognized benchmarks (as applicable), the profitability of Nuveen for its advisory activities (which includes its wholly owned subsidiaries), and other information regarding the organization, personnel, and services provided by NAM. The Independent Board Members also met quarterly as well as at other times as the need arose during the year and took into account the information provided at such meetings and the knowledge gained therefrom. Prior to approving the renewal of the Advisory Agreements, the Independent Board Members reviewed the foregoing information with their independent legal counsel and with management, reviewed materials from independent legal counsel describing applicable law and their duties in reviewing advisory contracts, and met with independent legal counsel in private sessions without management present. The Independent Board Members considered the legal advice provided by independent legal counsel and relied upon their knowledge of NAM, its services and the Funds resulting from their meetings and other interactions throughout the year and their own business judgment in determining the factors to be considered in evaluating the Advisory Agreements. Each Board Member may have accorded different weight to the various factors in reaching his or her conclusions with respect to a Fund's Advisory Agreement. The Independent Board Members did not identify any single factor as all-important or controlling. The Independent Board Members' considerations were instead based on a comprehensive consideration of all the information presented. The principal factors considered by the Board and its conclusions are described below.

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A. NATURE, EXTENT AND QUALITY OF SERVICES

In considering renewal of the Advisory Agreements, the Independent Board Members considered the nature, extent and quality of NAM's services, including advisory services and administrative services. The Independent Board Members reviewed materials outlining, among other things, NAM's organization and business; the types of services that NAM or its affiliates provide and are expected to provide to the Funds; the performance record of the applicable Fund (as described in further detail below); and any initiatives Nuveen had taken for the applicable fund product line. With respect to personnel, the Independent Board Members evaluated the background, experience and track record of NAM's investment personnel. In this regard, the Independent Board Members considered the additional investment in personnel to support Nuveen fund advisory activities, including in operations, product management and marketing as well as related fund support functions, including sales, executive, finance, human resources and information technology. The Independent Board Members also reviewed information regarding portfolio manager compensation arrangements to evaluate NAM's ability to attract and retain high quality investment personnel.

In evaluating the services of NAM, the Independent Board Members also considered NAM's ability to supervise the Funds' other service providers and given the importance of compliance, NAM's compliance program. Among other things, the Independent Board Members considered the report of the chief compliance officer regarding the Funds' compliance policies and procedures.

In addition to advisory services, the Independent Board Members considered the quality of administrative services provided by NAM and its affiliates including product management, fund administration, oversight of service providers, shareholder services, administration of Board relations, regulatory and portfolio compliance and legal support.

In addition to the foregoing services, the Independent Board Members also noted the additional services that NAM or its affiliates provide to closed-end funds, including, in particular, its secondary market support activities and the costs of such activities. The Independent Board Members recognized Nuveen's continued commitment to supporting the secondary market for the common shares of its closed-end funds through a variety of programs designed to raise investor and analyst awareness and understanding of closed-end funds. These efforts include maintaining an investor relations program to timely provide information and education to financial advisers and investors; providing advertising and marketing for the closed-end funds; maintaining its closed-end fund website; and providing educational seminars. With respect to closed-end funds that utilize leverage through the issuance of auction rate preferred securities ("ARPS"), the Board has recognized the unprecedented market conditions in the auction rate market industry with the failure of the auction process. The Independent Board Members noted Nuveen's efforts and the resources and personnel employed to analyze the situation, explore potential alternatives and develop and implement solutions that serve the interests of the affected funds and all of their respective shareholders. The Independent Board Members further noted Nuveen's commitment and efforts to keep investors and financial advisers informed as to its progress in addressing the ARPS situation through, among other things, conference calls, press releases, and information posted on its website as well as its refinancing activities. The Independent Board Members also noted Nuveen's continued support for holders of preferred shares of its closed-end funds by, among other things, seeking distribution for preferred shares with new market participants, managing relations with remarketing agents and the broker community, maintaining the leverage and risk management of leverage and maintaining systems necessary to test compliance with rating agency criteria.

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ANNUAL INVESTMENT MANAGEMENT AGREEMENT  
APPROVAL PROCESS (continued)

Based on their review, the Independent Board Members found that, overall, the nature, extent and quality of services provided (and expected to be provided) to the respective Funds under the Advisory Agreements were satisfactory.

B. THE INVESTMENT PERFORMANCE OF THE FUNDS AND NAM

The Board considered the investment performance of each Fund, including the Fund's historic performance as well as its performance compared to funds with similar investment objectives (the "Performance Peer Group") based on data provided by an independent third party (as described below). The Independent Board Members also reviewed portfolio level performance (which does not reflect fund level fees, expenses and leverage), as described in further detail below.

In evaluating the performance information, the Board considered whether the Fund has operated within its investment objectives and parameters and the impact that the investment mandates may have had on performance. In addition, in comparing a Fund's performance with that of its Performance Peer Group, the Independent Board Members took into account that the closest Performance Peer Group in certain instances may not adequately reflect the respective fund's investment

objectives and strategies thereby hindering a meaningful comparison of the fund's performance with that of the Performance Peer Group.

