

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2
Form N-CSR
May 08, 2009

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

Nuveen California Dividend Advantage Municipal Fund 2

(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

Kevin J. McCarthy
Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Name and address of agent for service)

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

Date of fiscal year end: February 28

Date of reporting period: February 28, 2009

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
February 28, 2009 | 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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Chairman's
LETTER TO SHAREHOLDERS

[PHOTO OF ROBERT P. BREMNER] | Robert P. Bremner | Chairman of the Board

Dear Shareholders,

I write this letter in a time of continued uncertainty about the current state of the U.S. financial system and pessimism about the future of the global economy. Many have observed that the conditions that led to the crisis have built up over time and will complicate and extend the course of recovery. At the same time, government officials in the U.S. and abroad have implemented a wide range of programs to restore stability to the financial system and encourage economic recovery. It is believed that these efforts will moderate the extent of the downturn and hasten the inevitable recovery, even though it is hard to envision that outcome in the current environment.

As you will read in this report, the continuing financial and economic problems are weighing heavily on the values of equities and fixed-income assets and unfortunately the performance of your Nuveen Fund has been similarly affected. In addition to the financial statements, I hope that you will carefully review the Portfolio Manager's Comments, the Common Share Dividend and Share Price Information and the Performance Overview sections of this report and please note this is a six month annual report. During the current fiscal period, the Board of Directors/Trustees approved a change in the Funds' fiscal and tax year end from August 31 to February 28/29. These comments highlight the manager's pursuit of investment strategies that depend on thoroughly researched securities, diversified portfolio holdings and well established investment disciplines to achieve your Fund's investment goals. The Fund Board believes that a consistent focus on long-term investment goals provides the basis for successful investment over time and we monitor your Fund with that objective in mind.

Nuveen continues to work on resolving the issues related to the auction rate preferred shares situation, but the unsettled conditions in the credit markets have slowed progress. Nuveen is actively pursuing a number of 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 work through the many issues involved. Please consult the Nuveen website: www.nuveen.com, for the most recent information.

On behalf of myself and the other members of your Fund's Board, 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 Nuveen Fund Board
April 20, 2009

Portfolio Manager's COMMENTS

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

During the current fiscal period, the Board of Directors/Trustees approved a change in the Funds' fiscal and tax year end from August 31 to February 28/29.

Portfolio manager Scott Romans reviews economic and municipal market conditions at both the national and state levels, key investment strategies, and the six-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. ECONOMIC AND MUNICIPAL MARKET ENVIRONMENTS DURING THE SIX-MONTH PERIOD ENDED FEBRUARY 28, 2009?

During this period, downward pressure on the economy continued and stress in the financial and credit markets led to increased price volatility for most securities, reduced liquidity and a general flight to quality. In an effort to improve overall economic conditions, the Federal Reserve (Fed) cut the fed funds target interest rate in December 2008 to between zero and 0.25%, its lowest level on record. (On March 18, 2009, following the end of this reporting period, the Fed announced that, in addition to maintaining the fed funds rate at its 0-0.25% level, it would buy \$300 billion in Treasury securities over the next six months in an effort to improve conditions in private credit markets and up to an additional \$750 billion of agency mortgage-backed securities to bolster the housing market.)

After declining at an annual rate of 0.5% in the third quarter of 2008, Gross domestic product (GDP) -- a measure of national economic output -- contracted at an annual rate of 6.2% in the fourth quarter of 2008, the weakest performance since 1982. Signs of a deepening housing recession continued to trouble the economy, with the price of a single-family home falling a record 18.2% in 2008. In the labor markets, February 2009 marked the fourteenth consecutive month of job losses and the third straight month employment losses topped 600,000, the first such occurrence since records began in 1939. The national unemployment rate for February 2009 was 8.1%, its highest point in more than 25 years. At the same time, inflation remained subdued. The Consumer Price Index (CPI), reflecting large drops in energy and transportation prices, registered a

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

0.2% year-over-year gain in February 2009, while the core CPI (which excludes food and energy) rose 1.8%. Both numbers were within the Fed's unofficial objective of 2.0% or lower.

Beginning in October, the nation's financial institutions and financial markets -- including the municipal bond market -- experienced significant turmoil. Reductions in demand decreased valuations of municipal bonds across all credit ratings. 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 these firms' capital was severely constrained. As a result, some firms were unwilling to commit their capital to purchase and to serve as a dealer for municipal bonds. This reduction in dealer involvement in the market was accompanied by significant net selling pressure by investors, particularly with respect to lower-rated municipal bonds, as institutional investors generally removed money from the municipal bond market, at least in part because of their need to reduce the leveraging of their municipal investments. This deleveraging was in part driven by the overall reduction in the amount of financing available for such leverage, the increased costs of such leverage financing, and the need to reduce leverage levels 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 deleveraging and a supply overhang (a large amount of new issues that were postponed) would cause selling pressure to persist for a period of time. In addition to falling prices, the following market conditions resulted in greater price volatility of municipal bonds - wider credit spreads (i.e., lower quality bonds fell in price more than higher quality bonds); significantly reduced liquidity (i.e., the ability to sell bonds at a price close to their carrying value), particularly for lower quality bonds; and a lack of price transparency (i.e., the ability to accurately determine the price at which a bond would likely trade). Reduced liquidity was most pronounced in mid-October, although it improved considerably after that period.

Municipal bond market performance over this period also was significantly impacted by concerns about the credit markets, downgrades of municipal bond insurers, and institutional investors' need to unwind various leveraging strategies. These events created surges of selling pressure, as many municipal bond owners tried to sell holdings of longer-maturity bonds into a market already experiencing a lack of liquidity. Combined with the Fed rate cuts, this produced a steepening of the municipal yield curve. In this environment, bonds with shorter maturities generally outperformed longer maturity bonds, and higher quality bonds tended to outperform lower quality credits.

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Over the six months ended February 28, 2009, municipal bond issuance nationwide totaled \$139.5 billion, a drop of 22% compared with the twelve-month period ended February 29, 2008. While market conditions during this period impacted the demand for municipal bonds, we continued to see demand from investors attracted by higher interest rates and yields relative to taxable bonds.

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

Employment declines, especially in the construction, finance and manufacturing sectors, far outpaced the modest gains reported in education/health services, government and leisure and hospitality, the only sectors to report positive growth. As of February 2009, California's unemployment rate had risen to 10.5%, its highest level since April 1983, up from 6.2% in February 2008. On the positive side, the state's economy remained relatively diverse, with technology

providing some recent economic support, especially in the areas of renewable energy and medical equipment. Because of its exposure to riskier, non-traditional mortgage products, the state's housing market was hit hard by the sub-prime mortgage crisis as well as the downturn in the housing sector. Foreclosures in California, which reached a rate twice the U.S. average, have driven reductions in home prices throughout the state. According to the Standard & Poor's (S&P)/Case-Shiller home price index of 20 major metropolitan areas, housing prices in San Francisco, Los Angeles and San Diego fell 32.4%, 25.8% and 24.9%, respectively, between January 2008 and January 2009, compared with an average decrease of 19.0% nationwide. The severe decline in California's housing industry had ramifications far beyond the significant job losses in construction, impacting sellers of building supplies and home furnishings, mortgage lenders, real estate agents and finance companies, among others. Declining home values also contributed to a sharp downturn in both consumer spending and government tax revenues, with weaker tax collections forcing downward revisions to revenue estimates from state and local governments.

The California legislature adopted a revised 2009-2010 state budget closing the gap with \$15 billion in spending cuts, \$11.4 billion in new borrowing, \$12.8 billion in new taxes and \$2 billion from federal stimulus funds. The spending cuts were spread across a number of budget categories, with the brunt being borne by K-14 education (\$8.4 billion), health and human services and state payrolls. Tax increases included a one-percent increase in the state sales tax, increased vehicle license fees, a 0.5% surcharge on personal income taxes, and a reduction in the dependent tax credit. However, final approval of several elements of the budget remain subject to voter approval, with a special election scheduled for May 19, 2009. In addition, the delay in

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passing the state budget for fiscal 2009-2010 exacerbated California's ongoing cash-flow problems, limiting the state's ability to borrow in the short-term markets to smooth out uneven cashflows and meet priority payments, including debt service on bonds. In March 2009, following the end of this reporting period, the California legislative analyst's office announced that a new gap of \$8 billion had opened in the state budget.

As of February 2009, Moody's, S&P, and Fitch listed their ratings on California's general obligation (GOs) bonds at A1, A, and A+, respectively. This reflected S&P's rating downgrade from A+ on February 3, 2009. (In March 2009, following the end of this reporting period, Moody's and Fitch also lowered their ratings on California GOs to A2 and A, respectively.) For the six months ended February 28, 2009, municipal issuance in California totaled \$12.4 billion, a decrease of 46% from the previous six months.

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

During this period, as the municipal market was pressured by price volatility and lack of liquidity, we continued to focus on finding bonds that offered relative value, preserving liquidity and investing for the long term.

Our investment activity during this period was largely driven by opportunities created by the market turmoil and market conditions resulting from that stress. This was true in both the new issuance municipal bond market and the secondary markets. In the new issuance (or primary) market, we were able to purchase bonds with better structures (i.e., higher coupons, longer call protection) than we have seen in a long time, as market conditions required issuers to enhance offerings to make them more attractive to buyers. In the secondary markets, we found bonds, especially lower-rated credits, at extremely discounted prices as

the result of selling by some municipal market participants, particularly in November and December 2008. We even occasionally were able to purchase AAA insured bonds being sold under duress. In both the primary and secondary markets, we were focused on using a fundamental approach to discover undervalued sectors and individual credits with the potential to perform well over the long term. Many of the opportunities we found during this period were in health care. One example of a newly issued bond that we added to NAC, NCU, NVX and NZH was a BBB rated credit issued by Loma Linda University Medical Center, which offered a coupon of 8.25% with a maturity of 12/01/38. In the secondary market, an example of a bond we purchased at an exceptional discount was a non-rated bond issued for ValleyCare Health System in Livermore, which we added to NAC, NVX and NZH.

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During this period, a number of bond calls provided some of the capital necessary for purchases. We also monitored the types of credits and bond structures that were attractive to the retail market and took advantage of strong bids to sell bonds where we believe we had extracted the performance potential into relatively consistent retail demand. In addition, we lightened our positions in California general obligation bonds, due to their exposure to the state's ongoing economic problems, as well as in a variety of Puerto Rico issues.

As a key dimension of risk management, a disciplined approach to duration(1) positioning remained an important component of our management strategies. As part of this approach, we continued to use inverse floating rate securities(2) 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. NCL and NZH also invested in additional types of derivatives(3) intended to reduce its duration and help us manage common share net asset value (NAV) volatility without having a negative impact on income streams or common share dividends over the short term. As of February 28, 2009, the inverse floaters remained in place in all of the Funds and NCL and NZH continued to use derivative positions.

(1) 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.

(2) An inverse floating rate security, also know as inverse floaters, 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.

(3) Each Fund may invest in derivatives instruments such as forwards, futures, option and swap transactions. For additional information on derivative instruments in which each Fund was invested during and at the end of the reporting period, see the Portfolio of Investments, Financial Statements and Notes to Financial Statements sections of this shareholder report.

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HOW DID THE FUNDS PERFORM?

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

Average Annual Total Returns on Common Share Net Asset Value*

For periods ended 2/28/09

| | Six-Month | 1-Year | 5-Year | 10-Year |
|---|-----------|--------|--------|---------|
| Non-insured Funds | | | | |
| NCU | -6.92% | -0.81% | 1.64% | 4.27% |
| NAC | -11.45% | -5.43% | 0.78% | N/A |
| NVX | -7.40% | -1.96% | 1.98% | N/A |
| NZH | -12.54% | -6.27% | 0.22% | N/A |
| Lipper CA Municipal Debt Funds Average (4) | | | | |
| | -11.72% | -5.61% | 0.54% | 3.57% |
| Barclays Capital CA Municipal Bond Index (5) | | | | |
| | -1.36% | 3.93% | 3.02% | 4.42% |
| S&P CA Municipal Bond Index (6) | | | | |
| | -3.34% | 3.07% | 2.85% | 4.34% |
| Insured Funds | | | | |
| NPC | -2.43% | 4.06% | 2.48% | 4.49% |
| NCL | -5.40% | 1.55% | 1.43% | 4.13% |
| NKL | -4.50% | 3.07% | 2.40% | N/A |
| NKX | -6.42% | -0.13% | 2.11% | N/A |
| Lipper Single-State Insured Municipal Debt Funds Average (7) | | | | |
| | -6.22% | 1.74% | 1.39% | 4.30% |
| Barclays Capital Insured CA Municipal Bond Index (5) | | | | |
| | 0.07% | 5.89% | 3.05% | 4.57% |
| S&P CA Municipal Bond Index (6) | | | | |
| | 3.34% | 3.07% | 2.85% | 4.34% |

For the six months ended February 28, 2009, 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 underperformed this measure. All four of the non-insured Funds underperformed the unleveraged Barclays Capital California Municipal Bond Index and the S&P California Municipal Bond Index.

Among the insured Funds, NPC, NCL and NKL outperformed the average return for the Lipper Single-State Insured Municipal Debt Funds Average for this six-month period,

 * Six-month returns are cumulative. one-, five- and ten-year returns are annualized.

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

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year, 24 funds; 5 years, 24 funds; and 10 years, 12 funds. Fund and Lipper returns assume reinvestment of dividends.

(5) The Barclays Capital (formerly Lehman Brothers) California Municipal Bond Index is an unleveraged, unmanaged index comprising a broad range of investment-grade California municipal bonds, while the Barclays Capital (formerly Lehman Brothers) Insured California Municipal Bond Index is an unleveraged, unmanaged index containing a broad range of insured California municipal bonds. Results for the Barclays Capital 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. Fund and Lipper returns assume reinvestment of dividends.

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while NKX trailed this return. NPC also outperformed the S&P California Municipal Bond Index, while NKL, NCL and NKX underperformed this measure. All four insured Funds underperformed the Barclays Capital Insured California Municipal Bond Index. Shareholders of the insured Funds should note that the Lipper Single-State Insured Municipal Debt Funds average includes bonds from states in addition to California, which may make direct comparisons between the Funds and this benchmark less meaningful.

Key management factors that influenced the Funds' returns during this period included duration and yield curve positioning, the use of derivatives, credit exposure and sector allocations. In addition, the use of leverage had a generally detrimental effect on the Funds' performances over this period. The impact of leverage is discussed in more detail on page 11.

Over the course of this reporting period, the yield curve remained steep. Given this interest rate environment, bonds in the Barclays Capital California Municipal Bond Index with maturities between two and eight years benefited the most, with bonds maturing in approximately five years performing the best. Because they were less sensitive to interest rate changes, these bonds generally outperformed credits with longer maturities, as bonds with the longest maturities (20 years and longer) posted a loss for the period. In general, these Funds tended to have relatively less exposure to the outperforming shorter end of the yield curve and comparatively heavier exposure to the underperforming longest part of the curve. Overall, NCL, NKL and NCU had the most advantageous duration and yield curve positionings for the municipal market environment of this six-month period, that is, they were more heavily weighted in the areas of the yield curve that performed well. In contrast, NKX, NAC and NZH were not as well positioned, with more exposure to the underperforming long part of the curve.

As mentioned previously, NCL and NZH used derivative positions to synthetically shorten duration and move it closer to our strategic duration target. During this period, in contrast to historical trends, yields in the taxable markets and the municipal market moved in opposite directions, due in part to the general flight to quality. As municipal market performance lagged the gains in the taxable markets, these derivative positions performed poorly, hurting their total return 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.

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Credit exposure was also an important factor in performance. Because risk-averse investors generally sought higher quality investments as disruptions in the financial markets deepened, bonds with higher credit quality typically performed very well. At the same time, securities rated BBB or below and non-rated bonds generally posted poor returns. In general, insured holdings where the insurers backing the bonds had been downgraded traded to their underlying (or issuer) credit ratings. As a result, insured bonds with an underlying rating of BBB generally were more adversely affected in terms of performance during this period than insured bonds with underlying credits rated AA or A. Overall, NPC was the most positively impacted by its credit exposure, while NAC, NVX and NZH were the most negatively impacted.

During this period, pre-refunded(8) bonds, which are backed by U.S. Treasury securities, 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, NPC and NVX held the heaviest weightings of pre-refunded bonds. Additional sectors of the market that generally contributed to the Funds' returns included general obligation and other tax-backed bonds, water and sewer and education credits.

Holdings that generally detracted from the Funds' performances included transportation and industrial development revenue (IDR) bonds. The health care revenue sector also underperformed the overall municipal market. NZH, NCU, NAC and NKX, in particular, had heavier weightings in health care than the market as a whole. Alongside current coupon bonds in these sectors, zero coupon bonds were among the worst performing categories in the municipal market, as were lower-rated bonds backed by the 1998 master tobacco settlement agreement, which comprised approximately 2% of NKL and NKX and 4% of NCU, NAC, NVX, and NZH as of February 28, 2009.

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

In addition to the factors previously discussed, another factor impacting the six-month returns of these Funds relative to those of the unleveraged Barclays Capital California and Insured California Municipal Bond Indexes and the S&P California Municipal Bond Index was the Funds' use of financial leverage. While leverage offers opportunities to generate additional income and total returns for common shareholders, the benefits provided by leveraging are influenced by the price movements of the bonds in each Fund's portfolio. During this period, declining valuations had a negative effect on performance that was magnified by the use of leverage.

(8) Pre-refundings or refinancings, also known as advance refundings, 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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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, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA (formerly 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 except AGC on "negative credit watch," "credit outlook developing" or "rating withdrawn," 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. By the end of this period, most insured bonds were being valued according to their fundamentals as if they were uninsured. 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.

RECENT DEVELOPMENTS IN THE AUCTION RATE PREFERRED SECURITIES MARKETS

As noted in the last shareholder report, beginning in February 2008, more shares were submitted for sale 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 of the Funds' auction rate 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.

These developments generally have not affected the portfolio management or investment policies of these Funds. However, one continuing implication for common shareholders of these auction failures 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 might have been. As noted in the last shareholder report, the Funds' Board of Directors/Trustees authorized a plan to use tender option bonds

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(TOBs), also known as floating rate securities, to refinance a portion of the Funds' outstanding auction rate preferred shares.

On January 8, 2009, thirty-five Nuveen closed-end municipal funds called for redemption at par a portion of their outstanding auction rate preferred shares. This series of redemptions collectively totaled \$250.1 million. This new series of redemptions brings the total amount of Nuveen's municipal closed-end funds' auction rate preferred share redemptions to nearly \$2 billion of the original \$11 billion outstanding.

As of February 28, 2009, the cumulative amount of auction rate preferred securities redeemed by the Funds are as shown in the accompanying chart:

| Fund | Auction Rate Preferred Shares Redeemed | % of Original Auction Rate Preferred Shares |
|------|--|---|
| NCL | \$15,175,000 | 16.0% |

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| | | |
|-----|--------------|--------|
| NCU | \$2,125,000 | 4.9% |
| NAC | \$39,475,000 | 22.6% |
| NZH | \$32,925,000 | 17.6% |
| NKL | \$9,750,000 | 8.3% |
| NKX | \$45,000,000 | 100.0% |

As noted in the last shareholder report, NKX's 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 shares used as leverage in Nuveen closed-end Funds. VRDP is offered only to qualified institutional buyers, defined pursuant to Rule 144A under the Securities Act of 1933. As of February 28, 2009, NKX issued \$35.5 million of VRDP and redeemed all of its outstanding auction rate preferred shares.

While the Funds' Board of Directors/Trustees and management continue to work to resolve this situation, the Funds cannot provide any assurance on when the remaining outstanding auction rate preferred shares might be redeemed.

On March 30, 2009, subsequent to the reporting period, thirty-four Nuveen closed-end municipal funds (none of which are included in this shareholder report) called for redemption at par a portion of their outstanding auction-rate preferred shares. This series of redemptions will collectively total more than \$287 million. Each of the funds will be using TOBs to finance the partial redemption of its auction rate preferred shares.

For 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

During the six-month reporting period ended February 28, 2009, NCL, NCU, NAC, NVX, NZH and NKL each had an increase in their monthly dividends. The dividends of NPC and NKX remained stable throughout the 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 2008 as follows:

| | Long-Term Capital Gains (per share) | Short-Term Capital Gains and/or Ordinary Income (per share) |
|-----|---|---|
| NPC | \$0.0548 | \$0.0899 |
| NCL | \$0.1312 | \$0.0119 |
| NCU | \$0.0061 | -- |
| NAC | \$0.1213 | \$0.1421 |
| NVX | \$0.0334 | \$0.0016 |
| NKL | \$0.0074 | \$0.0298 |
| NKX | \$0.0516 | -- |

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 NAV. Conversely, if a Fund has cumulatively paid dividends in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. Each Fund will, over time, pay all of its net investment income as dividends to shareholders. As of February 28, 2009, all of the Funds in this report had positive UNII balances for both financial reporting and tax purposes.

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COMMON SHARE REPURCHASES AND SHARE PRICE INFORMATION

On July 30, 2008, the Funds' Board of Directors/Trustees approved an open-market share repurchase program under which each Fund may repurchase up to 10% of its outstanding common shares. As of February 28, 2009, the Funds repurchased common shares as shown in the accompanying table:

| Fund | Common Shares Repurchased | % of Outstanding Common Shares |
|------|---------------------------|--------------------------------|
| NPC | 6,200 | 0.1% |
| NCL | 41,800 | 0.3% |
| NCU | 14,700 | 0.3% |
| NVX | 18,300 | 0.1% |
| NZH | 12,900 | 0.1% |
| NKL | 19,000 | 0.1% |

Since the inception of this program, common shares were repurchased at a weighted average price and a weighted average discount per common share as shown in the accompanying table:

| Fund | Weighted Average Price Per Share Repurchased | Weighted Average Discount Per Share Repurchased |
|------|--|---|
| NPC | \$12.00 | 15.30% |
| NCL | \$10.67 | 17.79% |
| NCU | \$9.67 | 22.26% |
| NVX | \$10.26 | 21.40% |
| NZH | \$9.31 | 19.85% |
| NKL | \$10.76 | 21.01% |

As of February 28, 2009, the Funds' common share prices were trading at discounts to their common share NAVs as shown in the accompanying table:

| | 2/28/09 Discount | Six-Month Average Discount |
|-----|------------------|----------------------------|
| NPC | -14.18% | -11.35% |
| NCL | -15.25% | -12.30% |
| NCU | -18.67% | -13.50% |
| NAC | -10.58% | -10.25% |
| NVX | -18.59% | -13.83% |
| NZH | -11.27% | -9.28% |
| NKL | -17.46% | -10.70% |
| NKX | -8.56% | -6.91% |

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NPC Performance OVERVIEW Nuveen | Insured California Premium Income Municipal Fund, Inc.
as of February 28, 2009

FUND SNAPSHOT

| | | |
|--|----|---------|
| Common Share Price | \$ | 12.04 |
| Common Share Net Asset Value | \$ | 14.03 |
| Premium/(Discount) to NAV | | -14.18% |
| Market Yield | | 6.03% |
| Taxable-Equivalent Yield(3) | | 9.26% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 90,531 |
| Average Effective Maturity on Securities (Years) | | 14.74 |
| Leverage-Adjusted Duration | | 10.99 |

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

| | ON SHARE PRICE | ON NAV |
|----------------------|----------------|--------|
| 6-Month (Cumulative) | -9.25% | -2.43% |
| 1-Year | -4.06% | 4.06% |
| 5-Year | 0.28% | 2.48% |
| 10-Year | 3.09% | 4.49% |

INDUSTRIES
(as a % of total investments)

| | |
|------------------------|-------|
| U.S. Guaranteed | 30.4% |
| Tax Obligation/Limited | 24.3% |
| Tax Obligation/General | 22.4% |
| Water and Sewer | 12.9% |
| Other | 10.0% |

INSURERS
(as a % of total Insured investments)

| | |
|-------|-------|
| MBIA | 39.9% |
| FSA | 19.7% |
| FGIC | 18.6% |
| AMBAC | 17.9% |

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 Other 3.9%

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

[PIE CHART]

Insured 70%
 U.S. Guaranteed 30%

2008-2009 Monthly Tax-Free Dividends Per Common Share (4)

[BAR CHART]

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

Common Share Price Performance -- Weekly Closing Price

[LINE CHART]

| | | |
|---------|----|--------|
| 3/01/08 | \$ | 13.705 |
| | | 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 |
| | | 13.89 |
| | | 13.89 |
| | | 13.64 |
| | | 13.16 |

12.02
 11.83
 8.3
 10.46
 11.14
 11.57
 12.1
 11.3892
 10
 10.44
 9.99
 8.7332
 10.04
 10.47
 10.84
 12.45
 11.69
 11.924
 12.37
 12.6704
 12.46
 12.1
 12.04

2/28/09

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of February 28, 2009. 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) Primarily all of the Fund's net assets (including net assets attributable to Auction Rate Preferred shares) are invested in municipal securities that guarantee 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 34.9%. 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 distributions in December 2008 of \$0.1447 per share.

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NCL Performance OVERVIEW | Nuveen Insured California Premium Income Municipal Fund 2, Inc.
 as of February 28, 2009

Credit Quality (as a % of total investments) (1,2,3)

[PIE CHART]

| | |
|-----------------|-----|
| Insured | 86% |
| U.S. Guaranteed | 14% |

2008-2009 Monthly Tax-Free Dividends Per Common Share (5)

[BAR CHART]

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

Common Share Price Performance -- Weekly Closing Price

[LINE CHART]

| | | |
|---------|----|---------|
| 3/01/08 | \$ | 12.89 |
| | | 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 |
| | | 12.66 |
| | | 12.87 |
| | | 12.7 |
| | | 11.74 |
| | | 11.06 |
| | | 10.8 |
| | | 7.77 |
| | | 9.52 |
| | | 10.68 |
| | | 10.3 |
| | | 12.3614 |
| | | 11.41 |
| | | 10.51 |
| | | 9.89 |
| | | 9.15 |
| | | 7.8 |

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9.07
 9.05
 9.97
 11.25
 10.667
 10.28
 10.7
 10.79
 11.2
 10.29
 10.89

2/28/09

FUND SNAPSHOT

| | | |
|--|----|---------|
| Common Share Price | \$ | 10.89 |
| Common Share Net Asset Value | \$ | 12.85 |
| Premium/(Discount) to NAV | | -15.25% |
| Market Yield | | 6.17% |
| Taxable-Equivalent Yield(4) | | 9.48% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 162,831 |
| Average Effective Maturity on Securities (Years) | | 17.42 |
| Leverage-Adjusted Duration | | 13.77 |

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

| | ON SHARE PRICE | ON NAV |
|----------------------|----------------|--------|
| 6-Month (Cumulative) | -9.95% | -5.40% |
| 1-Year | -7.71% | 1.55% |
| 5-Year | -1.44% | 1.43% |
| 10-Year | 2.39% | 4.13% |

INDUSTRIES

(as a % of total investments) (2)

| | |
|------------------------|-------|
| Tax Obligation/Limited | 38.8% |
| Tax Obligation/General | 16.0% |
| Water and Sewer | 15.1% |
| U.S. Guaranteed | 13.5% |
| Utilities | 5.3% |
| Other | 11.3% |

INSURERS

(as a % of total Insured investments)

| | |
|-------|-------|
| MBIA | 27.3% |
| AMBAC | 27.0% |
| FGIC | 24.8% |
| FSA | 18.7% |
| Other | 2.2% |

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of February 28, 2009. 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 investments in derivatives.
- (3) Primarily all of the Fund's net assets (including net assets attributable to Auction Rate Preferred shares) are invested in municipal securities that guarantee the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 - Insurance, for more information.
- (4) 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 34.9%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (5) The Fund paid shareholders capital gains and net ordinary income distributions in December 2008 of \$0.1431 per share.

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NCU Performance OVERVIEW | Nuveen California Premium Income Municipal Fund
as of February 28, 2009

FUND SNAPSHOT

| | | |
|--|----|---------|
| Common Share Price | \$ | 10.06 |
| Common Share Net Asset Value | \$ | 12.37 |
| Premium/(Discount) to NAV | | -18.67% |
| Market Yield | | 6.62% |
| Taxable-Equivalent Yield(2) | | 10.17% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 71,260 |
| Average Effective Maturity on Securities (Years) | | 15.80 |
| Leverage-Adjusted Duration | | 11.53 |

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

| | ON SHARE PRICE | ON NAV |
|----------------------|----------------|--------|
| 6-Month (Cumulative) | -17.22% | -6.92% |
| 1-Year | -13.44% | -0.81% |
| 5-Year | -0.72% | 1.64% |
| 10-Year | 2.38% | 4.27% |

INDUSTRIES
(as a % of total investments)

| | |
|------------------------|-------|
| Tax Obligation/Limited | 30.1% |
| Tax Obligation/General | 20.8% |
| Health Care | 15.5% |
| U.S. Guaranteed | 10.5% |
| Water and Sewer | 6.8% |
| Utilities | 5.2% |
| Other | 11.1% |

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

[PIE CHART]

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 27% |
| AA | 42% |
| A | 16% |
| BBB | 11% |
| BB or Lower | 3% |
| N/R | 1% |

2008-2009 Monthly Tax-Free Dividends Per Common Share (3)

[BAR CHART]

| | |
|-----|-----------|
| Mar | \$ 0.0535 |
| Apr | 0.0535 |
| May | 0.0535 |
| Jun | 0.0535 |
| Jul | 0.0535 |
| Aug | 0.0535 |
| Sep | 0.0555 |
| Oct | 0.0555 |
| Nov | 0.0555 |
| Dec | 0.0555 |
| Jan | 0.0555 |
| Feb | 0.0555 |

Common Share Price Performance -- Weekly Closing Price

[LINE CHART]

| | | |
|---------|----|---------|
| 3/01/08 | \$ | 12.48 |
| | | 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 |
| | | 12.58 |
| | | 12.76 |
| | | 12.44 |
| | | 11.72 |
| | | 10.76 |
| | | 10.55 |
| | | 7.69 |
| | | 8.859 |
| | | 10.25 |
| | | 9.95 |
| | | 10.62 |
| | | 9.84 |
| | | 8.58 |
| | | 8.85 |
| | | 8.34 |
| | | 7.76 |
| | | 8.55 |
| | | 8.6 |
| | | 9.22 |
| | | 10.51 |
| | | 10.06 |
| | | 10 |
| | | 10.22 |
| | | 10.3 |
| | | 10.41 |
| | | 9.52 |
| 2/28/09 | | 10.06 |

(1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of February 28, 2009. 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

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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 34.9%. 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 2008 of \$0.0061 per share.

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NAC Performance OVERVIEW | Nuveen California Dividend Advantage Municipal Fund as of February 28, 2009

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

[PIE CHART]

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 34% |
| AA | 25% |
| A | 25% |
| BBB | 8% |
| BB or Lower | 1% |
| N/R | 7% |

2008-2009 Monthly Tax-Free Dividends Per Common Share (3)

[BAR CHART]

| | |
|-----|-----------|
| Mar | \$ 0.0615 |
| Apr | 0.0615 |
| May | 0.0615 |
| Jun | 0.0615 |
| Jul | 0.0615 |
| Aug | 0.0615 |
| Sep | 0.063 |
| Oct | 0.063 |
| Nov | 0.063 |
| Dec | 0.063 |
| Jan | 0.063 |
| Feb | 0.063 |

Common Share Price Performance -- Weekly Closing Price

[LINE CHART]

| | |
|---------|----------|
| 3/01/08 | \$ 13.43 |
| | 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
 13.46
 13.47
 13.14
 13.25
 13.44
 13.46
 13.63
 12.79
 11.98
 11.1
 8.15
 9.6
 10.9
 11.01
 11.21
 10.25
 8.76
 9.73
 9.1
 7.57
 9.27
 9
 10.17
 11.3
 10.55
 10.4
 10.51
 10.69
 11.15
 9.92
 10.82

2/28/09

FUND SNAPSHOT

| | | |
|--|----|---------|
| Common Share Price | \$ | 10.82 |
| Common Share Net Asset Value | \$ | 12.10 |
| Premium/(Discount) to NAV | | -10.58% |
| Market Yield | | 6.99% |
| Taxable-Equivalent Yield(2) | | 10.74% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 284,221 |
| Average Effective Maturity on Securities (Years) | | 18.08 |
| Leverage-Adjusted Duration | | 13.76 |

AVERAGE ANNUAL TOTAL RETURN

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(Inception 5/26/99)

| | ON SHARE PRICE | ON NAV |
|----------------------|----------------|---------|
| 6-Month (Cumulative) | -14.14% | -11.45% |
| 1-Year | -10.38% | -5.43% |
| 5-Year | -0.14% | 0.78% |
| Since Inception | 3.12% | 4.55% |

INDUSTRIES

(as a % of total investments)

| | |
|-----------------------------------|-------|
| Tax Obligation/Limited | 25.6% |
| U.S. Guaranteed | 20.5% |
| Transportation | 13.9% |
| Health Care | 13.5% |
| Tax Obligation/General | 6.4% |
| Education and Civic Organizations | 5.0% |
| Water & Sewer | 4.2% |
| Other | 10.9% |

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of February 28, 2009. 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 34.9%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (3) The Fund paid shareholders capital gains and net ordinary income distributions in December 2008 of \$0.2634 per share.

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NVX Performance OVERVIEW | Nuveen California Dividend Advantage Municipal Fund 2 as of February 28, 2009

FUND SNAPSHOT

| | | |
|------------------------------|----|-------|
| Common Share Price | \$ | 10.51 |
| Common Share Net Asset Value | \$ | 12.91 |

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| | |
|--|------------|
| Premium/(Discount) to NAV | -18.59% |
| Market Yield | 6.91% |
| Taxable-Equivalent Yield(2) | 10.61% |
| Net Assets Applicable to Common Shares (\$000) | \$ 190,824 |
| Average Effective Maturity on Securities (Years) | 14.24 |
| Leverage-Adjusted Duration | 12.04 |

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

| | ON SHARE PRICE | ON NAV |
|----------------------|----------------|--------|
| 6-Month (Cumulative) | -13.83% | -7.40% |
| 1-Year | -12.78% | -1.96% |
| 5-Year | -0.29% | 1.98% |
| Since Inception | 1.49% | 4.41% |

INDUSTRIES
(as a % of total investments)

| | |
|-----------------------------------|-------|
| U.S. Guaranteed | 31.0% |
| Tax Obligation/Limited | 15.3% |
| Health Care | 9.8% |
| Tax Obligation/General | 9.0% |
| Transportation | 7.6% |
| Water and Sewer | 6.5% |
| Education and Civic Organizations | 5.5% |
| Utilities | 4.8% |
| Other | 10.5% |

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

[PIE CHART]

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 39% |
| AA | 29% |
| A | 14% |
| BBB | 11% |
| BB or Lower | 1% |
| N/R | 6% |

2008-2009 Monthly Tax-Free Dividends Per Common Share(3)

[BAR CHART]

| | | |
|-----|----|--------|
| Mar | \$ | 0.0575 |
| Apr | | 0.0575 |
| May | | 0.0575 |
| Jun | | 0.0575 |
| Jul | | 0.0575 |
| Aug | | 0.0575 |
| Sep | | 0.0605 |
| Oct | | 0.0605 |
| Nov | | 0.0605 |
| Dec | | 0.0605 |
| Jan | | 0.0605 |
| Feb | | 0.0605 |

Common Share Price Performance -- Weekly Closing Price

[LINE CHART]

| | | |
|---------|----|---------|
| 3/01/08 | \$ | 13.2 |
| | | 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 |
| | | 12.67 |
| | | 12.89 |
| | | 12.78 |
| | | 12.4 |
| | | 11.34 |
| | | 10.89 |
| | | 7.63 |
| | | 9.37 |
| | | 10.65 |
| | | 10.63 |
| | | 10.86 |
| | | 10.28 |
| | | 9 |
| | | 9.91 |
| | | 8.93 |
| | | 8.35 |

9.54
 9.38
 9.9
 11.2301
 10.45
 10.5
 10.91
 10.8
 10.99
 9.96
 10.51

2/28/09

- (1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of February 28, 2009. 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 34.9%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (3) The Fund paid shareholders capital gains and net ordinary income distributions in December 2008 of \$0.035 per share.