The Independent Board Members also recognized that certain funds lack comparable peers in which case their performance is measured against a more general municipal category for various states. The closed-end municipal funds that do not have corresponding state-specific Performance Peer Groups are from states other than New York, California, Florida, New Jersey, Michigan, and Pennsylvania.

The Independent Board Members reviewed performance information including, among other things, total return information compared with the Fund's Performance Peer Group and recognized benchmarks for the one-, three- and five-year periods (as applicable) ending December 31, 2007 and with the Performance Peer Group for the quarter and same yearly periods ending March 31, 2008 (as applicable). The Independent Board Members also reviewed the Fund's portfolio level performance (which does not reflect fund level fees and expenses (and leverage for closed-end funds)) compared to recognized benchmarks for the one- three, and five-year periods ending December 31, 2007 (as applicable). The analysis was used to assess the efficacy of investment decisions against appropriate measures of risk and total return, within specific market segments. This information supplemented the Fund performance information provided to the Board at each of its quarterly meetings. Based on their review, the Independent Board Members determined that each Fund's investment performance over time had been satisfactory.

C. FEES, EXPENSES AND PROFITABILITY

1. FEES AND EXPENSES

The Board evaluated the management fees and expenses of each Fund reviewing, among other things, such Fund's gross management fees (which take into account breakpoints), net management fees (which take into account fee waivers or reimbursements) and total expense ratios (before and after expense reimbursements and/or waivers) in absolute terms as well as compared to the gross management fees, net management fees (after waivers and/or reimbursements) and total expense ratios (before and after waivers) of a comparable universe of unaffiliated funds based on data provided by an independent data provider (the "Peer Universe") and/or a more focused subset of funds therein (the "Peer Group"). The

Independent Board Members further reviewed data regarding the construction of Peer Groups as well as the methods of measurement for the fee and expense analysis and the performance analysis. In reviewing the comparisons of fee and expense information, the Independent Board Members took into account that in certain instances various factors such as the size of the Fund relative to peers, the size and particular composition of the Peer Group, the investment objectives of the peers, expense anomalies, and the timing of information used may impact the comparative data, thereby limiting the ability to make a meaningful comparison. The Independent Board Members also considered, among other things, the differences in the use of leverage and the differences in the use of insurance as well as the states reflected in a respective Peer Group for the state municipal funds (such as the use of a general "other states" category for closed-end state funds (other than New York and California)). In reviewing the fee schedule for a Fund, the Independent Board Members also considered the fund-level and complex-wide breakpoint schedules (described in further detail below) and any fee waivers and reimbursements provided by Nuveen (applicable, in

particular, for certain closed-end funds launched since 1999). Based on their review of the fee and expense information provided, the Independent Board Members determined that each Fund's management fees and net total expense ratio were reasonable in light of the nature, extent and quality of services provided to the Fund.

2. COMPARISONS WITH THE FEES OF OTHER CLIENTS

The Independent Board Members further reviewed information regarding the nature of services and fee rates offered by NAM to other clients. Such other clients include NAM's municipal separately managed accounts. In evaluating the comparisons of fees, the Independent Board Members noted that the fee rates charged to the Funds and other clients vary, among other things, because of the different services involved and the additional regulatory and compliance requirements associated with registered investment companies, such as the Funds. Accordingly, the Independent Board Members considered the differences in the product types, including, but not limited to, the services provided, the structure and operations, product distribution and costs thereof, portfolio investment policies, investor profiles, account sizes and regulatory requirements. The Independent Board Members noted, in particular, that the range of services provided to the Funds (as discussed above) is much more extensive than that provided to separately managed accounts. Given the inherent differences in the products, particularly the extensive services provided to the Funds, the Independent Board Members believe such facts justify the different levels of fees.

3. PROFITABILITY OF NUVEEN

In conjunction with its review of fees, the Independent Board Members also considered the profitability of Nuveen for its advisory activities (which incorporated Nuveen's wholly-owned affiliated sub-advisers) and its financial condition. The Independent Board Members reviewed the revenues and expenses of Nuveen's advisory activities for the last two years and the allocation methodology used in preparing the profitability data. The Independent Board Members noted this information supplemented the profitability information requested and received during the year to help keep them apprised of developments affecting profitability (such as changes in fee waivers and expense reimbursement commitments). In this regard, the Independent Board Members noted that they had also appointed an Independent Board Member as a point person to review and keep them apprised of changes to the profitability analysis and/or methodologies during the year. The Independent Board Members considered Nuveen's profitability compared with other fund sponsors prepared by two independent third party service providers as well as comparisons of the revenues, expenses and profit margins of various unaffiliated management firms with similar amounts of assets under management prepared by Nuveen.