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NZH Performance OVERVIEW | Nuveen California Dividend Advantage Municipal Fund 3 as of February 28, 2009

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

[PIE CHART]

| | |
|-------------|-----|
| AAA/U.S. | |
| Guaranteed | 33% |
| AA | 28% |
| A | 21% |
| BBB | 11% |
| BB or Lower | 1% |
| N/R | 6% |

2008-2009 Monthly Tax-Free Dividends Per Common Share

[BAR CHART]

| | | |
|-----|----|--------|
| Mar | \$ | 0.059 |
| Apr | | 0.059 |
| May | | 0.059 |
| Jun | | 0.059 |
| Jul | | 0.059 |
| Aug | | 0.059 |
| Sep | | 0.0615 |
| Oct | | 0.0615 |
| Nov | | 0.0615 |
| Dec | | 0.0615 |

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| | |
|-----|--------|
| Jan | 0.0615 |
| Feb | 0.0615 |

Common Share Price Performance -- Weekly Closing Price

[LINE CHART]

| | | |
|---------|----|---------|
| 3/01/08 | \$ | 12.62 |
| | | 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 |
| | | 12.87 |
| | | 13.05 |
| | | 12.86 |
| | | 12.35 |
| | | 11.6 |
| | | 10.78 |
| | | 7.75 |
| | | 9 |
| | | 10.4 |
| | | 10.5 |
| | | 10.9 |
| | | 9.84 |
| | | 8.62 |
| | | 9.8 |
| | | 8.13 |
| | | 7.38 |
| | | 8.85 |
| | | 8.63 |
| | | 9.44 |
| | | 10.44 |
| | | 9.69 |
| | | 9.65 |
| | | 10.355 |
| | | 10.48 |
| | | 10.72 |
| | | 9.45 |
| 2/28/09 | | 10.23 |

FUND SNAPSHOT

| | | |
|--|----|---------|
| Common Share Price | \$ | 10.23 |
| Common Share Net Asset Value | \$ | 11.53 |
| Premium/(Discount) to NAV | | -11.27% |
| Market Yield | | 7.21% |
| Taxable-Equivalent Yield(3) | | 11.08% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 278,056 |
| Average Effective Maturity on Securities (Years) | | 16.91 |
| Leverage-Adjusted Duration | | 13.47 |

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

| | ON SHARE PRICE | ON NAV |
|----------------------|----------------|---------|
| 6-Month (Cumulative) | -17.58% | -12.54% |
| 1-Year | -12.11% | -6.27% |
| 5-Year | 0.06% | 0.22% |
| Since Inception | 0.82% | 2.75% |

INDUSTRIES
(as a % of total investments) (2)

| | |
|------------------------|-------|
| Tax Obligation/Limited | 26.1% |
| Health Care | 17.8% |
| U.S. Guaranteed | 17.1% |
| Tax Obligation/General | 12.3% |
| Water and Sewer | 5.5% |
| Transportation | 4.9% |
| Consumer Staples | 3.9% |
| Other | 12.4% |

(1) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of February 28, 2009. 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 investments in derivatives.

- (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 34.9%. 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 February 28, 2009

FUND SNAPSHOT

| | | |
|--|----|---------|
| Common Share Price | \$ | 11.16 |
| Common Share Net Asset Value | \$ | 13.52 |
| Premium/(Discount) to NAV | | -17.46% |
| Market Yield | | 6.67% |
| Taxable-Equivalent Yield(4) | | 10.25% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 206,467 |
| Average Effective Maturity on Securities (Years) | | 16.44 |
| Leverage-Adjusted Duration | | 12.22 |

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

| | ON SHARE PRICE | ON NAV |
|----------------------|----------------|--------|
| 6-Month (Cumulative) | -14.22% | -4.50% |
| 1-Year | -10.04% | 3.07% |
| 5-Year | -0.28% | 2.40% |
| Since Inception | 1.77% | 5.04% |

INDUSTRIES
(as a % of total investments)

| | |
|------------------------|-------|
| Tax Obligation/Limited | 31.7% |
| Tax Obligation/General | 18.6% |
| U.S. Guaranteed | 14.9% |
| Utilities | 9.8% |
| Water and Sewer | 9.7% |
| Health Care | 4.0% |

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Other 11.3%

 INSURERS
 (as a % of total Insured investments)

 AMBAC 25.7%

 FSA 23.9%

 MBIA 23.5%

 FGIC 20.6%

 SYNCORA 4.3%

 Other 2.0%

Credit Quality (as a % of total investments) (1,2,3)

[PIE CHART]

Insured 73%
 U.S. Guaranteed 15%
 GNMA/FNMA Guaranteed 1%
 A (Uninsured) 5%
 BBB (Uninsured) 6%

2008-2009 Monthly Tax-Free Dividends Per Common Share (5)

[BAR CHART]

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

Common Share Price Performance -- Weekly Closing Price

[LINE CHART]

| | | |
|---------|----|-------|
| 3/01/08 | \$ | 13.53 |
| | | 13.55 |
| | | 13.13 |
| | | 13.27 |
| | | 13.6 |
| | | 13.63 |
| | | 14.11 |
| | | 14 |
| | | 13.95 |
| | | 14.02 |
| | | 14.1 |
| | | 14.09 |

14
 14.05
 14.13
 13.73
 13.653
 13.36
 13.39
 13.36
 13.32
 13.58
 13.55
 13.46
 13.8399
 13.45
 13.5
 13.65
 13.71
 13.6
 12.3
 11.52
 8.28
 10.039
 11.16
 11.84
 12
 11.26
 9.9999
 10.16
 9.9
 8.65
 9.66
 10.25
 10.91
 11.8
 11.35
 11.35
 11.5056
 11.83
 11.7
 10.61
 11.16

2/28/09

- (1) Excluding short-term investments.
- (2) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of February 28, 2009. 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.
- (3) At least 80% of the Fund's net assets (including net assets attributable to Auction Rate Preferred shares) are invested in municipal securities that guarantee the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 - Insurance, for more information.
- (4) 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 34.9%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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(5) The Fund paid shareholders capital gains and net ordinary income distributions in December 2008 of \$0.0372 per share.

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NKX Performance OVERVIEW | Nuveen Insured California Tax-Free Advantage Municipal Fund
as of February 28, 2009

Credit Quality (as a % of total investments) (1,2,3)

[PIA CHART]

| | |
|-----------------|-----|
| Insured | 72% |
| U.S. Guaranteed | 15% |
| AA (Uninsured) | 1% |
| A (Uninsured) | 6% |
| BBB (Uninsured) | 6% |

2008-2009 Monthly Tax-Free Dividends Per Common Share (5)

[BAR CHART]

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

Common Share Price Performance -- Weekly Closing Price

[LINE CHART]

| | | |
|---------|----|---------|
| 3/01/08 | \$ | 13.61 |
| | | 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
 13.78
 13.93
 13.62
 13.15
 11.73
 11.8
 8.136
 9.835
 10.9
 11.8511
 12.3
 10.6
 9.83
 10.32
 9.3
 8.6
 9.47
 10.35
 10.67
 12.14
 11.58
 10.97
 11.26
 11.41
 11.76
 11.65
 11.75

2/28/09

FUND SNAPSHOT

| | | |
|--|----|--------|
| Common Share Price | \$ | 11.75 |
| Common Share Net Asset Value | \$ | 12.85 |
| Premium/(Discount) to NAV | | -8.56% |
| Market Yield | | 6.03% |
| Taxable-Equivalent Yield(4) | | 9.26% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 75,661 |
| Average Effective Maturity on Securities (Years) | | 17.07 |
| Leverage-Adjusted Duration | | 13.81 |

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

| | ON SHARE PRICE | ON NAV |
|----------------------|----------------|--------|
| 6-Month (Cumulative) | -11.55% | -6.42% |
| 1-Year | -8.01% | -0.13% |

| | | |
|-----------------|-------|-------|
| 5-Year | 0.62% | 2.11% |
| Since Inception | 1.70% | 3.76% |

INDUSTRIES
(as a % of total investments)

| | |
|------------------------|-------|
| Tax Obligation/Limited | 31.5% |
| Tax Obligation/General | 16.7% |
| U.S. Guaranteed | 14.8% |
| Health Care | 11.9% |
| Water and Sewer | 10.0% |
| Transportation | 7.2% |
| Other | 7.9% |

INSURERS
(as a % of total Insured investments)

| | |
|---------|-------|
| AMBAC | 45.0% |
| MBIA | 25.4% |
| FSA | 11.4% |
| AGC | 6.3% |
| SYNCORA | 5.1% |
| FGIC | 5.1% |
| Other | 1.7% |

- (1) Excluding short-term investments.
- (2) The percentages shown in the foregoing chart may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of February 28, 2009. 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.
- (3) At least 80% of the Fund's net assets (including net assets attributable to Auction Rate Preferred shares) are invested in municipal securities that guarantee the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 - Insurance, for more information.
- (4) 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 34.9%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

(5) The Fund paid shareholders a capital gains distribution in December 2008 of \$0.0516 per share.

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NPC NCL NCU | Shareholder MEETING REPORT

The annual meeting of shareholders was held in the offices of Nuveen Investments on November 18, 2008; at this meeting the shareholders were asked to vote on the election of Board Members, the elimination of Fundamental Investment Policies and the approval of new Fundamental Investment Policies. The meeting was subsequently adjourned to January 13, 2009 and additionally adjourned to March 17, 2009. The meeting for NKX adjourned again to March 18, 2009.

| | NPC | | NCL | |
|--|--|---|--|---|
| | Common and Preferred shares voting together as a class | Preferred shares voting together as a class | Common and Preferred shares voting together as a class | Preferred shares voting together as a class |
| ----- | | | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICY RELATING TO COMMODITIES. | | | | |
| For | 3,016,892 | 350 | 6,007,942 | 58 |
| Against | 207,350 | 31 | 349,243 | 10 |
| Abstain | 213,590 | 13 | 465,208 | 4 |
| Broker Non-Votes | 862,903 | 932 | 1,953,027 | 1,65 |
| Total | 4,300,735 | 1,326 | 8,775,420 | 2,38 |
| ===== | | | | |
| TO APPROVE THE NEW FUNDAMENTAL POLICY RELATING TO COMMODITIES. | | | | |
| For | 2,974,906 | 352 | 5,965,027 | 58 |
| Against | 232,677 | 29 | 392,669 | 10 |
| Abstain | 230,249 | 13 | 464,697 | 4 |
| Broker Non-Votes | 862,903 | 932 | 1,953,027 | 1,65 |
| Total | 4,300,735 | 1,326 | 8,775,420 | 2,38 |
| ===== | | | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICIES RELATING TO DERIVATIVES AND SHORT SALES. | | | | |
| For | 2,996,272 | 346 | 6,031,353 | 60 |
| Against | 228,685 | 35 | 376,434 | 8 |
| Abstain | 212,875 | 13 | 414,606 | 4 |
| Broker Non-Votes | 862,903 | 932 | 1,953,027 | 1,65 |
| Total | 4,300,735 | 1,326 | 8,775,420 | 2,38 |
| ===== | | | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICIES PROHIBITING INVESTMENT IN OTHER INVESTMENT COMPANIES. | | | | |
| For | 3,004,567 | 348 | 6,010,906 | 58 |

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| | | | | |
|--|-----------|-------|-----------|------|
| Against | 217,385 | 33 | 395,961 | 10 |
| Abstain | 215,880 | 13 | 415,526 | 4 |
| Broker Non-Votes | 862,903 | 932 | 1,953,027 | 1,65 |
| <hr/> | | | | |
| Total | 4,300,735 | 1,326 | 8,775,420 | 2,38 |
| <hr/> | | | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICIES RELATING TO INVESTMENTS IN INSURED MUNICIPAL SECURITIES. | | | | |
| For | 3,007,961 | 354 | 6,040,047 | 63 |
| Against | 222,270 | 29 | 370,273 | 5 |
| Abstain | 207,601 | 11 | 412,073 | 3 |
| Broker Non-Votes | 862,903 | 932 | 1,953,027 | 1,65 |
| <hr/> | | | | |
| Total | 4,300,735 | 1,326 | 8,775,420 | 2,38 |
| <hr/> | | | | |
| TO APPROVE THE NEW FUNDAMENTAL POLICY RELATING TO INVESTMENTS IN INSURED MUNICIPAL SECURITIES. | | | | |
| For | 3,081,378 | 356 | 6,076,135 | 64 |
| Against | 149,089 | 27 | 355,481 | 5 |
| Abstain | 207,365 | 11 | 390,777 | 3 |
| Broker Non-Votes | 862,903 | 932 | 1,953,027 | 1,65 |
| <hr/> | | | | |
| Total | 4,300,735 | 1,326 | 8,775,420 | 2,38 |
| <hr/> | | | | |

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| | NPC | | NCL | |
|--|--|---|--|---|
| | Common and Preferred shares voting together as a class | Preferred shares voting together as a class | Common and Preferred shares voting together as a class | Preferred shares voting together as a class |
| <hr/> | | | | |
| APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS: | | | | |
| John P. Amboian | | | | |
| For | 4,136,830 | -- | 8,356,558 | -- |
| Withhold | 162,087 | -- | 410,628 | -- |
| <hr/> | | | | |
| Total | 4,298,917 | -- | 8,767,186 | -- |
| <hr/> | | | | |
| Robert P. Bremner | | | | |
| For | 4,135,454 | -- | 8,360,158 | -- |
| Withhold | 163,463 | -- | 407,028 | -- |
| <hr/> | | | | |
| Total | 4,298,917 | -- | 8,767,186 | -- |
| <hr/> | | | | |
| Jack B. Evans | | | | |
| For | 4,136,830 | -- | 8,362,193 | -- |
| Withhold | 162,087 | -- | 404,993 | -- |
| <hr/> | | | | |

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| | | | | |
|----------------------|-----------|-------|-----------|-------|
| Total | 4,298,917 | -- | 8,767,186 | -- |
| ===== | | | | |
| William C. Hunter | | | | |
| For | -- | 1,075 | -- | 2,278 |
| Withhold | -- | 133 | -- | 8 |
| ----- | | | | |
| Total | -- | 1,208 | -- | 2,356 |
| ===== | | | | |
| David J. Kundert | | | | |
| For | 4,134,009 | -- | 8,359,232 | -- |
| Withhold | 164,908 | -- | 407,954 | -- |
| ----- | | | | |
| Total | 4,298,917 | -- | 8,767,186 | -- |
| ===== | | | | |
| William J. Schneider | | | | |
| For | -- | 1,075 | -- | 2,278 |
| Withhold | -- | 133 | -- | 8 |
| ----- | | | | |
| Total | -- | 1,208 | -- | 2,356 |
| ===== | | | | |
| Judith M. Stockdale | | | | |
| For | 4,136,567 | -- | 8,382,098 | -- |
| Withhold | 162,350 | -- | 385,088 | -- |
| ----- | | | | |
| Total | 4,298,917 | -- | 8,767,186 | -- |
| ===== | | | | |
| Carole E. Stone | | | | |
| For | 4,134,845 | -- | 8,382,098 | -- |
| Withhold | 164,072 | -- | 385,088 | -- |
| ----- | | | | |
| Total | 4,298,917 | -- | 8,767,186 | -- |
| ===== | | | | |
| Terence J. Toth | | | | |
| For | 4,135,008 | -- | 8,361,367 | -- |
| Withhold | 163,909 | -- | 405,819 | -- |
| ----- | | | | |
| Total | 4,298,917 | -- | 8,767,186 | -- |
| ===== | | | | |

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NAC NVX NZH | Shareholder MEETING REPORT (continued)

| | NAC | | NVX | |
|-------|--|---|--|---|
| | Common and Preferred shares voting together as a class | Preferred shares voting together as a class | Common and Preferred shares voting together as a class | Preferred shares voting together as a class |
| ----- | | | | |

TO APPROVE THE ELIMINATION OF THE
 FUNDAMENTAL POLICY RELATING TO
 COMMODITIES.

For

--

--

--

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| | | | | |
|--|------------|-------|-----------|------|
| Against | -- | -- | -- | -- |
| Abstain | -- | -- | -- | -- |
| Broker Non-Votes | -- | -- | -- | -- |
| ----- | | | | |
| Total | -- | -- | -- | -- |
| ===== | | | | |
| TO APPROVE THE NEW FUNDAMENTAL POLICY RELATING TO COMMODITIES. | | | | |
| For | -- | -- | -- | -- |
| Against | -- | -- | -- | -- |
| Abstain | -- | -- | -- | -- |
| Broker Non-Votes | -- | -- | -- | -- |
| ----- | | | | |
| Total | -- | -- | -- | -- |
| ===== | | | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICIES RELATING TO DERIVATIVES AND SHORT SALES. | | | | |
| For | -- | -- | -- | -- |
| Against | -- | -- | -- | -- |
| Abstain | -- | -- | -- | -- |
| Broker Non-Votes | -- | -- | -- | -- |
| ----- | | | | |
| Total | -- | -- | -- | -- |
| ===== | | | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICIES PROHIBITING INVESTMENT IN OTHER INVESTMENT COMPANIES. | | | | |
| For | -- | -- | -- | -- |
| Against | -- | -- | -- | -- |
| Abstain | -- | -- | -- | -- |
| Broker Non-Votes | -- | -- | -- | -- |
| ----- | | | | |
| Total | -- | -- | -- | -- |
| ===== | | | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICIES RELATING TO INVESTMENTS IN INSURED MUNICIPAL SECURITIES. | | | | |
| For | 11,237,581 | 1,027 | 6,942,760 | 72 |
| Against | 693,189 | 147 | 497,671 | 6 |
| Abstain | 394,135 | 7 | 320,988 | 1 |
| Broker Non-Votes | 3,382,253 | 3,247 | 2,167,407 | 2,65 |
| ----- | | | | |
| Total | 15,707,158 | 4,428 | 9,928,826 | 3,46 |
| ===== | | | | |
| TO APPROVE THE NEW FUNDAMENTAL POLICY RELATING TO INVESTMENTS IN INSURED MUNICIPAL SECURITIES. | | | | |
| For | 11,283,226 | 995 | 6,949,592 | 73 |
| Against | 614,486 | 174 | 471,662 | 5 |
| Abstain | 427,193 | 12 | 340,165 | 1 |
| Broker Non-Votes | 3,382,253 | 3,247 | 2,167,407 | 2,65 |
| ----- | | | | |
| Total | 15,707,158 | 4,428 | 9,928,826 | 3,46 |
| ===== | | | | |

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| | NAC | | NVX | |
|---|--|---|--|---|
| | Common and Preferred shares voting together as a class | Preferred shares voting together as a class | Common and Preferred shares voting together as a class | Preferred shares voting together as a class |
| APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS: | | | | |
| John P. Amboian | | | | |
| For | 15,127,521 | -- | 9,403,165 | -- |
| Withhold | 551,933 | -- | 519,643 | -- |
| Total | 15,679,454 | -- | 9,922,808 | -- |
| Robert P. Bremner | | | | |
| For | -- | -- | -- | -- |
| Withhold | -- | -- | -- | -- |
| Total | -- | -- | -- | -- |
| Jack B. Evans | | | | |
| For | -- | -- | -- | -- |
| Withhold | -- | -- | -- | -- |
| Total | -- | -- | -- | -- |
| William C. Hunter | | | | |
| For | -- | 4,200 | -- | 3,377 |
| Withhold | -- | 204 | -- | 7 |
| Total | -- | 4,404 | -- | 3,441 |
| David J. Kundert | | | | |
| For | 15,124,051 | -- | 9,412,194 | -- |
| Withhold | 555,403 | -- | 510,614 | -- |
| Total | 15,679,454 | -- | 9,922,808 | -- |
| William J. Schneider | | | | |
| For | -- | 4,200 | -- | 3,377 |
| Withhold | -- | 204 | -- | 7 |
| Total | -- | 4,404 | -- | 3,441 |
| Judith M. Stockdale | | | | |
| For | -- | -- | -- | -- |
| Withhold | -- | -- | -- | -- |
| Total | -- | -- | -- | -- |
| Carole E. Stone | | | | |
| For | -- | -- | -- | -- |
| Withhold | -- | -- | -- | -- |
| Total | -- | -- | -- | -- |