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ANNUAL INVESTMENT MANAGEMENT AGREEMENT  
APPROVAL PROCESS (continued)

In reviewing profitability, the Independent Board Members recognized the subjective nature of determining profitability which may be affected by numerous factors including the allocation of expenses. Further, the Independent Board Members recognized the difficulties in making comparisons as the profitability of other advisers generally is not publicly available and the profitability information that is available for certain advisers or management firms may not be representative of the industry and may be affected by, among other things,

the adviser's particular business mix, capital costs, types of funds managed and expense allocations.

Notwithstanding the foregoing, the Independent Board Members reviewed Nuveen's methodology and assumptions for allocating expenses across product lines to determine profitability. In reviewing profitability, the Independent Board Members recognized Nuveen investment in its fund business.

Based on its review, the Independent Board Members concluded that Nuveen's level of profitability for its advisory activities was reasonable in light of the services provided.

In evaluating the reasonableness of the compensation, the Independent Board Members also considered other amounts paid to NAM by the Funds as well as any indirect benefits (such as soft dollar arrangements, if any) NAM and its affiliates receive, or are expected to receive, that are directly attributable to the management of the Funds, if any. See Section E below for additional information on indirect benefits NAM may receive as a result of its relationship with the Funds. Based on their review of the overall fee arrangements of each Fund, the Independent Board Members determined that the advisory fees and expenses of the respective Fund were reasonable.

D. ECONOMIES OF SCALE AND WHETHER FEE LEVELS REFLECT THESE ECONOMIES OF SCALE

With respect to economies of scale, the Independent Board Members recognized the potential benefits resulting from the costs of a fund being spread over a larger asset base. The Independent Board Members therefore considered whether the Funds have appropriately benefited from any economies of scale and whether there is potential realization of any further economies of scale. In considering economies of scale, the Independent Board Members have recognized that economies of scale are difficult to measure and predict with precision, particularly on a fund-by-fund basis. Notwithstanding the foregoing, one method to help ensure the shareholders share in these benefits is to include breakpoints in the advisory fee schedule. Accordingly, the Independent Board Members reviewed and considered the fund-level breakpoints in the advisory fee schedules that reduce advisory fees. In this regard, given that the Funds are closed-end funds, the Independent Board Members recognized that although the Funds may from time to time make additional share offerings, the growth in their assets will occur primarily through appreciation of each Fund's investment portfolio.

In addition to fund-level advisory fee breakpoints, the Board also considered the Funds' complex-wide fee arrangement. Pursuant to the complex-wide fee arrangement, the fees of the funds in the Nuveen complex, including the Funds, are reduced as the assets in the fund complex reach certain levels. In evaluating the complex-wide fee arrangement, the Independent Board Members recognized that the complex-wide fee schedule was recently revised in 2007 to provide for additional fee savings to shareholders and considered the amended schedule. The Independent Board Members further considered that the complex-wide fee arrangement seeks to provide the benefits of economies of scale to fund shareholders when total fund

complex assets increase, even if assets of a particular fund are unchanged or have decreased. The approach reflects the notion that some of Nuveen's costs are attributable to services provided to all its funds in the complex and therefore all funds benefit if these costs are spread over a larger asset base. Based on their review, the Independent Board Members concluded that the breakpoint schedule and complex-wide fee arrangement were acceptable and desirable in



providing benefits from economies of scale to shareholders.

E. INDIRECT BENEFITS

In evaluating fees, the Independent Board Members received and considered information regarding potential "fall out" or ancillary benefits NAM or its affiliates may receive as a result of its relationship with each Fund. In this regard, the Independent Board Members considered revenues received by affiliates of NAM for serving as agent at Nuveen's preferred trading desk and for serving as a co-manager in the initial public offering of new closed-end exchange traded funds.

In addition to the above, the Independent Board Members considered whether NAM received any benefits from soft dollar arrangements whereby a portion of the commissions paid by a Fund for brokerage may be used to acquire research that may be useful to NAM in managing the assets of the Funds and other clients. The Independent Board Members noted that NAM does not currently have any soft dollar arrangements; however, to the extent certain bona fide agency transactions that occur on markets that traditionally trade on a principal basis and riskless principal transactions are considered as generating "commissions," NAM intends to comply with the applicable safe harbor provisions.

Based on their review, the Independent Board Members concluded that any indirect benefits received by NAM as a result of its relationship with the Funds were reasonable and within acceptable parameters.

F. OTHER CONSIDERATIONS

The Independent Board Members did not identify any single factor discussed previously as all-important or controlling. The Board Members, including the Independent Board Members, unanimously concluded that the terms of the Advisory Agreements are fair and reasonable, that NAM's fees are reasonable in light of the services provided to each Fund and that the Advisory Agreements be renewed.

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Reinvest Automatically  
EASILY and CONVENIENTLY

NUVEEN MAKES REINVESTING EASY. A PHONE CALL IS ALL IT TAKES TO SET UP YOUR REINVESTMENT ACCOUNT.

NUVEEN CLOSED-END FUNDS DIVIDEND REINVESTMENT PLAN

Your Nuveen Closed-End Fund allows you to conveniently reinvest dividends and/or capital gains distributions in additional Fund shares.

By choosing to reinvest, you'll be able to invest money regularly and automatically, and watch your investment grow through the power of tax-free compounding. Just like dividends or distributions in cash, there may be times when income or capital gains taxes may be payable on dividends or distributions that are reinvested.

It is important to note that an automatic reinvestment plan does not ensure a profit, nor does it protect you against loss in a declining market.

EASY AND CONVENIENT

To make recordkeeping easy and convenient, each month you'll receive a statement showing your total dividends and distributions, the date of investment, the shares acquired and the price per share, and the total number of shares you own.

#### HOW SHARES ARE PURCHASED

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the greater of the net asset value or 95% of the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. If the Plan Agent begins purchasing Fund shares on the open market while shares are trading below net asset value, but the Fund's shares subsequently trade at or above their net asset value before the Plan Agent is able to complete its purchases, the Plan Agent may cease open-market purchases and may invest the uninvested portion of the distribution in newly-issued Fund shares at a price equal to the greater of the shares' net asset value or 95% of the shares' market value on the last business day immediately prior to the purchase date. Dividends and distributions received to purchase shares in the open market will normally be invested shortly after the dividend payment date. No interest will be paid on dividends and distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions.

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#### FLEXIBLE

You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change. Should you withdraw, you can receive a certificate for all whole shares credited to your reinvestment account and cash payment for fractional shares, or cash payment for all reinvestment account shares, less brokerage commissions and a \$2.50 service fee.

You can reinvest whether your shares are registered in your name, or in the name of a brokerage firm, bank, or other nominee. Ask your investment advisor if his or her firm will participate on your behalf. Participants whose shares are registered in the name of one firm may not be able to transfer the shares to another firm and continue to participate in the Plan.

The Fund reserves the right to amend or terminate the Plan at any time. Although the Fund reserves the right to amend the Plan to include a service charge payable by the participants, there is no direct service charge to participants in the Plan at this time.

#### CALL TODAY TO START REINVESTING DIVIDENDS AND/OR DISTRIBUTIONS

For more information on the Nuveen Automatic Reinvestment Plan or to enroll in or withdraw from the Plan, speak with your financial advisor or call us at (800) 257-8787.

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Glossary of  
TERMS USED in this REPORT

- [ ] AUCTION RATE BOND: An auction rate bond is a security whose interest payments are adjusted periodically through an auction process, which process typically also serves as a means for buying and selling the bond. Auctions that fail to attract enough buyers for all the shares offered for sale are deemed to have "failed", with current holders receiving a formula-based interest rate until the next scheduled auction.
  
- [ ] AVERAGE ANNUAL TOTAL RETURN: This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return that would have been necessary each year to equal the investment's actual cumulative performance (including change in NAV or market price and reinvested dividends and capital gains distributions, if any) over the time period being considered.
  
- [ ] AVERAGE EFFECTIVE MATURITY: The average of the number of years to maturity of the bonds in a Fund's portfolio, computed by weighting each bond's time to maturity (the date the security comes due) by the market value of the security. This figure does not account for the likelihood of prepayments or the exercise of call provisions unless an escrow account has been established to redeem the bond before maturity. The market value weighting for an investment in an inverse floating rate security is the value of the portfolio's residual interest in the inverse floating rate trust, and does not include the value of the floating rate securities issued by the trust.
  
- [ ] INVERSE FLOATERS: Inverse floating rate securities are created by depositing a municipal bond, typically with a fixed interest rate, into a special purpose trust created by a broker-dealer. This trust, in turn, (a) issues floating rate certificates typically paying short-term tax-exempt interest rates to third parties in amounts equal to some fraction of the deposited bond's par amount or market value, and (b) issues an inverse floating rate certificate (sometimes referred to as an "inverse floater") to an investor (such as a Fund) interested in gaining investment exposure to a long-term municipal bond. The income received by the holder of the inverse floater varies inversely with the short-term rate paid to the floating rate certificates' holders, and in most circumstances the holder of the inverse floater bears substantially all of the underlying bond's downside investment risk. The holder of the inverse floater typically also benefits disproportionately from any potential appreciation of the underlying bond's value. Hence, an inverse floater essentially represents an investment in the underlying bond on a leveraged basis.
  
- [ ] LEVERAGE-ADJUSTED DURATION: Duration is a measure of the expected period

over which a bond's principal and interest will be paid, and consequently is a measure of the sensitivity of a bond's or bond Fund's value to changes when market interest rates change. Generally, the longer a bond's or Fund's duration, the more the price of the bond or Fund will change as interest rates change. Leverage-adjusted duration takes into account the leveraging process for a Fund and therefore is longer than the duration of the Fund's portfolio of bonds.