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| | | | | |
|-----------------|------------|----|-----------|----|
| Terence J. Toth | | | | |
| For | 15,127,721 | -- | 9,417,394 | -- |
| Withhold | 551,733 | -- | 505,414 | -- |
| ----- | | | | |
| Total | 15,679,454 | -- | 9,922,808 | -- |
| ===== | | | | |

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NKL NKX | Shareholder MEETING REPORT (continued)

| | NKL | | |
|--|--|---|--|
| | Common and Preferred shares voting together as a class | Preferred shares voting together as a class | |
| ----- | | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICY RELATING TO COMMODITIES. | | | |
| For | -- | -- | |
| Against | -- | -- | |
| Abstain | -- | -- | |
| Broker Non-Votes | -- | -- | |
| ----- | | | |
| Total | -- | -- | |
| ===== | | | |
| TO APPROVE THE NEW FUNDAMENTAL POLICY RELATING TO COMMODITIES. | | | |
| For | -- | -- | |
| Against | -- | -- | |
| Abstain | -- | -- | |
| Broker Non-Votes | -- | -- | |
| ----- | | | |
| Total | -- | -- | |
| ===== | | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICIES RELATING TO DERIVATIVES AND SHORT SALES. | | | |
| For | -- | -- | |
| Against | -- | -- | |
| Abstain | -- | -- | |
| Broker Non-Votes | -- | -- | |
| ----- | | | |
| Total | -- | -- | |
| ===== | | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICIES PROHIBITING INVESTMENT IN OTHER INVESTMENT COMPANIES. | | | |
| For | -- | -- | |
| Against | -- | -- | |
| Abstain | -- | -- | |
| Broker Non-Votes | -- | -- | |
| ----- | | | |
| Total | -- | -- | |
| ===== | | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL | | | |

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POLICIES RELATING TO INVESTMENTS IN INSURED MUNICIPAL SECURITIES.

| | | |
|------------------|------------|-------|
| For | 7,222,107 | 745 |
| Against | 293,712 | 71 |
| Abstain | 388,950 | 19 |
| Broker Non-Votes | 2,753,761 | 2,284 |
| ----- | | |
| Total | 10,658,530 | 3,119 |

TO APPROVE THE NEW FUNDAMENTAL POLICY RELATING TO INVESTMENTS IN INSURED MUNICIPAL SECURITIES.

| | | |
|------------------|------------|-------|
| For | 7,245,969 | 741 |
| Against | 275,628 | 74 |
| Abstain | 383,172 | 20 |
| Broker Non-Votes | 2,753,761 | 2,284 |
| ----- | | |
| Total | 10,658,530 | 3,119 |

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NKL

| | Common and Preferred shares voting together as a class | Preferred shares voting together as a class | Other shares |
|--|--|---|--------------|
|--|--|---|--------------|

APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS:

| | | | |
|-----------------|------------|----|--|
| John P. Amboian | | | |
| For | 10,233,212 | -- | |
| Withhold | 412,637 | -- | |
| ----- | | | |
| Total | 10,645,849 | -- | |

| | | | |
|-------------------|----|----|--|
| Robert P. Bremner | | | |
| For | -- | -- | |
| Withhold | -- | -- | |
| ----- | | | |
| Total | -- | -- | |

| | | | |
|---------------|----|----|--|
| Jack B. Evans | | | |
| For | -- | -- | |
| Withhold | -- | -- | |
| ----- | | | |
| Total | -- | -- | |

| | | | |
|-------------------|----|-------|--|
| William C. Hunter | | | |
| For | -- | 3,024 | |
| Withhold | -- | 59 | |
| ----- | | | |
| Total | -- | 3,083 | |

David J. Kundert

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| | | |
|----------------------|------------|-------|
| For | 10,226,916 | -- |
| Withhold | 418,933 | -- |
| ----- | | |
| Total | 10,645,849 | -- |
| ===== | | |
| William J. Schneider | | |
| For | -- | 3,016 |
| Withhold | -- | 67 |
| ----- | | |
| Total | -- | 3,083 |
| ===== | | |
| Judith M. Stockdale | | |
| For | -- | -- |
| Withhold | -- | -- |
| ----- | | |
| Total | -- | -- |
| ===== | | |
| Carole E. Stone | | |
| For | -- | -- |
| Withhold | -- | -- |
| ----- | | |
| Total | -- | -- |
| ===== | | |
| Terence J. Toth | | |
| For | 10,235,003 | -- |
| Withhold | 410,846 | -- |
| ----- | | |
| Total | 10,645,849 | -- |
| ===== | | |

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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.
 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 February 28, 2009, and the related statements of operations, changes in net assets and cash flows (Nuveen Insured California Premium Income Municipal Fund 2, Inc. and Nuveen Insured California Tax-Free Advantage Municipal Fund only) and the financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. 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 February 28, 2009, by correspondence with the custodian and brokers. 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 February 28, 2009, the results of their operations, the changes in their net assets and their cash flows (Nuveen Insured California Premium Income Municipal Fund 2, Inc. and Nuveen Insured California Tax-Free Advantage Municipal Fund only) and the financial highlights for each of the periods indicated therein in conformity with US generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

Chicago, Illinois
April 22, 2009

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NPC | Nuveen Insured California Premium Income Municipal Fund, Inc.
| Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|---------------------------|---|----------------------|
| ----- | | |
| | EDUCATION AND CIVIC ORGANIZATIONS - 6.1% (4.1% 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) | 3/09 at 1 |
| 1,500 | California State University, Systemwide Revenue Bonds, Series 2005A, 5.000%, 11/01/25 - AMBAC Insured | 5/15 at 1 |
| 2,000 | California State University, Systemwide Revenue Bonds, Series 2005C, 5.000%, 11/01/27 - MBIA Insured | 11/15 at 1 |
| ----- | | |

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| | | |
|-------|--|-----------|
| 5,625 | Total Education and Civic Organizations | |
| ----- | | |
| | HEALTH CARE - 5.4% (3.7% OF TOTAL INVESTMENTS) | |
| 3,000 | California Health Facilities Financing Authority, Insured Revenue Bonds, Sutter Health, Series1998A, 5.375%, 8/15/30 - MBIA Insured | 8/09 at 1 |
| 724 | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 18.216%, 7/01/47 - FSA Insured (IF) | 7/18 at 1 |
| 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 1 |
| ----- | | |
| 5,224 | Total Health Care | |
| ----- | | |
| | HOUSING/SINGLE FAMILY - 0.2% (0.2% OF TOTAL INVESTMENTS) | |
| 180 | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2006H, 5.750%,8/01/30 - FGIC Insured (Alternative Minimum Tax) | 2/16 at 1 |
| 100 | California Housing Finance Agency, Single Family Mortgage Bonds II, Series 1997A-1, 6.000%,8/01/20 - MBIA Insured (Alternative Minimum Tax) | 8/09 at 1 |
| ----- | | |
| 280 | Total Housing/Single Family | |
| ----- | | |
| | TAX OBLIGATION/GENERAL - 33.1% (22.4% OF TOTAL INVESTMENTS) | |
| | Bonita Unified School District, San Diego County, California, General Obligation Bonds, Series 2004A: | |
| 1,890 | 5.250%, 8/01/23 - MBIA Insured | 8/14 at 1 |
| 1,250 | 5.250%, 8/01/25 - MBIA Insured | 8/14 at 1 |
| 2,000 | California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.375%, 12/01/24 - MBIA Insured (Alternative Minimum Tax) | 6/09 at 1 |
| | El Segundo Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2004: | |
| 2,580 | 5.250%, 9/01/21 - FGIC Insured | 9/14 at 1 |
| 1,775 | 5.250%, 9/01/22 - FGIC Insured | 9/14 at 1 |
| 565 | Fontana Unified School District, San Bernardino County, California, General Obligation Bonds, Trust 2668, 14.602%, 8/01/28 - FSA Insured (IF) | 8/18 at 1 |
| 1,225 | Fresno Unified School District, Fresno County, California, General Obligation Refunding Bonds, Series 1998A, 6.550%, 8/01/20 - MBIA Insured | 2/13 at 1 |
| 1,180 | Jurupa Unified School District, Riverside County, California, General Obligation Bonds, Series2004, 5.000%, 8/01/21 - FGIC Insured | 8/13 at 1 |

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NPC | Nuveen Insured California Premium Income Municipal Fund, Inc. (continued)
 | Portfolio of INVESTMENTS February 28, 2009

PRINCIPAL

OPTIONAL

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| AMOUNT (000) | DESCRIPTION (1) | PROVISIO |
|---|---|------------|
| TAX OBLIGATION/GENERAL (continued) | | |
| \$ 3,000 | Pomona Unified School District, Los Angeles County, California, General Obligation Refunding Bonds, Series 1997A, 6.500%, 8/01/19 - MBIA Insured | 8/11 at 1 |
| 160 | Roseville Joint Union High School District, Placer County, California, General Obligation Bonds, Series 2006B, 5.000%, 8/01/27 - FGIC Insured | 8/15 at 1 |
| 3,000 | Sacramento City Unified School District, Sacramento County, California, General Obligation Bonds, Series 2005, 5.000%, 7/01/27 - MBIA Insured | 7/15 at 1 |
| | San Diego Unified School District, San Diego County, California, General Obligation Bonds, Election of 1998, Series 2001C: | |
| 1,335 | 5.000%, 7/01/21 - FSA Insured | 7/11 at 1 |
| 3,500 | 5.000%, 7/01/22 - FSA Insured | 7/11 at 1 |
| 4,895 | 5.000%, 7/01/23 - FSA Insured | 7/11 at 1 |
| 28,355 | Total Tax Obligation/General | |
| TAX OBLIGATION/LIMITED - 35.9% (24.3% 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 1 |
| | 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 1 |
| 1,615 | 5.000%, 12/01/21 - AMBAC Insured | 12/13 at 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 2,400 | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Revenue Bonds, Drivers Trust 2091, 11.707%, 6/01/45 - AGC Insured (IF) | 6/15 at 1 |
| 1,000 | Hesperia Public Financing Authority, California, Redevelopment and Housing Projects Tax Allocation Bonds, Series 2007A, 5.000%, 9/01/37 - SYNCORA GTY Insured | 9/17 at 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 1,500 | Los Angeles, California, Municipal Improvement Corporation, Lease Revenue Bonds, Police Headquarters, Series 2006A, 4.750%, | 1/17 at 1 |

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| | | |
|-------|---|-----------|
| | 1/01/31 - FGIC Insured | |
| 3,150 | Moreno Valley Community Redevelopment Agency, California, Tax Allocation Bonds, Series 2007A, 5.000%, 8/01/38 - AMBAC Insured | 8/17 at 1 |
| 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 1 |
| 165 | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series2005A, 5.000%, 9/01/35 - SYNCORA GTY Insured | 9/15 at 1 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|--|---|----------------------|
| ----- | | |
| TAX OBLIGATION/LIMITED (continued) | | |
| \$ 205 | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%,8/01/25 - AMBAC Insured | 8/13 at 1 |
| 1,500 | San Jose Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series2005A, 5.000%, 8/01/28 - MBIA Insured | 8/15 at 1 |
| 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 1 |
| 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 1 |
| ----- | | |
| 36,485 | Total Tax Obligation/Limited | |
| ----- | | |
| TRANSPORTATION - 2.6% (1.8% 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 1 |
| ----- | | |
| U.S. GUARANTEED - 44.9% (30.4% OF TOTAL INVESTMENTS) (4) | | |
| 7,995 | California, Various Purpose General Obligation Bonds, Series 2000: 5.750%, 3/01/22 (Pre-refunded 3/01/10) - MBIA Insured | 3/10 at 1 |
| 800 | 5.750%, 3/01/27 (Pre-refunded 3/01/10) - MBIA Insured | 3/10 at 1 |
| 2,500 | Fresno Unified School District, Fresno County, California, General Obligation Bonds, Series2001A, 5.125%, 8/01/26 - FSA Insured (ETM) | 8/09 at 1 |
| 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, Single Family Restructured Mortgage Revenue Bonds, Series 1986A, 8.000%, 3/01/16 (Alternative Minimum Tax) (ETM) | No Opt. |
| 6,220 | Riverside County, California, GNMA Mortgage-Backed Securities Program Single Family Mortgage Revenue Bonds, Series 1987A, 9.000%, 5/01/21 (Alternative Minimum Tax) (ETM) | No Opt. |
| 1,485 | San Jose, California, Single Family Mortgage Revenue Bonds, Series 1985A, 9.500%,10/01/13 (ETM) | No Opt. |
| 2,150 | Santa Clara Valley Water District, California, Water Utility | 6/10 at 1 |

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System Revenue Bonds, Series2000A, 5.125%, 6/01/31
(Pre-refunded 6/01/10) - FGIC Insured

| | | |
|--|--|-----------|
| 32,285 | Total U.S. Guaranteed | |
| ----- | | |
| UTILITIES - 0.2% (0.2% OF TOTAL INVESTMENTS) | | |
| 345 | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - SYNCORA GTY Insured | 9/15 at 1 |
| ----- | | |
| WATER AND SEWER - 19.1% (12.9% OF TOTAL INVESTMENTS) | | |
| 5,255 | El Dorado Irrigation District, California, Water and Sewer Certificates of Participation, Series 2003A, 5.000%, 3/01/20 - FGIC Insured | 3/13 at 1 |
| 1,230 | El Dorado Irrigation District, California, Water and Sewer Certificates of Participation, Series 2004A, 5.000%, 3/01/21 - FGIC Insured | 3/14 at 1 |
| 235 | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured | 4/16 at 1 |
| 5,000 | Indio Water Authority, California, Water Revenue Bonds, Series 2006, 5.000%, 4/01/31 - AMBAC Insured | 4/16 at 1 |
| 220 | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured | 6/16 at 1 |

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NPC | Nuveen Insured California Premium Income Municipal Fund, Inc. (continued)
| Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|---|---|-------------------|
| ----- | | |
| WATER AND SEWER (continued) | | |
| \$ 1,500 | Placerville Public Financing Authority, California, Wastewater System Refinancing and Improvement Project Revenue Bonds, Series 2006, 5.000%, 9/01/34 - SYNCORA GTY Insured | 9/16 at 10 |
| 3,400 | San Diego Public Facilities Financing Authority, California, Sewerage Revenue Bonds, Series1997A, 5.250%, 5/15/22 - FGIC Insured | 5/09 at 10 |
| 1,345 | West Basin Municipal Water District, California, Revenue Certificates of Participation, Series 2003A, 5.000%, 8/01/20 - MBIA Insured | 8/13 at 10 |
| ----- | | |
| 18,185 | Total Water and Sewer | |
| ----- | | |
| \$ 129,184 | Total Investments (cost \$132,699,261) - 147.5% | |
| ===== | | |
| Other Assets Less Liabilities - 2.2% | | |
| ----- | | |
| Auction Rate Preferred Shares, at Liquidation Value - (49.7)% (5) | | |
| ----- | | |
| Net Assets Applicable to Common Shares - 100% | | |

=====
 Primarily all of the Fund's net assets (including net assets attributable to Auction Rate Preferred shares) are invested in municipal securities that guarantee 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, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of February 28, 2009. 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 33.7%.

N/R Not rated.

(ETM) Escrowed to maturity.

(IF) Inverse floating rate investment.

See accompanying notes to financial statements.

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NCL | Nuveen Insured California Premium Income Municipal Fund 2, Inc.
 | Portfolio of INVESTMENTS February 28, 2009

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

EDUCATION AND CIVIC ORGANIZATIONS - 6.2% (4.0% OF TOTAL
 INVESTMENTS)

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| | | | |
|----|-------|---|------------|
| \$ | 620 | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series2000, 5.875%, 11/01/20 - MBIA Insured | 11/10 at 1 |
| | 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) | 3/09 at 1 |
| | 1,500 | California State University, Systemwide Revenue Bonds, Series 2005A, 5.000%, 11/01/25 - AMBAC Insured | 5/15 at 1 |
| | 6,000 | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2003A, 5.000%, 5/15/27 - AMBAC Insured (UB) | 5/13 at 1 |

10,245 Total Education and Civic Organizations

HEALTH CARE - 2.0% (1.3% OF TOTAL INVESTMENTS)

| | | | |
|--|-------|--|-----------|
| | 1,410 | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 18.216%, 7/01/47 - FSA Insured (IF) | 7/18 at 1 |
| | 2,000 | The Regents of the University of California, Medical Center Pooled Revenue Bonds, Series 2007A, 4.500%, 5/15/37 - MBIA Insured | 5/15 at 1 |
| | 650 | University of California, Hospital Revenue Bonds, UCLA Medical Center, Series 2004A, 5.500%, 5/15/18 - AMBAC Insured | 5/12 at 1 |

4,060 Total Health Care

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

| | | | |
|--|-------|--|-----------|
| | 345 | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2006H, 5.750%, 8/01/30 - FGIC Insured (Alternative Minimum Tax) | 2/16 at 1 |
| | 2,170 | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2006K, 5.500%, 2/01/42 - AMBAC Insured (Alternative Minimum Tax) | 2/16 at 1 |
| | 1,100 | California Housing Finance Agency, Single Family Mortgage Bonds, Series 1997C-2-II, 5.625%, 8/01/20 - MBIA Insured (Alternative Minimum Tax) | 8/09 at 1 |

3,615 Total Housing/Single Family

TAX OBLIGATION/GENERAL - 25.1% (16.0% OF TOTAL INVESTMENTS)

| | | | |
|--|-------|---|-----------|
| | 1,460 | ABC Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2000B, 5.750%, 8/01/16 - FGIC Insured | 8/10 at 1 |
| | 1,425 | Bassett Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2006B, 5.250%, 8/01/30 - FGIC Insured | 8/16 at 1 |
| | 3,000 | California State, General Obligation Bonds, Series 2006, 4.500%, 9/01/36 - FSA Insured | 9/16 at 1 |
| | 4,400 | California, General Obligation Bonds, Series 2003, 5.000%, 2/01/31 - MBIA Insured | 2/13 at 1 |
| | 3,000 | California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.375%, 12/01/24 - MBIA Insured (Alternative Minimum Tax) | 6/09 at 1 |
| | 3,200 | Coast Community College District, Orange County, California, General Obligation Bonds, Series 2006C, 0.000%, 8/01/31 - FSA Insured | 8/18 at 1 |
| | 1,105 | Fontana Unified School District, San Bernardino County, California, General Obligation Bonds, Trust 2668, 14.602%, | 8/18 at 1 |

8/01/28 - FSA Insured (IF)