- [ ] MARKET YIELD (ALSO KNOWN AS DIVIDEND YIELD OR CURRENT YIELD): An investment's current annualized dividend divided by its current market price.
- [ ] NET ASSET VALUE (NAV): A Fund's common share NAV per share is calculated by subtracting the liabilities of the Fund (including any Auction Rate Preferred shares or Variable Rate Demand Preferred shares issued in order to leverage the Fund) from its total assets and then dividing the remainder by the number of shares outstanding. Fund NAVs are calculated at the end of each business day.
- [ ] TAXABLE-EQUIVALENT YIELD: The yield necessary from a fully taxable investment to equal, on an after-tax basis, the yield of a municipal bond investment.
- [ ] ZERO COUPON BOND: A zero coupon bond does not pay a regular interest coupon to its holders during the life of the bond. Tax-exempt income to the holder of the bond comes from accretion of the difference between the original purchase price of the bond at issuance and the par value of the bond at maturity and is effectively paid at maturity. The market prices of zero coupon bonds generally are more volatile than the market prices of bonds that pay interest periodically.

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#### Other Useful INFORMATION

#### QUARTERLY PORTFOLIO OF INVESTMENTS AND PROXY VOTING INFORMATION

You may obtain (i) each Fund's quarterly portfolio of investments, (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the twelve-month period ended June 30, 2008, and (iii) a description of the policies and procedures that the Funds used to determine how to vote proxies relating to portfolio securities without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at [www.nuveen.com](http://www.nuveen.com).

You may also obtain this and other Fund information directly from the Securities and Exchange Commission ("SEC"). The SEC may charge a copying fee for this information. Visit the SEC on-line at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, D.C. Call the SEC at (202) 942-8090 for room hours and operation. You may also request Fund information by sending an e-mail request to [publicinfo@sec.gov](mailto:publicinfo@sec.gov) or by writing to the SEC's Public References Section at 100 F Street NE, Washington, D.C. 20549.

#### CEO CERTIFICATION DISCLOSURE

Each Fund's Chief Executive Officer has submitted to the New York Stock Exchange (NYSE) the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

Each Fund has filed with the Securities and Exchange Commission the certification of its Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act.

BOARD OF TRUSTEES

John P. Amboian  
Robert P. Bremner  
Jack B. Evans  
William C. Hunter  
David J. Kundert  
William J. Schneider  
Judith M. Stockdale  
Carole E. Stone  
Terence J. Toth

FUND MANAGER

Nuveen Asset Management  
333 West Wacker Drive  
Chicago, IL 60606

CUSTODIAN

State Street Bank & Trust Company  
Boston, MA

TRANSFER AGENT AND  
SHAREHOLDER SERVICES

State Street Bank & Trust Company  
Nuveen Funds  
P.O. Box 43071  
Providence, RI 02940-3071  
(800) 257-8787

LEGAL COUNSEL

Chapman and Cutler LLP  
Chicago, IL

INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM

Ernst & Young LLP  
Chicago, IL

Each Fund intends to repurchase or redeem shares of its own common or auction rate preferred stock in the future at such times and in such amounts as is deemed advisable. During the period covered by this report NCL, NAC, NZH, NKL and NKX redeemed and/or noticed for redemption 607, 1,579, 1,083, 390 and 1,800 auction rate preferred shares, respectively. Any future repurchases or redemptions will be reported to shareholders in the next annual or semi-annual report.

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Nuveen Investments:  
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SERVING INVESTORS FOR GENERATIONS

Since 1898, financial advisors and their clients have relied on Nuveen

Investments to provide dependable investment solutions. For the past century, Nuveen Investments has adhered to the belief that the best approach to investing is to apply conservative risk-management principles to help minimize volatility. Building on this tradition, we today offer a range of high quality equity and fixed-income solutions that are integral to a well-diversified core portfolio. Our clients have come to appreciate this diversity, as well as our continued adherence to proven, long-term investing principles.

We offer many different investing solutions for our clients' different needs.

Nuveen Investments is a global investment management firm that seeks to help secure the long-term goals of institutions and high net worth investors as well as the consultants and financial advisors who serve them. Nuveen Investments markets its growing range of specialized investment solutions under the high-quality brands of HydePark, NWQ, Nuveen, Rittenhouse, Santa Barbara, Symphony and Tradewinds. In total, the Company managed \$152 billion of assets on June 30, 2008.

Find out how we can help you reach your financial goals.

To learn more about the products and services Nuveen Investments offers, talk to your financial advisor, or call us at (800) 257-8787. Please read the information provided carefully before you invest. Be sure to obtain a prospectus, where applicable. Investors should consider the investment objective and policies, risk considerations, charges and expenses of the Fund carefully before investing. The prospectus contains this and other information relevant to an investment in the Fund. For a prospectus, please contact your securities representative or Nuveen Investments, 333 W. Wacker Dr., Chicago, IL 60606. Please read the prospectus carefully before you invest or send money.

Learn more about Nuveen Funds at:

[www.nuveen.com/etf](http://www.nuveen.com/etf)

Share prices  
Fund details  
Daily financial news  
Investor education  
Interactive planning tools

EAN-B-0808D

#### ITEM 2. CODE OF ETHICS.

As of the end of the period covered by this report, the registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. There were no amendments to or waivers from the Code during the period covered by this report. The registrant has posted the code of ethics on its website at [www.nuveen.com/etf](http://www.nuveen.com/etf). (To view the code, click on the Shareholder Resources drop down menu box, click on Fund Governance and then click on Code of Conduct.)

#### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's Board of Directors or Trustees determined that the registrant has at least one "audit committee financial expert" (as defined in Item 3 of Form N-CSR) serving on its Audit Committee. The registrant's audit committee

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financial expert is Jack B. Evans, who is "independent" for purposes of Item 3 of Form N-CSR.

Mr. Evans was formerly President and Chief Operating Officer of SCI Financial Group, Inc., a full service registered broker-dealer and registered investment adviser ("SCI"). As part of his role as President and Chief Operating Officer, Mr. Evans actively supervised the Chief Financial Officer (the "CFO") and actively supervised the CFO's preparation of financial statements and other filings with various regulatory authorities. In such capacity, Mr. Evans was actively involved in the preparation of SCI's financial statements and the resolution of issues raised in connection therewith. Mr. Evans has also served on the audit committee of various reporting companies. At such companies, Mr. Evans was involved in the oversight of audits, audit plans, and the preparation of financial statements. Mr. Evans also formerly chaired the audit committee of the Federal Reserve Bank of Chicago.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Nuveen California Dividend Advantage Municipal Fund 2

The following tables show the amount of fees that Ernst & Young LLP, the Fund's auditor, billed to the Fund during the Fund's last two full fiscal years. For engagements with Ernst & Young LLP the Audit Committee approved in advance all audit services and non-audit services that Ernst & Young LLP provided to the Fund, except for those non-audit services that were subject to the pre-approval exception under Rule 2-01 of Regulation S-X (the "pre-approval exception"). The pre-approval exception for services provided directly to the Fund waives the pre-approval requirement for services other than audit, review or attest services if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid by the Fund to its accountant during the fiscal year in which the services are provided; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the audit is completed.

The Audit Committee has delegated certain pre-approval responsibilities to its Chairman (or, in his absence, any other member of the Audit Committee).

SERVICES THAT THE FUND'S AUDITOR BILLED TO THE FUND

| FISCAL YEAR ENDED                                      | AUDIT FEES BILLED TO FUND (1) | AUDIT-RELATED FEES BILLED TO FUND (2) | TAX BILLED TO |
|--|-------------------------------|---------------------------------------|---------------|
| August 31, 2008  | \$ 17,257                     | \$ 0                                  |               |
| Percentage approved pursuant to pre-approval exception | 0%                            | 0%                                    |               |
| August 31, 2007  | \$ 15,185                     | \$ 0                                  |               |
| Percentage approved pursuant to pre-approval exception | 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 and are not reported under "Audit Fees".
- (3) "Tax Fees" are the aggregate fees billed for professional services for tax advice, tax compliance, and tax planning.
- (4) "All Other Fees" are the aggregate fees billed for products and services for agreed upon procedures engagements performed for leveraged funds.

SERVICES THAT THE FUND'S AUDITOR BILLED TO THE ADVISER AND AFFILIATED FUND SERVICE PROVIDERS

The following tables show the amount of fees billed by Ernst & Young LLP to Nuveen Asset Management ("NAM" or the "Adviser"), and any entity controlling, controlled by or under common control with NAM ("Control Affiliate") that provides ongoing services to the Fund ("Affiliated Fund Service Provider"), for engagements directly related to the Fund's operations and financial reporting, during the Fund's last two full fiscal years.

The tables also show the percentage of fees subject to the pre-approval exception. The pre-approval exception for services provided to the Adviser and any Affiliated Fund Service Provider (other than audit, review or attest services) waives the pre-approval requirement if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid to Ernst & Young LLP by the Fund, the Adviser and Affiliated Fund Service Providers during the fiscal year in which the services are provided that would have to be pre-approved by the Audit Committee; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the Fund's audit is completed.

| FISCAL YEAR ENDED                                      | AUDIT-RELATED FEES<br>BILLED TO ADVISER AND<br>AFFILIATED FUND<br>SERVICE PROVIDERS | TAX FEES BILLED TO<br>ADVISER AND<br>AFFILIATED FUND<br>SERVICE PROVIDERS | ALL<br>BILLED<br>AND AFF<br>SERVIC |
|--|---|---|------------------------------------|
| August 31, 2008  | \$ 0  | \$ 0  |                                    |
| Percentage approved pursuant to pre-approval exception | 0%  | 0%  |                                    |
| August 31, 2007  | \$ 0  | \$ 0  |                                    |
| Percentage approved pursuant to pre-approval exception | 0%  | 0%  |                                    |



NON-AUDIT SERVICES

The following table shows the amount of fees that Ernst & Young LLP billed during the Fund's last two full fiscal years for non-audit services. The Audit Committee is required to pre-approve non-audit services that Ernst & Young LLP provides to the Adviser and any Affiliated Fund Services Provider, if the engagement related directly to the Fund's operations and financial reporting (except for those subject to the de minimis exception described above). The Audit Committee requested and received information from Ernst & Young LLP about any non-audit services that Ernst & Young LLP rendered during the Fund's last fiscal year to the Adviser and any Affiliated Fund Service Provider. The Committee considered this information in evaluating Ernst & Young LLP's independence.