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NCL | Nuveen Insured California Premium Income Municipal Fund 2, Inc.
 | (continued)
 | Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|---|---|----------------------|
| ----- | | |
| TAX OBLIGATION/GENERAL (continued) | | |
| \$ 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 1 |
| 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 1 |
| | 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 1 |
| 3,250 | 5.000%, 8/01/22 - FSA Insured (UB) | 8/14 at 1 |
| 3,395 | 5.000%, 8/01/23 - FSA Insured (UB) | 8/14 at 1 |
| 1,270 | Merced City School District, Merced County, California, General Obligation Bonds, Series 2004, 5.000%, 8/01/22 - FGIC Insured | 8/13 at 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 2,445 | Washington Unified School District, Yolo County, California, General Obligation Bonds, Series 2004A, 5.000%, 8/01/21 - FGIC Insured | 8/13 at 1 |
| ----- | | |
| 42,245 | Total Tax Obligation/General | |
| ----- | | |
| TAX OBLIGATION/LIMITED - 60.6% (38.8% 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, | |

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| | | |
|-------|---|------------|
| | Series 2004: | |
| 1,535 | 5.000%, 12/01/20 - AMBAC Insured | 12/13 at 1 |
| 1,780 | 5.000%, 12/01/23 - AMBAC Insured | 12/13 at 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 4,695 | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Revenue Bonds, Drivers Trust 2091, 11.707%, 6/01/45 - AGC Insured (IF) | 6/15 at 1 |
| 2,000 | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Revenue Bonds, Residual Series 2040, 9.080%, 6/01/45 - FGIC Insured (IF) | 6/15 at 1 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|---------------------------|---|----------------------|
| ----- | | |
| | TAX OBLIGATION/LIMITED (continued) | |
| | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A: | |
| \$ 20,110 | 5.000%, 6/01/35 - FGIC Insured | 6/15 at 1 |
| 2,345 | 5.000%, 6/01/38 - FGIC Insured | 6/15 at 1 |
| 7,500 | 5.000%, 6/01/45 - FGIC Insured | 6/15 at 1 |
| 1,255 | Hesperia Public Financing Authority, California, Redevelopment and Housing Projects Tax Allocation Bonds, Series 2007A, 5.000%, 9/01/37 - SYNCORA GTY Insured | 9/17 at 1 |
| 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 1 |
| 1,810 | Kern County Board of Education, California, Certificates of Participation Refunding, Series 1998A, 5.200%, 5/01/28 - MBIA Insured | 5/10 at 1 |
| 5,000 | Ia Quinta Redevelopment Agency, California, Tax Allocation Refunding Bonds, Redevelopment Project Area 1, Series 1998, 5.200%, 9/01/28 - AMBAC Insured | 3/09 at 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 4,000 | Los Angeles, California, Certificates of Participation, Municipal | 6/13 at 1 |

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| | | |
|---------|---|------------|
| | Improvement Corporation, Series 2003AW, 5.000%, 6/01/33 - AMBAC Insured | |
| 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 1 |
| 6,120 | Moreno Valley Community Redevelopment Agency, California, Tax Allocation Bonds, Series 2007A, 5.000%, 8/01/38 - AMBAC Insured | 8/17 at 1 |
| 4,140 | Plumas County, California, Certificates of Participation, Capital Improvement Program, Series 2003A, 5.000%, 6/01/28 - AMBAC Insured | 6/13 at 1 |
| 390 | Poway Redevelopment Agency, California, Tax Allocation Refunding Bonds, Paguay Redevelopment Project, Series 2000, 5.750%, 6/15/33 - MBIA Insured | 12/10 at 1 |
| 325 | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 - SYNCORA GTY Insured | 9/15 at 1 |
| 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 1 |
| 405 | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured | 8/13 at 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 1,020 | Washington Unified School District, Yolo County, California, Certificates of Participation, Series 2007, 5.125%, 8/01/37 - AMBAC Insured | 8/17 at 1 |
| ----- | | |
| 118,090 | Total Tax Obligation/Limited | |
| ----- | | |

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NCL | Nuveen Insured California Premium Income Municipal Fund 2, Inc.
 | (continued)
 | Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|------------------------|--|-------------------|
| ----- | | |
| | TRANSPORTATION - 7.2% (4.6% 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 |
| 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 1 |
| 5,000 | San Francisco Airports Commission, California, Revenue Refunding Bonds, San Francisco International Airport, Second Series 2001, | 5/11 at 1 |

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Issue 27A, 5.250%, 5/01/31 - MBIA Insured (Alternative Minimum Tax)

| Amount | Description | Term |
|--|---|------------|
| 15,500 | Total Transportation | |
| U.S. GUARANTEED - 21.2% (13.5% OF TOTAL INVESTMENTS) (4) | | |
| 1,380 | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series2000, 5.875%, 11/01/20 (Pre-refunded 11/01/10) - MBIA Insured | 11/10 at 1 |
| 7,995 | California, Various Purpose General Obligation Bonds, Series 2000: 5.750%, 3/01/22 (Pre-refunded 3/01/10) - MBIA Insured | 3/10 at 1 |
| 1,900 | California, Various Purpose General Obligation Bonds, Series 2000: 5.750%, 3/01/27 (Pre-refunded 3/01/10) - MBIA Insured | 3/10 at 1 |
| 2,085 | Central Unified School District, Fresno County, California, General Obligation Bonds, Series1993, 5.625%, 3/01/18 - AMBAC Insured (ETM) | 3/09 at 1 |
| 3,000 | Escondido Union High School District, San Diego County, California, General Obligation Bonds, Series 1996, 5.700%, 11/01/10 - MBIA Insured (ETM) | 5/09 at 1 |
| | Fresno Unified School District, Fresno County, California, General Obligation Bonds, Series 2001F: | |
| 1,065 | 5.125%, 8/01/21 - FSA Insured (ETM) | 8/09 at 1 |
| 1,160 | 5.125%, 8/01/22 - FSA Insured (ETM) | 8/09 at 1 |
| 1,220 | 5.125%, 8/01/23 - FSA Insured (ETM) | 8/09 at 1 |
| 1,500 | Hacienda La Puente Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2000A, 5.250%, 8/01/25 (Pre-refunded 8/01/10) - MBIA Insured | 8/10 at 1 |
| | Manteca Unified School District, San Joaquin County, California, General Obligation Bonds, Series 2004: | |
| 1,000 | 5.250%, 8/01/21 (Pre-refunded 8/01/14) - FSA Insured | 8/14 at 1 |
| 1,000 | 5.250%, 8/01/22 (Pre-refunded 8/01/14) - FSA Insured | 8/14 at 1 |
| 1,610 | Poway Redevelopment Agency, California, Tax Allocation Refunding Bonds,aguay Redevelopment Project, Series 2000, 5.750%, 6/15/33 (Pre-refunded 12/15/10) - MBIA Insured | 12/10 at 1 |
| 4,320 | Riverside County, California, GNMA Mortgage-Backed Securities Program Single Family Mortgage Revenue Bonds, Series 1987B, 8.625%, 5/01/16 (Alternative Minimum Tax) (ETM) | No Opt. |
| 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 1 |
| 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 1 |
| 31,140 | Total U.S. Guaranteed | |
| UTILITIES - 8.2% (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 1 |
| 670 | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - SYNCORA GTY Insured | 9/15 at 1 |
| 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 1 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|---------------------------|---|----------------------|
| ----- | | |
| | UTILITIES (continued) | |
| \$ 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 1 |
| | Santa Clara, California, Subordinate Electric Revenue Bonds, Series 2003A: | |
| 2,800 | 5.000%, 7/01/24 - MBIA Insured | 7/13 at 1 |
| 5,000 | 5.000%, 7/01/28 - MBIA Insured | 7/13 at 1 |
| ----- | | |
| 14,260 | Total Utilities | |
| ----- | | |
| | WATER AND SEWER - 23.6% (15.1% 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 | 8/09 at 1 |
| 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 1 |
| 750 | Fortuna Public Finance Authority, California, Water Revenue Bonds, Series 2006, 5.000%, 10/01/36 - FSA Insured | 10/16 at 1 |
| 460 | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured | 4/16 at 1 |
| 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 1 |
| 2,000 | Los Angeles, California, Wastewater System Revenue Bonds, Series 2005A, 4.500%, 6/01/29 - MBIA Insured | 6/15 at 1 |
| 430 | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured | 6/16 at 1 |
| 12,000 | Orange County Sanitation District, California, Certificates of Participation, Series 2003, 5.000%, 2/01/33 - FGIC Insured (UB) | 8/13 at 1 |
| 1,520 | San Buenaventura, California, Water Revenue Certificates of Participation, Series 2004, 5.000%, 10/01/25 - AMBAC Insured | 10/14 at 1 |
| 1,000 | San Diego County Water Authority, California, Water Revenue Certificates of Participation, Series 2008A, 5.000%, 5/01/38 - FSA Insured | 5/18 at 1 |
| 3,675 | San Dieguito Water District, California, Water Revenue Bonds, Series 2004, 5.000%, 10/01/23 - FGIC Insured | 10/14 at 1 |
| | Santa Clara Valley Water District, California, Certificates of Participation, Series 2004A: | |
| 1,400 | 5.000%, 2/01/19 - FGIC Insured | 2/14 at 1 |
| 445 | 5.000%, 2/01/20 - FGIC Insured | 2/14 at 1 |
| 465 | 5.000%, 2/01/21 - FGIC Insured | 2/14 at 1 |
| 2,500 | West Basin Municipal Water District, California, Revenue Certificates of Participation, Series 2003A, 5.000%, 8/01/30 - MBIA Insured | 8/13 at 1 |
| | 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 1 |
| 2,530 | 5.000%, 10/01/33 - FGIC Insured | 10/13 at 1 |
| ----- | | |

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| | |
|------------|---|
| 38,860 | Total Water and Sewer |
| \$ 278,015 | Total Investments (cost \$261,746,670) - 156.3% |
| | Floating Rate Obligations - (12.3)% |
| | Other Assets Less Liabilities - 5.0% |
| | Auction Rate Preferred Shares, at Liquidation Value - (49.0)% (5) |
| | Net Assets Applicable to Common Shares - 100% |

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NCL | Nuveen Insured California Premium Income Municipal Fund 2, Inc.
 | (continued)
 | Portfolio of INVESTMENTS February 28, 2009

Investments in Derivatives
 FORWARD SWAPS OUTSTANDING AT FEBRUARY 28, 2009:

| COUNTERPARTY | NOTIONAL AMOUNT | FUND PAY/RECEIVE FLOATING RATE | FLOATING RATE INDEX | FIXED RATE (ANNUALIZED) | FIXED RATE PAYMENT FREQUENCY | EFF D |
|---------------|-----------------|--------------------------------|---------------------|-------------------------|------------------------------|-------|
| Goldman Sachs | \$12,000,000 | Receive | 3-Month USD-LIBOR | 2.749% | Semi-Annually | 1 |

Primarily all of the Fund's net assets (including net assets aibutable to Auction Rate Preferred shares) are invested in municipal securities that guarantee 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, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of February 28, 2009. 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

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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 31.4%.
 - (6) 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.
- (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.

USD-LIBOR United States Dollar-London Inter-Bank Offered Rate.

See accompanying notes to financial statements.

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NCU | Nuveen California Premium Income Municipal Fund
 | Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|--|---|----------------------|
| ----- | | |
| CONSUMER STAPLES - 6.1% (3.8% 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 1 |
| 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 1 |
| 3,210 | California Statewide Financing Authority, Tobacco Settlement Asset-Backed Bonds, Pooled Tobacco Securitization Program, Series 2002A, 5.625%, 5/01/29 | 5/12 at 1 |
| 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 1 |
| ----- | | |
| 6,325 | Total Consumer Staples | |
| ----- | | |
| EDUCATION AND CIVIC ORGANIZATIONS - 6.7% (4.2% OF TOTAL INVESTMENTS) | | |

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| | | |
|-------|--|------------|
| 70 | California Educational Facilities Authority, Revenue Bonds, University of Redlands, Series 2005A, 5.000%, 10/01/35 | 10/15 at 1 |
| | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2006: | |
| 45 | 5.000%, 11/01/21 | 11/15 at 1 |
| 60 | 5.000%, 11/01/25 | 11/15 at 1 |
| 1,112 | California State Public Works Board, Lease Revenue Bonds, University of California Regents, Trust 1065, 8.969%, 3/01/33 (IF) | 3/18 at 1 |
| 2,000 | California State University, Systemwide Revenue Bonds, Series 2005C, 5.000%, 11/01/27 - MBIA Insured | 11/15 at 1 |
| 1,500 | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2003A, 5.125%, 5/15/17 - AMBAC Insured (UB) | 5/13 at 1 |
| ----- | | |
| 4,787 | Total Education and Civic Organizations | |
| ----- | | |

ENERGY - 0.4% (0.3% 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 1 |
|-----|--|-----------|

HEALTH CARE - 24.8% (15.5% OF TOTAL INVESTMENTS)

| | | |
|-------|--|------------|
| 4,705 | California Health Facilities Financing Authority, Hospital Revenue Bonds, Downey Community Hospital, Series 1993, 5.750%, 5/15/15 | 5/09 at 1 |
| 155 | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 4/01/37 | 4/16 at 1 |
| 1,335 | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2008, Trust 3146, 12.371%, 11/15/46 (IF) | 11/16 at 1 |
| 1,500 | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31 | 8/11 at 1 |
| 685 | California Municipal Financing Authority, Certificates of Participation, Community Hospitals of Central California, Series 2007, 5.250%, 2/01/46 | 2/17 at 1 |

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NCU | Nuveen California Premium Income Municipal Fund (continued)
| Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|-------------------------|---|-------------------|
| ----- | | |
| HEALTH CARE (continued) | | |
| \$ 377 | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 18.216%, 7/01/47 - FSA Insured (IF) | 7/18 at 1 |
| 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 1 |
| 490 | California Statewide Community Development Authority, Revenue | 3/16 at 1 |

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| | | |
|-------|--|------------|
| 730 | Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41 California Statewide Community Development Authority, Revenue | 8/16 at 1 |
| 1,000 | Bonds, Kaiser Permanente System, Series 2001C, 5.250%, 8/01/31 California Statewide Community Development Authority, Revenue | 4/17 at 1 |
| 3,000 | Bonds, Kaiser Permanente System, Series 2007A, 4.750%, 4/01/33 California Statewide Community Development Authority, Revenue | 8/19 at 1 |
| 2,100 | Bonds, Methodist Hospital Project, Series 2009, 6.750%, 2/01/38 California Statewide Community Development Authority, Revenue | No Opt. |
| 1,690 | Bonds, Sherman Oaks Health System, Series 1998A, 5.000%, 8/01/22 - AMBAC Insured California Statewide Community Development Authority, Revenue | 11/15 at 1 |
| 760 | Bonds, Sutter Health, Series 2005A, 5.000%, 11/15/43 Loma Linda, California, Hospital Revenue Bonds, Loma Linda | 12/18 at 1 |
| 1,000 | University Medical Center, Series 2008A, 8.250%, 12/01/38 The Regents of the University of California, Medical Center Pooled | 5/15 at 1 |
| | Revenue Bonds, Series 2007A, 4.500%, 5/15/37 - MBIA Insured | |

20,527 Total Health Care

HOUSING/SINGLE FAMILY - 0.5% (0.3% OF TOTAL INVESTMENTS)

| | | |
|-----|--|-----------|
| 160 | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2006H, 5.750%, 8/01/30 - FGIC Insured (Alternative Minimum Tax) | 2/16 at 1 |
| 175 | California Housing Finance Agency, Single Family Mortgage Bonds II, Series 1997A-1, 6.000%, 8/01/20 - MBIA Insured (Alternative Minimum Tax) | 8/09 at 1 |
| 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. |

350 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 1 |
|-----|--|-----------|

TAX OBLIGATION/GENERAL - 22.2% (13.8% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-----------|
| 1,500 | California, General Obligation Bonds, Series 2003, 5.000%, 2/01/31 - MBIA Insured | 2/13 at 1 |
| 4,000 | California, General Obligation Veterans Welfare Bonds, Series 1999BR, 5.300%, 12/01/29 (Alternative Minimum Tax) | 6/09 at 1 |
| 6,000 | Hartnell Community College District, California, General Obligation Bonds, Series 2006B, 5.000%, 6/01/29 - FSA Insured (UB) | 6/16 at 1 |
| 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 1 |
| 15 | Riverside Community College District, California, General Obligation Bonds, Series 2004A, 5.250%, 8/01/22 - MBIA Insured | 8/14 at 1 |
| 135 | Roseville Joint Union High School District, Placer County, California, General Obligation Bonds, Series 2006B, 5.000%, 8/01/27 - FGIC Insured | 8/15 at 1 |
| 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 1 |

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16,005 Total Tax Obligation/General

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|---|--|----------------------|
| TAX OBLIGATION/LIMITED - 48.2% (30.1% 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 1 |
| | 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 1 |
| 1,865 | 5.000%, 12/01/24 - AMBAC Insured | 12/13 at 1 |
| 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 1 |
| 905 | California, Economic Recovery Revenue Bonds, Series 2004A, 5.000%, 7/01/15 | 7/14 at 1 |
| 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 1 |
| 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 1 |
| 4,350 | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A, 5.000%, 6/01/45 - AMBAC Insured | 6/15 at 1 |
| | Irvine, California, Unified School District, Community Facilities District Special Tax Bonds, Series 2006A: | |
| 80 | 5.000%, 9/01/26 | 9/16 at 1 |
| 185 | 5.125%, 9/01/36 | 9/16 at 1 |
| 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 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 1 |
| 2,000 | Los Angeles, California, Municipal Improvement Corporation, Lease Revenue Bonds, Police Headquarters, Series 2006A, 4.750%, 1/01/31 - FGIC Insured | 1/17 at 1 |
| 3,230 | Murrieta Redevelopment Agency, California, Tax Allocation Bonds, Series 2005, 5.000%, 8/01/35 - MBIA Insured | 8/15 at 1 |
| 1,000 | Poway, California, Community Facilities District 88-1, Special Tax Refunding Bonds, Parkway Business Centre, Series 1998, 6.500%, 8/15/09 | 5/09 at 1 |
| 155 | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 - SYNCORA GTY Insured | 9/15 at 1 |
| 190 | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured | 8/13 at 1 |

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| | | |
|--------|--|------------|
| 1,500 | Sacramento City Financing Authority, California, Lease Revenue Refunding Bonds, Series 1993A, 5.400%, 11/01/20 - MBIA Insured | No Opt. |
| 3,000 | Sacramento City Financing Authority, California, Lease Revenue Refunding Bonds, Series 1993B, 5.400%, 11/01/20 | No Opt. |
| | San Marcos Public Facilities Authority, California, Revenue Refunding Bonds, Series 1998: | |
| 1,500 | 5.800%, 9/01/18 | 3/09 at 1 |
| 1,000 | 5.800%, 9/01/27 | 3/09 at 1 |
| 325 | 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 1 |
| 2,050 | Santa Barbara County, California, Certificates of Participation, Series 2001, 5.250%, 12/01/19 - AMBAC Insured | 12/11 at 1 |
| ----- | | |
| 36,425 | Total Tax Obligation/Limited | |
| ----- | | |

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NCU | Nuveen California Premium Income Municipal Fund (continued)
| Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISION |
|------------------------|--|--------------------|
| ----- | | |
| | TRANSPORTATION - 3.3% (2.1% OF TOTAL INVESTMENTS) | |
| \$ 780 | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2006F, 5.000%, 4/01/31 (UB) | 4/16 at 1 |
| 220 | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2008, Trust 3211, 12.855%, 4/01/39 (IF) | 4/18 at 1 |
| 2,000 | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Bonds, Series 1995A, 5.000%, 1/01/35 | 1/10 at 1 |
| ----- | | |
| 3,000 | Total Transportation | |
| ----- | | |

| | | |
|--------|--|-----------|
| | U.S. GUARANTEED - 16.9% (10.5% 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 1 |
| 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. |
| 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 1 |
| 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 1 |
| ----- | | |
| 10,745 | Total U.S. Guaranteed | |
| ----- | | |

UTILITIES - 8.3% (5.2% OF TOTAL INVESTMENTS)

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| | | |
|---|---|-----------|
| 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 1 |
| 295 | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - SYNCORA GTY Insured | 9/15 at 1 |
| 4,580 | Sacramento Municipal Utility District, California, Electric Revenue Refunding Bonds, Series 2002Q, 5.250%, 8/15/20 - FSA Insured | 8/12 at 1 |
| ----- | | |
| 6,040 | Total Utilities | |
| ----- | | |
| WATER AND SEWER - 11.0% (6.8% OF TOTAL INVESTMENTS) | | |
| 1,125 | Burbank, California, Wastewater System Revenue Bonds, Series 2004A, 5.000%, 6/01/23 - AMBAC Insured | 6/14 at 1 |
| 5,000 | Culver City, California, Wastewater Facilities Revenue Refunding Bonds, Series 1999A, 5.700%, 9/01/29 - FGIC Insured | 9/09 at 1 |
| 205 | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured | 4/16 at 1 |
| 1,795 | Woodbridge Irrigation District, California, Certificates of Participation, Water Systems Project, Series 2003, 5.500%, 7/01/33 | 7/13 at 1 |
| ----- | | |
| 8,125 | Total Water and Sewer | |
| ----- | | |
| \$ 113,329 | Total Long-Term Investments (cost \$111,432,207) - 149.0% | |
| ===== | | |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) |
|--|---|
| ----- | |
| SHORT-TERM INVESTMENTS - 11.2% (7.0% OF TOTAL INVESTMENTS) | |
| \$ 8,000 | California, General Obligation Bonds, Variable Rate Demand Obligations, Series 2005B-4, 0.350%, 5/01/40 (5) |
| ----- | |
| | Total Short-Term Investments (cost \$8,000,000) |
| ----- | |
| | Total Investments (cost \$119,432,207) - 160.2% |
| ----- | |
| | Floating Rate Obligations - (7.8)% |
| ----- | |
| | Other Assets Less Liabilities - 5.0% |
| ----- | |
| | Auction Rate Preferred Shares, at Liquidation Value - (57.4)% (6) |
| ----- | |
| | 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, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of February 28, 2009. 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) Investment has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term investment. The rate disclosed is that in effect at the end of the reporting period. This rate changes periodically based on market conditions or a specified market index.

(6) Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments is 35.8%.

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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NAC | Nuveen California Dividend Advantage Municipal Fund
 | Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|---------------------------|---|----------------------|
| ----- | | |
| | CONSUMER STAPLES - 5.3% (3.5% OF TOTAL INVESTMENTS) | |
| \$ 1,145 | California County Tobacco Securitization Agency, Tobacco Settlement | 6/15 at 1 |

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| | | |
|--------|--|-----------|
| | Asset-Backed Bonds, Sonoma County Tobacco Securitization Corporation, Series 2005, 4.250%, 6/01/21 | |
| 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 1 |
| 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 1 |
| <hr/> | | |
| 32,910 | Total Consumer Staples | |
| <hr/> | | |

EDUCATION AND CIVIC ORGANIZATIONS - 7.5% (5.0% OF TOTAL INVESTMENTS)

| | | |
|--------|---|------------|
| 290 | California Educational Facilities Authority, Revenue Bonds, University of Redlands, Series 2005A, 5.000%, 10/01/35 | 10/15 at 1 |
| 10,000 | California Educational Facilities Authority, Revenue Bonds, University of Southern California, Series 2007A, 4.500%, 10/01/33 (UB) | 10/17 at 1 |
| | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2006: | |
| 200 | 5.000%, 11/01/21 | 11/15 at 1 |
| 265 | 5.000%, 11/01/25 | 11/15 at 1 |
| 4,685 | California State Public Works Board, Lease Revenue Bonds, University of California Regents, Trust 1065, 8.969%, 3/01/33 (IF) | 3/18 at 1 |
| 615 | California Statewide Community Development Authority, Revenue Bonds, Notre Dame de Namur University, Series 2003, 6.500%, 10/01/23 | 10/13 at 1 |
| 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 1 |
| 3,500 | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2003A, 5.125%, 5/15/17 - AMBAC Insured (UB) | 5/13 at 1 |
| <hr/> | | |
| 22,555 | Total Education and Civic Organizations | |
| <hr/> | | |

HEALTH CARE - 20.2% (13.5% 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 1 |
| 660 | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 4/01/37 | 4/16 at 1 |
| 10,000 | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2007A, 5.000%, 11/15/42 - MBIA Insured | 11/16 at 1 |
| 5,655 | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2008, Trust 3146, 12.371%, 11/15/46 (IF) | 11/16 at 1 |
| 1,120 | California Statewide Communities Development Authority, Revenue Bonds, Adventist Health System West, Series 2005A, 5.000%, 3/01/35 | 3/15 at 1 |
| 1,586 | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 18.216%, 7/01/47 - FSA Insured (IF) | 7/18 at 1 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|--|---|----------------------|
| HEALTH CARE (continued) | | |
| | California Statewide Communities Development Authority, Revenue Bonds, ValleyCare Health System, Series 2007A: | |
| \$ 1,000 | 4.800%, 7/15/17 | No Opt. |
| 3,325 | 5.125%, 7/15/31 | 7/17 at 1 |
| 19,420 | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41 | 3/16 at 1 |
| 3,095 | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2001C, 5.250%, 8/01/31 | 8/16 at 1 |
| 2,225 | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Trust 11672, 18.623%, 3/01/41 - BHAC Insured (IF) | 3/16 at 1 |
| 2,250 | California Statewide Community Development Authority, Revenue Bonds, Methodist Hospital Project, Series 2009, 6.750%, 2/01/38 | 8/19 at 1 |
| 10,500 | Duarte, California, Certificates of Participation, City of Hope National Medical Center, Series 1999A, 5.250%, 4/01/31 | 4/09 at 1 |
| 2,860 | Loma Linda, California, Hospital Revenue Bonds, Loma Linda University Medical Center, Series 2008A, 8.250%, 12/01/38 | 12/18 at 1 |
| 2,570 | Rancho Mirage Joint Powers Financing Authority, California, Revenue Bonds, Eisenhower Medical Center, Series 2007A, 5.000%, 7/01/38 | 7/17 at 1 |
| 68,426 | Total Health Care | |
| HOUSING/MULTIFAMILY - 2.2% (1.5% 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 8,165 | Total Housing/Multifamily | |
| HOUSING/SINGLE FAMILY - 0.6% (0.4% OF TOTAL INVESTMENTS) | | |
| 1,670 | California Housing Finance Agency, California, Home Mortgage Revenue Bonds, Series 2008, Trust 3137, 14.987%, 8/01/37 (Alternative Minimum Tax) (IF) | 2/17 at 1 |
| 660 | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2006H, 5.750%, 8/01/30 - FGIC Insured (Alternative Minimum Tax) | 2/16 at 1 |
| 2,330 | Total Housing/Single Family | |
| INDUSTRIALS - 1.7% (1.1% OF TOTAL INVESTMENTS) | | |
| 2,000 | California Pollution Control Financing Authority, Solid Waste | 1/16 at 1 |

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| | | |
|-------|--|---------|
| | Disposal Revenue Bonds, Waste Management Inc., Series 2002A, 5.000%, 1/01/22 (Alternative Minimum Tax) | |
| 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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NAC | Nuveen California Dividend Advantage Municipal Fund (continued)
 | Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISION |
|------------------------|---|--------------------|
| ----- | | |
| | LONG-TERM CARE - 2.1% (1.4% 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 1 |
| ----- | | |
| | TAX OBLIGATION/GENERAL - 9.7% (6.4% OF TOTAL INVESTMENTS) | |
| 4,435 | California, General Obligation Refunding Bonds, Series 2002, 6.000%, 4/01/16 - AMBAC Insured | No Opt. |
| 3,425 | Coast Community College District, Orange County, California, General Obligation Bonds, Series 2006C, 0.000%, 8/01/31 - FSA Insured | 8/18 at 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| ----- | | |
| 27,400 | Total Tax Obligation/General | |
| ----- | | |
| | TAX OBLIGATION/LIMITED - 38.4% (25.6% OF TOTAL INVESTMENTS) | |
| | Beaumont Financing Authority, California, Local Agency Revenue Bonds, Series 2004D: | |
| 1,000 | 5.500%, 9/01/24 | 9/14 at 1 |
| 615 | 5.800%, 9/01/35 | 9/14 at 1 |

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| | | |
|--------|--|------------|
| 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 1 |
| 1,990 | Brentwood Infrastructure Financing Authority, California, Infrastructure Revenue Refunding Bonds, Series 2002A, 5.125%, 9/02/24 - FSA Insured | 9/12 at 1 |
| | 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 1 |
| 1,165 | 5.375%, 11/01/19 - FSA Insured | 11/11 at 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 3,490 | Fontana, California, Senior Special Tax Refunding Bonds, Heritage Village Community Facilities District 2, Series 1998A, 5.250%, 9/01/17 - MBIA Insured | 3/09 at 1 |
| 1,125 | Fontana, California, Special Tax Bonds, Sierra Community Facilities District 22, Series 2004, 6.000%, 9/01/34 | 9/14 at 1 |
| 3,980 | Garden Grove, California, Certificates of Participation, Financing Project, Series 2002A, 5.500%, 3/01/22 - AMBAC Insured | 3/12 at 1 |
| | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A: | |
| 37,695 | 5.000%, 6/01/35 - FGIC Insured | 6/15 at 1 |
| 4,395 | 5.000%, 6/01/38 - FGIC Insured | 6/15 at 1 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|---------------------------|--|----------------------|
| ----- | | |
| | TAX OBLIGATION/LIMITED (continued) | |
| \$ 2,850 | Hesperia Community Redevelopment Agency, California, Tax Allocation Bonds, Series 2005A, 5.000%, 9/01/35 - SYNCORA GTY Insured | 9/15 at 1 |
| 4,500 | Inglewood Redevelopment Agency, California, Tax Allocation Refunding Bonds, Merged Area Redevelopment Project, Series 1998A, 5.250%, 5/01/23 - AMBAC Insured | No Opt. |
| | Irvine, California, Unified School District, Community Facilities District Special Tax Bonds, Series 2006A: | |
| 345 | 5.000%, 9/01/26 | 9/16 at 1 |
| 795 | 5.125%, 9/01/36 | 9/16 at 1 |
| 675 | 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 1 |
| 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 1 |
| 1,000 | Lindsay Redevelopment Agency, California, Project 1 Tax Allocation Bonds, Series 2007, 5.000%, 8/01/37 - RAAI Insured | 8/17 at 1 |
| 1,290 | Los Angeles Community Redevelopment Agency, California, Lease Revenue Bonds, Manchester Social Services Project, Series 2005, | 9/15 at 1 |

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| | | |
|-------|---|------------|
| | 5.000%, 9/01/37 - AMBAC Insured | |
| 1,750 | 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 | 7/09 at 1 |
| 1,530 | Moreno Valley Unified School District, Riverside County, California, Certificates of Participation, Series 2005, 5.000%, 3/01/24 - FSA Insured | 3/14 at 1 |
| 3,500 | Murrieta Redevelopment Agency, California, Tax Allocation Bonds, Series 2007A, 5.000%, 8/01/37 - MBIA Insured | 8/17 at 1 |
| 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 1 |
| | North Natomas Community Facilities District 4, Sacramento, California, Special Tax Bonds, Series 2006D: | |
| 545 | 5.000%, 9/01/26 | 9/14 at 1 |
| 250 | 5.000%, 9/01/33 | 9/14 at 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 1,570 | Poway Redevelopment Agency, California, Tax Allocation Refunding Bonds,aguay Redevelopment Project, Series 2000, 5.750%, 6/15/33 - MBIA Insured | 12/10 at 1 |
| 620 | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 - SYNCORA GTY Insured | 9/15 at 1 |
| 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 1 |
| 770 | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured | 8/13 at 1 |
| 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 1 |

NAC | Nuveen California Dividend Advantage Municipal Fund (continued)
 | Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|---------------------------|--|----------------------|
| ----- | | |
| | TAX OBLIGATION/LIMITED (continued) | |
| \$ 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 1 |
| 3,000 | Santa Clara County Financing Authority, California, Insured Revenue Bonds, El Camino Hospital, Series 2007A, 5.750%, 2/01/41 - AMBAC Insured | 8/17 at 1 |

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| | | |
|-------|--|-----------|
| 1,000 | Washington Unified School District, Yolo County, California, Certificates of Participation, Series 2007, 5.125%, 8/01/37 - AMBAC Insured | 8/17 at 1 |
| 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 1 |
| 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 1 |
| 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 1 |

123,935 Total Tax Obligation/Limited

TRANSPORTATION - 20.8% (13.9% OF TOTAL INVESTMENTS)

| | | |
|--------|---|-----------|
| 1,430 | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2006F, 5.000%, 4/01/31 (UB) | 4/16 at 1 |
| 830 | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series2008, Trust 3211, 12.855%, 4/01/39 (IF) | 4/18 at 1 |
| 8,150 | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 5.750%, 1/15/40 | 1/10 at 1 |
| 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 1 |
| 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 1 |
| 23,000 | Port of Oakland, California, Revenue Bonds, Series 2000K, 5.750%, 11/01/29 - FGIC Insured(Alternative Minimum Tax) | 5/10 at 1 |
| 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 1 |

65,320 Total Transportation

U.S. GUARANTEED - 30.7% (20.5% 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 1 |
| 115 | California Department of Water Resources, Water System Revenue Bonds, Central Valley Project, Series 2001W, 5.250%, 12/01/22 (Pre-refunded 12/01/11) - FSA Insured | 12/11 at 1 |
| 1,500 | California Health Facilities Financing Authority, Revenue Bonds, Cedars-Sinai Medical Center, Series 1999A, 6.125%, 12/01/30 (Pre-refunded 12/01/09) | 12/09 at 1 |
| 8,400 | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 1998B, 5.250%, 10/01/14 (ETM) | 4/09 at 1 |
| 715 | 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 1 |
| 4,850 | 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 1 |
| 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 1 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|---------------------------|--|----------------------|
| ----- | | |
| | U.S. GUARANTEED (4) (continued) | |
| \$ 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 1 |
| 10,845 | Los Angeles Unified School District, California, General Obligation Bonds, Series 2002E, 5.000%, 7/01/19 (Pre-refunded 7/01/12) - MBIA Insured | 7/12 at 1 |
| 2,500 | Northern California Tobacco Securitization Authority, Tobacco Settlement Asset-Backed Bonds, Series 2001A: 5.250%, 6/01/31 (Pre-refunded 6/01/11) | 6/11 at 1 |
| 4,500 | 5.375%, 6/01/41 (Pre-refunded 6/01/11) | 6/11 at 1 |
| 5,840 | Orange County Water District, California, Revenue Certificates of Participation, Series 1999A, 5.375%, 8/15/29 (ETM) | 8/09 at 1 |
| 6,530 | Poway Redevelopment Agency, California, Tax Allocation Refunding Bonds, Paguay Redevelopment Project, Series 2000, 5.750%, 6/15/33 (Pre-refunded 12/15/10) - MBIA Insured | 12/10 at 1 |
| 4,000 | Puerto Rico, General Obligation and Public Improvement Bonds, Series 2000, 5.750%, 7/01/16 (Pre-refunded 7/01/10) - MBIA Insured | 7/10 at 1 |
| 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 1 |
| 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 1 |
| 11,305 | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2002O, 5.000%, 9/01/21 (Pre-refunded 9/01/10) - FGIC Insured | 9/10 at 1 |
| 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 1 |
| ----- | | |
| 80,185 | Total U.S. Guaranteed | |
| ----- | | |
| | UTILITIES - 4.4% (3.0% 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 1 |
| 3,775 | Long Beach Bond Finance Authority, California, Natural Gas Purchase Revenue Bonds, Series 2007A, 5.000%, 11/15/35 | No Opt. |
| 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 1 |
| 1,270 | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - SYNCORA GTY Insured | 9/15 at 1 |
| ----- | | |
| 14,175 | Total Utilities | |
| ----- | | |
| | WATER AND SEWER - 6.3% (4.2% OF TOTAL INVESTMENTS) | |

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| | | |
|-------|---|------------|
| 875 | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured | 4/16 at 1 |
| 2,500 | Indio Water Authority, California, Water Revenue Bonds, Series 2006, 5.000%, 4/01/31 - AMBAC Insured | 4/16 at 1 |
| 835 | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured | 6/16 at 1 |
| 8,250 | Pico Rivera Water Authority, California, Revenue Bonds, Series 2001A, 6.250%, 12/01/32 | 12/11 at 1 |

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NAC | Nuveen California Dividend Advantage Municipal Fund (continued)
 | Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|---------------------------|---|----------------------|
| ----- | | |
| | 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 1 |
| 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 1 |
| ----- | | |
| 19,825 | Total Water and Sewer | |
| ----- | | |
| \$ 480,846 | Total Investments (cost \$461,033,038) - 149.9% | |
| ===== | | |
| | Floating Rate Obligations - (4.5)% | |
| | Other Assets Less Liabilities - 2.3% | |
| | Auction Rate Preferred Shares, at Liquidation Value - (47.7)% (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.