| FISCAL YEAR ENDED | TOTAL NON-AUDIT FEES<br>BILLED TO FUND | TOTAL NON-AUDIT FEES<br>BILLED TO ADVISER AND<br>AFFILIATED FUND SERVICE<br>PROVIDERS (ENGAGEMENTS<br>RELATED DIRECTLY TO THE<br>OPERATIONS AND FINANCIAL<br>REPORTING OF THE FUND) | TOTAL<br>BILLED<br>AFFILI<br>PROVI<br>E |
|-------------------|--|---|---|
| August 31, 2008   | \$ 800                                 | \$ 0  |   |
| August 31, 2007   | \$ 2,000                               | \$ 0  |   |

"Non-Audit Fees billed to Adviser" for both fiscal year ends represent "Tax Fees" billed to Adviser in their respective amounts from the previous table.

Audit Committee Pre-Approval Policies and Procedures. Generally, the Audit Committee must approve (i) all non-audit services to be performed for the Fund by the Fund's independent accountants and (ii) all audit and non-audit services to be performed by the Fund's independent accountants for the Affiliated Fund Service Providers with respect to operations and financial reporting of the Fund. Regarding tax and research projects conducted by the independent accountants for the Fund and Affiliated Fund Service Providers (with respect to operations and financial reports of the 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.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant's Board of Directors or Trustees has a separately designated Audit Committee established in accordance with Section 3(a) (58) (A) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78c(a) (58) (A)). As of September 29, 2008, the members of the audit committee are Robert P. Bremner, Jack B. Evans, Terence J. Toth, William J. Schneider and David J. Kundert.

ITEM 6. SCHEDULE OF INVESTMENTS.

See Portfolio of Investments in Item 1.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The registrant invests its assets primarily in municipal bonds and cash management securities. On rare occasions the registrant may acquire, directly or through a special purpose vehicle, equity securities of a municipal bond issuer whose bonds the registrant already owns when such bonds have deteriorated or are expected shortly to deteriorate significantly in credit quality. The purpose of acquiring equity securities generally will be to acquire control of the municipal bond issuer and to seek to prevent the credit deterioration or facilitate the liquidation or other workout of the distressed issuer's credit problem. In the course of exercising control of a distressed municipal issuer, NAM may pursue the registrant's interests in a variety of ways, which may entail negotiating and executing consents, agreements and other arrangements, and otherwise influencing the management of the issuer. NAM does not consider such activities proxy voting for purposes of Rule 206(4)-6 under the 1940 Act, but nevertheless provides reports to the registrant's Board of Trustees on its control activities on a quarterly basis.

In the rare event that a municipal issuer were to issue a proxy or that the registrant were to receive a proxy issued by a cash management security, NAM would either engage an independent third party to determine how the proxy should be voted or vote the proxy with the consent, or based on the instructions, of the registrant's Board of Trustees or its representative. A member of NAM's legal department would oversee the administration of the voting, and ensure that records were maintained in accordance with Rule 206(4)-6, reports were filed with the SEC on Form N-PX, and the results provided to the registrant's Board of Trustees and made available to shareholders as required by applicable rules.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

THE PORTFOLIO MANAGER

The following individual has primary responsibility for the day-to-day implementation of the registrant's investment strategies:

|                 |   |
|-----------------|---|
| NAME            | FUND  |
| Scott R. Romans | Nuveen California Dividend Advantage Municipal Fund 2 |

Other Accounts Managed. In addition to managing the registrant, the portfolio manager is also primarily responsible for the day-to-day portfolio management of the following accounts:

| PORTFOLIO MANAGER | TYPE OF ACCOUNT<br>MANAGED       | NUMBER OF<br>ACCOUNTS | ASSETS*         |
|-------------------|----------------------------------|-----------------------|-----------------|
| Scott R. Romans   | Registered Investment Company    | 28                    | \$5.598 billion |
|                   | Other Pooled Investment Vehicles | 0                     | \$0             |
|                   | Other Accounts                   | 3                     | \$.556 million  |

\* Assets are as of August 31, 2008. None of the assets in these accounts are subject to an advisory fee based on performance.

Compensation. Each portfolio manager's compensation consists of three basic elements--base salary, cash bonus and long-term incentive compensation. The compensation strategy is to annually compare overall compensation to the market in order to create a compensation structure that is competitive and consistent with similar financial services companies. As discussed below, several factors are considered in determining each portfolio manager's total compensation. In any year these factors may include, among others, the effectiveness of the investment strategies recommended by the portfolio manager's investment team,

the investment performance of the accounts managed by the portfolio manager, and the overall performance of Nuveen Investments, Inc. (the parent company of NAM). Although investment performance is a factor in determining the portfolio manager's compensation, it is not necessarily a decisive factor. The portfolio manager's performance is evaluated in part by comparing manager's performance against a specified investment benchmark. This fund-specific benchmark is a customized subset (limited to bonds in each Fund's specific state and with certain maturity parameters) of the S&P/Investortools Municipal Bond index, an index comprised of bonds held by managed municipal bond fund customers of Standard & Poor's Securities Pricing, Inc. that are priced daily and whose fund holdings aggregate at least \$2 million. As of September 30, 2008, the S&P/Investortools Municipal Bond index was comprised of 53,005 securities with an aggregate current market value of \$1,060 billion.