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The Portfolio of Investments may reflect the ratings on certain bonds insured by ACA, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of February 28, 2009. 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 31.8%. 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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NVX | Nuveen California Dividend Advantage Municipal Fund 2
| Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|--|--|----------------------|
| ----- | | |
| CONSUMER STAPLES - 6.1% (3.9% 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 1 |
| 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 1 |
| 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 1 |
| 13,480 | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2007A-2, 0.000%, 6/01/37 | 6/22 at 1 |
| ----- | | |
| 22,815 | Total Consumer Staples | |
| ----- | | |
| EDUCATION AND CIVIC ORGANIZATIONS - 8.6% (5.5% OF TOTAL INVESTMENTS) | | |
| 2,000 | California Educational Facilities Authority, Revenue Bonds, Stanford University, Series 2001Q, 5.250%, 12/01/32 | 6/11 at 1 |
| 180 | California Educational Facilities Authority, Revenue Bonds, University of Redlands, Series 2005A, 5.000%, 10/01/35 | 10/15 at 1 |
| | California Educational Facilities Authority, Revenue Bonds, | |

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| | | | |
|--------|---|--|------------|
| | University of the Pacific, Series 2006: | | |
| 125 | 5.000%, 11/01/21 | | 11/15 at 1 |
| 165 | 5.000%, 11/01/25 | | 11/15 at 1 |
| 6,375 | California Educational Facilities Authority, Student Loan Revenue Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 - MBIA Insured (Alternative Minimum Tax) | | 3/09 at 1 |
| 2,945 | California State Public Works Board, Lease Revenue Bonds, University of California Regents, Trust 1065, 8.969%, 3/01/33 (IF) | | 3/18 at 1 |
| 620 | California Statewide Community Development Authority, Revenue Bonds, Notre Dame de Namur University, Series 2003, 6.500%, 10/01/23 | | 10/13 at 1 |
| 3,000 | Long Beach Bond Financing Authority, California, Lease Revenue Refunding Bonds, Long Beach Aquarium of the South Pacific, Series 2001, 5.250%, 11/01/30 - AMBAC Insured | | 11/11 at 1 |
| 2,680 | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2003A, 5.000%, 5/15/33 - AMBAC Insured (UB) | | 5/13 at 1 |
| 18,090 | Total Education and Civic Organizations | | |

HEALTH CARE - 15.4% (9.8% OF TOTAL INVESTMENTS)

| | | | |
|-------|--|--|------------|
| 2,000 | California Health Facilities Financing Authority, Revenue Bonds, Casa Colina Inc., Series 2001, 6.000%, 4/01/22 | | 4/12 at 1 |
| 415 | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 4/01/37 | | 4/16 at 1 |
| 3,515 | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2008, Trust 3146, 12.371%, 11/15/46 (IF) | | 11/16 at 1 |
| 500 | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31 | | 8/11 at 1 |
| 2,520 | California Statewide Communities Development Authority, Revenue Bonds, Adventist Health System West, Series 2005A, 5.000%, 3/01/35 | | 3/15 at 1 |

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NVX | Nuveen California Dividend Advantage Municipal Fund 2 (continued)
| Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISION |
|------------------------|---|--------------------|
| | HEALTH CARE (continued) | |
| \$ 1,325 | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554: 18.184%, 7/01/47 - FSA Insured (IF) | 7/18 at 1 |
| 998 | 18.216%, 7/01/47 - FSA Insured (IF) | 7/18 at 1 |
| 1,000 | California Statewide Communities Development Authority, Revenue Bonds, ValleyCare Health System, Series 2007A: 4.800%, 7/15/17 | No Opt. |
| 2,225 | 5.125%, 7/15/31 | 7/17 at 1 |
| 2,185 | California Statewide Community Development Authority, Health Facility Revenue Refunding Bonds, Memorial Health Services, Series 2003A, 6.000%, 10/01/11 | No Opt. |

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| | | |
|-------|--|------------|
| 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 1 |
| 1,755 | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41 | 3/16 at 1 |
| 425 | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2001C, 5.250%, 8/01/31 | 8/16 at 1 |
| 6,020 | California Statewide Community Development Authority, Revenue Bonds, Sutter Health, Series 2005A, 5.000%, 11/15/43 | 11/15 at 1 |
| 2,000 | Loma Linda, California, Hospital Revenue Bonds, Loma Linda University Medical Center, Series 2008A, 8.250%, 12/01/38 | 12/18 at 1 |
| 5,785 | Rancho Mirage Joint Powers Financing Authority, California, Revenue Bonds, Eisenhower Medical Center, Series 2007A, 5.000%, 7/01/38 | 7/17 at 1 |

35,168 Total Health Care

HOUSING/MULTIFAMILY - 5.3% (3.3% 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 1 |
| 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 1 |
| 1,055 | Rohnert Park Finance Authority, California, Senior Lien Revenue Bonds, Rancho Feliz Mobile Home Park, Series 2003A, 5.750%, 9/15/38 | 9/13 at 1 |
| 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 1 |
| 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 1 |

10,967 Total Housing/Multifamily

HOUSING/SINGLE FAMILY - 1.4% (0.9% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-----------|
| 410 | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2006H, 5.750%, 8/01/30 - FGIC Insured (Alternative Minimum Tax) | 2/16 at 1 |
| 3,290 | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2007M, Trust 1021, 7.230%, 8/01/31 (Alternative Minimum Tax) (IF) | 2/16 at 1 |
| 440 | 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 1 |

4,140 Total Housing/Single Family

INDUSTRIALS - 1.6% (1.0% 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 1 |
|-------|--|-----------|

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|---|--|----------------------|
| INDUSTRIALS (continued) | | |
| \$ 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 | |
| LONG-TERM CARE - 2.2% (1.4% OF TOTAL INVESTMENTS) | | |
| 1,550 | California Health Facilities Financing Authority, Cal-Mortgage Insured Revenue Bonds, Northern California Retired Officers Community Corporation - Paradise Valley Estates, Series 2002, 5.125%, 1/01/22 | 1/13 at 1 |
| 3,750 | California Statewide Communities Development Authority, Revenue Bonds, Inland Regional Center Project, Series 2007, 5.375%, 12/01/37 | 12/17 at 1 |
| 5,300 | Total Long-Term Care | |
| TAX OBLIGATION/GENERAL - 10.5% (6.7% OF TOTAL INVESTMENTS) | | |
| 10,000 | California State, General Obligation Bonds, Series 2006CD, 4.600%, 12/01/32 (Alternative Minimum Tax) | 12/15 at 1 |
| 3,615 | Colton Joint Unified School District, San Bernardino County, California, General Obligation Bonds, Series 2002A, 5.500%, 8/01/22 - FGIC Insured | 8/12 at 1 |
| 3,005 | Contra Costa County Community College District, California, General Obligation Bonds, Series 2002: 5.000%, 8/01/21 - FGIC Insured | 8/12 at 1 |
| 3,300 | 5.000%, 8/01/22 - FGIC Insured | 8/12 at 1 |
| 2,000 | Puerto Rico, General Obligation and Public Improvement Bonds, Series 2001A, 5.500%, 7/01/20 - MBIA Insured | No Opt. |
| 355 | Roseville Joint Union High School District, Placer County, California, General Obligation Bonds, Series 2006B, 5.000%, 8/01/27 - FGIC Insured | 8/15 at 1 |
| 22,275 | Total Tax Obligation/General | |
| TAX OBLIGATION/LIMITED - 24.2% (15.3% OF TOTAL INVESTMENTS) | | |
| 650 | Beaumont Financing Authority, California, Local Agency Revenue Bonds, Series 2004D: 5.500%, 9/01/24 | 9/14 at 1 |
| 385 | 5.800%, 9/01/35 | 9/14 at 1 |
| 1,240 | Borrego Water District, California, Community Facilities District 2007-1 Montesorro, Special Tax Bonds, Series 2007, 5.750%, 8/01/25 | 8/17 at 1 |
| 4,900 | California State Public Works Board, Lease Revenue Bonds, Department of Corrections, Series 2003C, 5.500%, 6/01/16 | 12/13 at 1 |
| 2,105 | California, Economic Recovery Revenue Bonds, Series 2004A, 5.000%, 7/01/15 | 7/14 at 1 |

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| | | |
|-------|---|-----------|
| 1,200 | 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 1 |
| 435 | 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 1 |
| 4,845 | Encinitas Public Financing Authority, California, Lease Revenue Bonds, Acquisition Project, Series 2001A, 5.250%, 4/01/31 - MBIA Insured | 4/09 at 1 |
| 750 | Fontana, California, Special Tax Bonds, Sierra Community Facilities District 22, Series 2004, 6.000%, 9/01/34 | 9/14 at 1 |
| 1,785 | Hawthorne Community Redevelopment Agency, California, Project Area 2 Tax Allocation Bonds, Series 2006, 5.250%, 9/01/36 - SYNCORA GTY Insured | 9/16 at 1 |
| 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 1 |
| | Irvine, California, Unified School District, Community Facilities District Special Tax Bonds, Series 2006A: | |
| 215 | 5.000%, 9/01/26 | 9/16 at 1 |
| 495 | 5.125%, 9/01/36 | 9/16 at 1 |

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NVX | Nuveen California Dividend Advantage Municipal Fund 2 (continued)
| Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|------------------------------------|---|----------------------|
| ----- | | |
| TAX OBLIGATION/LIMITED (continued) | | |
| \$ 2,000 | Lake Elsinore Public Finance Authority, California, Local Agency Revenue Refunding Bonds, Series 2003H, 6.000%, 10/01/20 | 10/13 at 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 | 7/09 at 1 |
| 495 | North Natomas Community Facilities District 4, Sacramento, California, Special Tax Bonds, Series 2006D, 5.000%, 9/01/33 | 9/14 at 1 |
| 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 1 |
| 385 | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 - SYNCORA GTY Insured | 9/15 at 1 |
| 475 | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured | 8/13 at 1 |
| 700 | Sacramento, California, Special Tax Bonds, North Natomas Community | 9/14 at 1 |

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| | | | |
|--------|--|--|------------|
| | Facilities District 4, Series 2003C, 6.000%, 9/01/33 | | |
| | San Buenaventura Redevelopment Agency, California, Merged Project Areas Tax Allocation Bonds, Series 2008: | | |
| 1,000 | 7.750%, 8/01/28 | | 8/16 at 1 |
| 1,325 | 8.000%, 8/01/38 | | 8/16 at 1 |
| 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 1 |
| 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 1 |
| 1,330 | Washington Unified School District, Yolo County, California, Certificates of Participation, Series 2007, 5.125%, 8/01/37 - AMBAC Insured | | 8/17 at 1 |
| 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 1 |
| 500 | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Series 2004B, 6.000%, 9/01/39 | | 9/13 at 1 |
| 850 | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 2001-1, Series 2004A, 6.125%, 9/01/39 | | 9/13 at 1 |
| 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 1 |
| ----- | | | |
| 51,425 | Total Tax Obligation/Limited | | |
| ----- | | | |

TRANSPORTATION - 11.9% (7.6% OF TOTAL INVESTMENTS)

| | | | |
|-------|--|--|------------|
| 1,930 | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2006F, 5.000%, 4/01/31 (UB) | | 4/16 at 1 |
| 1,430 | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2008, Trust 3211, 12.855%, 4/01/39 (IF) | | 4/18 at 1 |
| 7,000 | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 0.000%, 1/15/27 | | 1/14 at 1 |
| 5,585 | Port of Oakland, California, Revenue Bonds, Series 2002N, 5.000%, 11/01/16 - MBIA Insured (Alternative Minimum Tax) | | 11/12 at 1 |

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

TRANSPORTATION (continued)

| | | | |
|----------|--|--|-----------|
| | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 2003, Issue 29A: | | |
| \$ 2,430 | 5.250%, 5/01/18 - FGIC Insured (Alternative Minimum Tax) | | 5/13 at 1 |
| 2,555 | 5.250%, 5/01/19 - FGIC Insured (Alternative Minimum Tax) | | 5/13 at 1 |
| 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 1 |
| 2,000 | San Francisco Airports Commission, California, Revenue Refunding | | 5/12 at 1 |

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Bonds, San Francisco International Airport, Second Series 2002, Issue 28A, 5.250%, 5/01/17 - MBIA Insured (Alternative Minimum Tax)

| | | |
|--------|--|------------|
| 23,930 | Total Transportation | |
| ----- | | |
| | U.S. GUARANTEED - 48.8% (31.0% OF TOTAL INVESTMENTS) (4) | |
| 9,000 | 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 7,530 | Los Angeles Unified School District, California, General Obligation Bonds, Series 2000D, 5.375%, 7/01/25 (Pre-refunded 7/01/10) - FGIC Insured | 7/10 at 1 |
| 9,510 | Los Angeles Unified School District, California, General Obligation Bonds, Series 2002E, 5.000%, 7/01/19 (Pre-refunded 7/01/12) - MBIA Insured | 7/12 at 1 |
| 3,000 | Northern California Tobacco Securitization Authority, Tobacco Settlement Asset-Backed Bonds, Series 2001A, 5.375%, 6/01/41 (Pre-refunded 6/01/11) | 6/11 at 1 |
| 2,000 | Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, Series 2002E, 6.000%, 8/01/26 (ETM) | No Opt. |
| 6,000 | Riverside County Redevelopment Agency, California, Tax Allocation Bonds, Jurupa Valley Project Area, Series 2001, 5.250%, 10/01/35 (Pre-refunded 10/01/11) - AMBAC Insured | 10/11 at 1 |
| 12,090 | Santa Clara Valley Transportation Authority, California, Sales Tax Revenue Bonds, Series 2001A, 5.000%, 6/01/25 (Pre-refunded 6/01/11) - MBIA Insured | 6/11 at 1 |
| 4,050 | Santa Rosa High School District, Sonoma County, California, General Obligation Bonds, Series 2001, 5.300%, 5/01/26 (Pre-refunded 5/01/11) - FGIC Insured | 5/11 at 1 |
| 6,200 | Southwestern Community College District, San Diego County, California, General Obligation Bonds, Series 2001, 5.375%, 8/01/25 (Pre-refunded 8/01/11) - AMBAC Insured | 8/11 at 1 |
| 2,800 | 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 1 |
| 1,500 | Whittier, California, Health Facility Revenue Bonds, Presbyterian Intercommunity Hospital, Series 2002, 5.600%, 6/01/22 | 6/12 at 1 |

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(Pre-refunded 6/01/12)

84,070 Total U.S. Guaranteed

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NVX | Nuveen California Dividend Advantage Municipal Fund 2 (continued)
 | Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISION |
|---|---|--------------------|
| UTILITIES - 7.6% (4.8% OF TOTAL INVESTMENTS) | | |
| \$ 5,000 | Anaheim Public Finance Authority, California, Second Lien Electric Distribution Revenue Bonds, Series 2004, 5.250%, 10/01/21 - MBIA Insured | 10/14 at 1 |
| 2,355 | Long Beach Bond Finance Authority, California, Natural Gas Purchase Revenue Bonds, Series 2007A, 5.000%, 11/15/35 | No Opt. |
| 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 1 |
| 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 1 |
| | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005: | |
| 790 | 5.125%, 9/01/31 - SYNCORA GTY Insured | 9/15 at 1 |
| 1,500 | 5.250%, 9/01/36 - SYNCORA GTY Insured | 9/15 at 1 |
| 2,000 | Santa Clara, California, Subordinate Electric Revenue Bonds, Series 2003A, 5.250%, 7/01/20 - MBIA Insured | 7/13 at 1 |
| 4,000 | Southern California Public Power Authority, Natural Gas Project 1 Revenue Bonds, Series 2007A, 5.000%, 11/01/33 | No Opt. |
| 17,145 | Total Utilities | |
| WATER AND SEWER - 10.3% (6.5% 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 1 |
| 545 | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured | 4/16 at 1 |
| 750 | Sacramento County Sanitation District Financing Authority, California, Revenue Bonds, Series 2006, 5.000%, 12/01/31 - FGIC Insured | 6/16 at 1 |
| 1,700 | San Buenaventura, California, Wastewater Revenue Certificates of Participation, Series 2004, 5.000%, 3/01/24 - MBIA Insured | 3/14 at 1 |
| 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 1 |
| 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 1 |
| 19,180 | Total Water and Sewer | |

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\$ 318,930 Total Long-Term Investments (cost \$311,157,161) - 153.9%

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) |
|------------------------|---|
| | SHORT-TERM INVESTMENTS - 3.7% (2.3% OF TOTAL INVESTMENTS) |
| \$ 7,000 | California, General Obligation Bonds, Variable Rate Demand Obligations, Series 2003C-1, 0.400%, 5/01/33 (5) |
| | Total Short-Term Investments (cost \$7,000,000) |
| | Total Investments (cost \$318,157,161) - 157.6% |
| | Floating Rate Obligations - (1.7)% |
| | Other Assets Less Liabilities - 1.7% |
| | Auction Rate Preferred Shares, at Liquidation Value - (57.6)% (6) |
| | 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, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of February 28, 2009. 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) Investment has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term investment. The rate

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disclosed is that in effect at the end of the reporting period. This rate changes periodically based on market conditions or a specified market index.