Base salary. Each portfolio manager is paid a base salary that is set at a level determined by NAM in accordance with its overall compensation strategy discussed above. NAM is not under any current contractual obligation to increase a portfolio manager's base salary.

Cash bonus. Each portfolio manager is also eligible to receive an annual cash bonus. The level of this bonus is based upon evaluations and determinations made by each portfolio manager's supervisors, along with reviews submitted by his peers. These reviews and evaluations often take into account a number of factors, including the effectiveness of the investment strategies recommended to the NAM's investment team, the performance of the accounts for which he serves as portfolio manager relative to any benchmarks established for those accounts, his effectiveness in communicating investment performance to stockholders and their representatives, and his contribution to the NAM's investment process and to the execution of investment strategies. The cash bonus component is also impacted by the overall performance of Nuveen Investments, Inc. in achieving its business objectives.

Long-term incentive compensation. In connection with the acquisition of Nuveen Investments, Inc., by a group of investors lead by Madison Dearborn Partners in November 2007, certain employees, including portfolio managers, received profit interests in Nuveen's parent. These profit interests entitle the holders to participate in the appreciation in the value of Nuveen beyond the issue date and vest over five to seven years, or earlier in the case of a liquidity event.

Material Conflicts of Interest. Each portfolio manager's simultaneous management of the registrant and the other accounts noted above may present actual or apparent conflicts of interest with respect to the allocation and aggregation of securities orders placed on behalf of the Registrant and the other account. NAM, however, believes that such potential conflicts are mitigated by the fact that the NAM has adopted several policies that address potential conflicts of interest, including best execution and trade allocation policies that are designed to ensure (1) that portfolio management is seeking the best price for portfolio securities under the circumstances, (2) fair and equitable allocation of investment opportunities among accounts over time and (3) compliance with applicable regulatory requirements. All accounts are to be treated in a non-preferential manner, such that allocations are not based upon account performance, fee structure or preference of the portfolio manager. In addition, NAM has adopted a Code of Conduct that sets forth policies regarding conflicts of interest.

Beneficial Ownership of Securities. As of August 31, 2008, the portfolio manager beneficially owned the following dollar range of equity securities issued by the Registrant and other Nuveen Funds managed by NAM's municipal investment team.

| NAME OF PORTFOLIO<br>MANAGER | FUND  | DOLLAR<br>RANGE OF<br>EQUITY<br>SECURITIES<br>BENEFICIAL<br>OWNED IN<br>FUND |
|------------------------------|---|--|
| Scott R. Romans              | Nuveen California Dividend Advantage Municipal Fund 2 | \$0  |

PORTFOLIO MANAGER BIO:

Scott R. Romans, PhD, joined Nuveen Investments in 2000 as a senior analyst in the education sector. In 2003, he was assigned management responsibility for several closed- and open-ended municipal bond funds most of which are state funds covering California and other western states. He has been Vice President of NAM since 2004, Portfolio Manager since 2003, and was, formerly, Assistant Vice President (2003-2004) and Senior Analyst (2000-2003). Currently, he manages investments for 29 Nuveen-sponsored investment companies. He holds an undergraduate degree from the University of Pennsylvania and an MA and PhD from the University of Chicago.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board implemented after the registrant last provided disclosure in response to this item.

ITEM 11. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

File the exhibits listed below as part of this Form. Letter or number the exhibits in the sequence indicated.

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(a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable because the code is posted on registrant's website at [www.nuveen.com/etf](http://www.nuveen.com/etf) and there were no amendments during the period covered by this report. (To view the code, click on the Investor Resources drop down menu box, click on Fund Governance and then Code of Conduct.)

(a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)) in the exact form set forth below: Ex-99.CERT Attached hereto.

(a)(3) Any written solicitation to purchase securities under Rule 23c-1 under the 1940 Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons. Not applicable.

(b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the 1940 Act (17 CFR 270.30a-2(b)); Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed "filed" for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference. Ex-99.906 CERT attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Nuveen California Dividend Advantage Municipal Fund 2  
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By (Signature and Title) /s/ Kevin J. McCarthy  
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Kevin J. McCarthy  
Vice President and Secretary

Date: November 7, 2008  
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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Gifford R. Zimmerman  
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Gifford R. Zimmerman  
Chief Administrative Officer  
(principal executive officer)

Date: November 7, 2008  
-----

By (Signature and Title) /s/ Stephen D. Foy

-----  
Stephen D. Foy  
Vice President and Controller  
(principal financial officer)

Date: November 7, 2008  
-----