- (6) Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments is 36.6%.
- 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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NZH | Nuveen California Dividend Advantage Municipal Fund 3
 | Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|--|--|----------------------|
| ----- | | |
| CONSUMER STAPLES - 6.2% (3.9% 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 1 |
| 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 1 |
| 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 1 |
| ----- | | |
| 38,310 | Total Consumer Staples | |
| ----- | | |
| EDUCATION AND CIVIC ORGANIZATIONS - 5.3% (3.4% OF TOTAL INVESTMENTS) | | |
| 290 | California Educational Facilities Authority, Revenue Bonds, University of Redlands, Series 2005A, 5.000%, 10/01/35 | 10/15 at 1 |
| 200 | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2006: 5.000%, 11/01/21 | 11/15 at 1 |
| 270 | 5.000%, 11/01/25 | 11/15 at 1 |
| 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) | 3/09 at 1 |
| 6,000 | California State University, Systemwide Revenue Bonds, Series 2005C, 5.000%, 11/01/27 - MBIA Insured | 11/15 at 1 |
| 620 | California Statewide Community Development Authority, Revenue Bonds, Notre Dame de Namur University, Series 2003, 6.500%, 10/01/23 | 10/13 at 1 |

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| | | |
|---|--|------------|
| 4,000 | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2003A, 5.000%, 5/15/23 - AMBAC Insured (UB) | 5/13 at 1 |
| ----- | | |
| 15,205 | Total Education and Civic Organizations | |
| ----- | | |
| HEALTH CARE - 28.2% (17.8% OF TOTAL INVESTMENTS) | | |
| California Health Facilities Financing Authority, Revenue Bonds, Casa Colina Inc., Series 2001: | | |
| 4,000 | 6.000%, 4/01/22 | 4/12 at 1 |
| 2,000 | 6.125%, 4/01/32 | 4/12 at 1 |
| 670 | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 4/01/37 | 4/16 at 1 |
| 2,000 | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2007A, 5.000%, 11/15/42 - MBIA Insured | 11/16 at 1 |
| 12,665 | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Tender Option Bond Trust 3175, 13.766%, 11/15/46 (IF) | 11/16 at 1 |
| 9,000 | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31 | 8/11 at 1 |
| 2,520 | California Statewide Communities Development Authority, Revenue Bonds, Adventist Health System West, Series 2005A, 5.000%, 3/01/35 | 3/15 at 1 |
| 1,594 | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 18.216%, 7/01/47 - FSA Insured (IF) | 7/18 at 1 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|--|--|-------------------|
| ----- | | |
| HEALTH CARE (continued) | | |
| California Statewide Communities Development Authority, Revenue Bonds, ValleyCare Health System, Series 2007A: | | |
| \$ 1,000 | 4.800%, 7/15/17 | No Opt. |
| 3,435 | 5.125%, 7/15/31 | 7/17 at 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 12,425 | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41 | 3/16 at 1 |
| 645 | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2001C, 5.250%, 8/01/31 | 8/16 at 1 |
| 2,950 | Loma Linda, California, Hospital Revenue Bonds, Loma Linda | 12/18 at 1 |

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| | | |
|--------|---|-----------|
| | University Medical Center, Series 2008A, 8.250%, 12/01/38 | |
| | Rancho Mirage Joint Powers Financing Authority, California, Revenue | |
| | Bonds, Eisenhower Medical Center, Series 2007A: | |
| 5,790 | 5.000%, 7/01/38 | 7/17 at 1 |
| 2,500 | 5.000%, 7/01/47 | 7/17 at 1 |
| ----- | | |
| 88,334 | Total Health Care | |
| ----- | | |

HOUSING/MULTIFAMILY - 3.6% (2.3% OF TOTAL INVESTMENTS)

| | | |
|--------|---|------------|
| 325 | Independent Cities Lease Finance Authority, California, Mobile Home | 5/16 at 1 |
| | Park Revenue Bonds, San Juan Mobile Estates, Series 2006B, | |
| | 5.850%, 5/15/41 | |
| 1,735 | Rohnert Park Finance Authority, California, Senior Lien Revenue | 9/13 at 1 |
| | Bonds, Rancho Feliz Mobile Home Park, Series 2003A, 5.750%, | |
| | 9/15/38 | |
| 1,125 | Rohnert Park Finance Authority, California, Subordinate Lien | 9/13 at 1 |
| | Revenue Bonds, Rancho Feliz Mobile Home Park, Series 2003B, | |
| | 6.625%, 9/15/38 | |
| 3,610 | San Bernardino County Housing Authority, California, GNMA | 11/11 at 1 |
| | Collateralized Multifamily Mortgage Revenue Bonds, Pacific Palms | |
| | Mobile Home Park, Series 2001A, 6.700%, 12/20/41 | |
| | San Jose, California, Multifamily Housing Revenue Bonds, GNMA | |
| | Mortgage-Backed Securities Program, Lenzen Housing, Series 2001B: | |
| 1,250 | 5.350%, 2/20/26 (Alternative Minimum Tax) | 8/11 at 1 |
| 2,880 | 5.450%, 2/20/43 (Alternative Minimum Tax) | 8/11 at 1 |
| ----- | | |
| 10,925 | Total Housing/Multifamily | |
| ----- | | |

HOUSING/SINGLE FAMILY - 3.8% (2.4% OF TOTAL INVESTMENTS)

| | | |
|--------|---|-----------|
| 2,655 | California Housing Finance Agency, California, Home Mortgage | 2/17 at 1 |
| | Revenue Bonds, Series 2008, Trust3137, 14.987%, 8/01/37 | |
| | (Alternative Minimum Tax) (IF) | |
| 675 | California Housing Finance Agency, Home Mortgage Revenue Bonds, | 2/16 at 1 |
| | Series 2006H, 5.750%, 8/01/30 - FGIC Insured (Alternative | |
| | Minimum Tax) | |
| 14,505 | California Housing Finance Agency, Home Mortgage Revenue Bonds, | 2/16 at 1 |
| | Series 2007M, Trust 1021, 7.230%, 8/01/31 (Alternative Minimum | |
| | Tax) (IF) | |
| ----- | | |
| 17,835 | Total Housing/Single Family | |
| ----- | | |

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NZH | Nuveen California Dividend Advantage Municipal Fund 3 (continued)
 | Portfolio of INVESTMENTS February 28, 2009

| | | |
|--|-----------------|-----------|
| PRINCIPAL | | OPTIONAL |
| AMOUNT (000) | DESCRIPTION (1) | PROVISION |
| ----- | | |
| INDUSTRIALS - 1.8% (1.1% OF TOTAL INVESTMENTS) | | |

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| | | | |
|----|-------|--|-----------|
| \$ | 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 1 |
| | 5,205 | California Statewide Communities Development Authority, Revenue Bonds, EnerTech Regional Biosolids Project, Series 2007A, 5.500%, 12/01/33 (Alternative Minimum Tax) | No Opt. |

7,205 Total Industrials

LONG-TERM CARE - 1.8% (1.1% OF TOTAL INVESTMENTS)

| | | | |
|--|-------|--|-----------|
| | 2,450 | California Health Facilities Financing Authority, Cal-Mortgage Insured Revenue Bonds, Northern California Retired Officers Community Corporation - Paradise Valley Estates, Series 2002, 5.125%, 1/01/22 | 1/13 at 1 |
| | 1,500 | California Health Facilities Financing Authority, Insured Senior Living Revenue Bonds, Aldersly Project, Series 2002A: 5.125%, 3/01/22 | 3/12 at 1 |
| | 1,315 | 5.250%, 3/01/32 | 3/12 at 1 |

5,265 Total Long-Term Care

TAX OBLIGATION/GENERAL - 19.5% (12.3% OF TOTAL INVESTMENTS)

| | | | |
|--|--------|---|-----------|
| | 9,335 | California, General Obligation Bonds, Series 2002, 6.000%, 2/01/16 - FSA Insured | No Opt. |
| | 10 | California, General Obligation Veterans Welfare Bonds, Series 1997BJ, 5.500%, 12/01/18 (Alternative Minimum Tax) | 6/09 at 1 |
| | 14,300 | California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.350%, 12/01/21 - MBIA Insured (Alternative Minimum Tax) | 6/09 at 1 |
| | 3,000 | Contra Costa County Community College District, California, General Obligation Bonds, Series 2002, 5.000%, 8/01/23 - FGIC Insured | 8/12 at 1 |
| | 2,500 | Fullerton Joint Union High School District, Orange County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/23 - FSA Insured | 8/12 at 1 |
| | 2,260 | Jurupa Unified School District, Riverside County, California, General Obligation Bonds, Series 2002, 5.125%, 8/01/22 - FGIC Insured | 8/11 at 1 |
| | 870 | Puerto Rico, General Obligation and Public Improvement Bonds, Series 2001, 5.000%, 7/01/24 - FSA Insured | 7/11 at 1 |
| | 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 1 |
| | 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 1 |
| | 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 1 |
| | 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 1 |
| | 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 1 |

52,005 Total Tax Obligation/General

TAX OBLIGATION/LIMITED - 41.3% (26.1% OF TOTAL INVESTMENTS)

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| | | |
|-------|---|------------|
| 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 1 |
| 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 1 |
| 8,210 | California State Public Works Board, Lease Revenue Bonds, Department of Corrections, Series 2003C, 5.500%, 6/01/16 | 12/13 at 1 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|------------------------------------|--|----------------------|
| ----- | | |
| TAX OBLIGATION/LIMITED (continued) | | |
| \$ 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 1 |
| 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 1 |
| | 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 1 |
| 550 | 6.000%, 9/01/33 | 9/13 at 1 |
| 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 1 |
| 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 1 |
| 1,125 | Fontana, California, Special Tax Bonds, Sierra Community Facilities District 22, Series 2004, 6.000%, 9/01/34 | 9/14 at 1 |
| 1,000 | Fullerton Community Facilities District 1, California, Special Tax Bonds, Amerige Heights, Series 2002, 6.100%, 9/01/22 | 9/12 at 1 |
| 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 1 |
| | Irvine, California, Unified School District, Community Facilities District Special Tax Bonds, Series 2006A: | |
| 350 | 5.000%, 9/01/26 | 9/16 at 1 |
| 805 | 5.125%, 9/01/36 | 9/16 at 1 |
| 3,000 | Lake Elsinore Public Finance Authority, California, Local Agency Revenue Refunding Bonds, Series 2003H, 6.000%, 10/01/20 | 10/13 at 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 1,000 | Lindsay Redevelopment Agency, California, Project 1 Tax Allocation Bonds, Series 2007, 5.000%, 8/01/37 - RAAI Insured | 8/17 at 1 |

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| | | |
|-------|--|------------|
| 5,425 | Lodi, California, Certificates of Participation, Public Improvement Financing Project, Series 2002, 5.000%, 10/01/26 - MBIA Insured | 10/12 at 1 |
| 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 1 |
| 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 1 |
| | North Natomas Community Facilities District 4, Sacramento, California, Special Tax Bonds, Series 2006D: | |
| 545 | 5.000%, 9/01/26 | 9/14 at 1 |
| 250 | 5.000%, 9/01/33 | 9/14 at 1 |
| 3,000 | Oakland Redevelopment Agency, California, Subordinate Lien Tax Allocation Bonds, Central District Redevelopment Project, Series 2003, 5.500%, 9/01/19 - FGIC Insured | 3/13 at 1 |
| 4,520 | Ontario Redevelopment Financing Authority, California, Lease Revenue Bonds, Capital Projects, Series 2001, 5.000%, 8/01/24 - AMBAC Insured | 8/11 at 1 |
| 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 1 |

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NZH | Nuveen California Dividend Advantage Municipal Fund 3 (continued)
 | Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|------------------------------------|--|----------------------|
| ----- | | |
| TAX OBLIGATION/LIMITED (continued) | | |
| \$ 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 1 |
| 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 1 |
| 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 - SYNCORA GTY Insured | 9/15 at 1 |
| 780 | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured | 8/13 at 1 |
| 1,145 | Sacramento, California, Special Tax Bonds, North Natomas Community Facilities District 4, Series 2003C, 6.000%, 9/01/33 | 9/14 at 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |

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

| | | |
|---------|------------------------------|--|
| 128,520 | Total Tax Obligation/Limited | |
|---------|------------------------------|--|

TRANSPORTATION - 7.7% (4.9% OF TOTAL INVESTMENTS)

| | | |
|--------|---|-----------|
| 1,690 | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2006F, 5.000%, 4/01/31 (UB) | 4/16 at 1 |
| 11,750 | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 5.875%, 1/15/28 | 1/14 at 1 |
| | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 2003, Issue 29B: | |
| 4,110 | 5.125%, 5/01/17 - FGIC Insured | 5/13 at 1 |
| 5,140 | 5.125%, 5/01/19 - FGIC Insured | 5/13 at 1 |

| | | |
|--------|----------------------|--|
| 22,690 | Total Transportation | |
|--------|----------------------|--|

U.S. GUARANTEED - 27.1% (17.1% OF TOTAL INVESTMENTS) (4)

| | | |
|--------|---|-----------|
| 4,000 | Beaumont Financing Authority, California, Local Agency Revenue Bonds, Series 2002A, 6.750%, 9/01/25 (Pre-refunded 9/01/12) | 9/12 at 1 |
| 11,240 | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Merced County Tobacco Funding Corporation, Series 2002A, 5.500%, 6/01/33 (Pre-refunded 6/01/12) (5) | 6/12 at 1 |
| | California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A: | |
| 3,500 | 5.375%, 5/01/17 (Pre-refunded 5/01/12) - SYNCORA GTY Insured | 5/12 at 1 |
| 9,000 | 5.125%, 5/01/18 (Pre-refunded 5/01/12) | 5/12 at 1 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|---------------------------|---|----------------------|
| | U.S. GUARANTEED (4) (continued) | |
| \$ 720 | 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 1 |
| 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 1 |
| 2,000 | Daly City Housing Development Finance Agency, California, Mobile | 12/13 at 1 |

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| | | |
|-------|--|-----------|
| | Home Park Revenue Bonds, Franciscan Mobile Home Park Project, Series 2002A, 5.800%, 12/15/25 (Pre-refunded 12/15/13) | |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |

| | | |
|--------|-----------------------|--|
| 67,240 | Total U.S. Guaranteed | |
|--------|-----------------------|--|

UTILITIES - 3.3% (2.1% 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 - SYNCORA GTY Insured | 9/15 at 1 |
| 5,000 | Merced Irrigation District, California, Revenue Certificates of Participation, Electric System Project, Series 2003, 5.700%, 9/01/36 | 9/13 at 1 |
| 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 1 |

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

WATER AND SEWER - 8.7% (5.5% OF TOTAL INVESTMENTS)

| | | |
|-------|--|------------|
| 1,070 | Burbank, California, Wastewater System Revenue Bonds, Series 2004A, 5.000%, 6/01/22 - AMBAC Insured | 6/14 at 1 |
| 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 1 |
| 1,125 | Fortuna Public Finance Authority, California, Water Revenue Bonds, Series 2006, 5.000%, 10/01/36 - FSA Insured | 10/16 at 1 |
| 890 | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured | 4/16 at 1 |
| 850 | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured | 6/16 at 1 |

NZH | Nuveen California Dividend Advantage Municipal Fund 3 (continued)
 | Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISION |
|---|---|--------------------|
| WATER AND SEWER (continued) | | |
| \$ 1,000 | Pico Rivera Water Authority, California, Revenue Bonds, Series 2001A, 6.250%, 12/01/32 | 12/11 at 1 |
| 1,000 | San Buenaventura, California, Wastewater Revenue Certificates of Participation, 5.000%, 3/01/24 - MBIA Insured Series 2004, San Diego Public Facilities Financing Authority, California, Subordinate Lien Water Revenue Bonds, Series 2002: | 3/14 at 1 |
| 2,500 | 5.000%, 8/01/23 - MBIA Insured | 8/12 at 1 |
| 6,260 | 5.000%, 8/01/24 - MBIA Insured | 8/12 at 1 |
| 3,315 | San Francisco City and County Public Utilities Commission, California, Clean Water Revenue Refunding Bonds, Series 2003A, 5.250%, 10/01/18 - MBIA Insured | 4/13 at 1 |
| 25,010 | Total Water and Sewer | |
| \$ 490,894 | Total Investments (cost \$484,796,116) - 158.3% | |
| ===== | | |
| Floating Rate Obligations - (4.9)% | | |
| ----- | | |
| Other Assets Less Liabilities - 2.0% | | |
| ----- | | |
| Auction Rate Preferred Shares, at Liquidation Value - (55.4)% (6) | | |
| ----- | | |
| Net Assets Applicable to Common Shares - 100% | | |
| ===== | | |

Investments in Derivatives
 FORWARD SWAPS OUTSTANDING AT FEBRUARY 28, 2009:

| COUNTERPARTY | NOTIONAL AMOUNT | FUND PAY/RECEIVE FLOATING RATE | FLOATING RATE INDEX | FIXED RATE (ANNUALIZED) | FIXED RATE PAYMENT FREQUENCY | EFFECT DATE |
|----------------|-----------------|--------------------------------|---------------------|-------------------------|------------------------------|-------------|
| Citigroup Inc. | \$10,000,000 | Receive | 3-Month USD-LIBOR | 5.323% | Semi-Annually | 7/29 |
| Goldman Sachs | 3,000,000 | Receive | 3-Month USD-LIBOR | 2.749 | Semi-Annually | 1/15 |

(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, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of February 28, 2009. 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) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in derivatives.

- (6) Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments is 35.0%.

- (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.

USD-LIBOR United States Dollar-London Inter-Bank Offered Rate.

See accompanying notes to financial statements.

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NKL | Nuveen Insured California Dividend Advantage Municipal Fund
 | Portfolio of INVESTMENTS February 28, 2009

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

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CONSUMER STAPLES - 2.7% (1.8% 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 1 |
|----|--------|--|-----------|

EDUCATION AND CIVIC ORGANIZATIONS - 5.2% (3.4% 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 1 |
| | 9,000 | California State University, Systemwide Revenue Bonds, Series 2002A, 5.125%, 11/01/26 - AMBAC Insured | 11/12 at 1 |

| | | | |
|--|--------|---|--|
| | 10,675 | Total Education and Civic Organizations | |
|--|--------|---|--|

HEALTH CARE - 6.2% (4.0% 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 1 |
| | 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 1 |
| | 1,748 | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 18.216%, 7/01/47 - FSA Insured (IF) | 7/18 at 1 |
| | 5,000 | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41 | 3/16 at 1 |

| | | | |
|--|--------|-------------------|--|
| | 14,563 | Total Health Care | |
|--|--------|-------------------|--|

HOUSING/MULTIFAMILY - 1.4% (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 1 |
| | 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 1 |

| | | | |
|--|-------|---------------------------|--|
| | 2,905 | Total Housing/Multifamily | |
|--|-------|---------------------------|--|

HOUSING/SINGLE FAMILY - 0.2% (0.1% OF TOTAL INVESTMENTS)

| | | | |
|--|-----|--|-----------|
| | 435 | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2006H, 5.750%, 8/01/30 - FGIC Insured (Alternative Minimum Tax) | 2/16 at 1 |
|--|-----|--|-----------|

INDUSTRIALS - 1.3% (0.8% 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, Insured Senior Living Revenue Bonds, Odd Fellows Home of California, Series 2003A, 5.200%, 11/15/22 | 11/12 at 1 |
|-------|---|------------|

TAX OBLIGATION/GENERAL - 27.9% (18.0% 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 1 |
| 900 | California, General Obligation Bonds, Series 2003, 5.000%, 2/01/21 | 8/13 at 1 |
| 8,250 | California, General Obligation Refunding Bonds, Series 2002, 5.000%, 2/01/22 - MBIA Insured | 2/12 at 1 |

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NKL | Nuveen Insured California Dividend Advantage Municipal Fund (continued)
 | Portfolio of INVESTMENTS February 28, 2009

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

TAX OBLIGATION/GENERAL (continued)

| | | |
|----------|--|-----------|
| \$ 3,375 | Coast Community College District, Orange County, California, General Obligation Bonds, Series 2006C, 0.000%, 8/01/31 - FSA Insured | 8/18 at 1 |
| 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 1 |
| 1,365 | Fontana Unified School District, San Bernardino County, California, General Obligation Bonds, Trust 2668, 14.602%, 8/01/28 - FSA Insured (IF) | 8/18 at 1 |
| 10,000 | Fremont Unified School District, Alameda County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/25 - FGIC Insured | 8/12 at 1 |
| 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 1 |
| 1,500 | Madera Unified School District, Madera County, California, General Obligation Bonds, Series 2002, 5.000%, 8/01/28 - FSA Insured | 8/12 at 1 |
| 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 1 |
| 2,500 | Oakland Unified School District, Alameda County, California, General Obligation Bonds, Series 2002, 5.250%, 8/01/21 - FGIC Insured | 8/12 at 1 |
| 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 1 |
| 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 1 |
| 3,500 | San Mateo County Community College District, California, General Obligation Bonds, Series 2002A, 5.000%, 9/01/26 - FGIC Insured | 9/12 at 1 |
| 10,000 | Vista Unified School District, San Diego County, California, | 8/12 at 1 |

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| | | |
|--------|---|------------|
| | General Obligation Bonds, Series 2002A, 5.000%, 8/01/23 - FSA Insured | |
| 3,905 | West Kern Community College District, California, General Obligation Bonds, Election 2004, Series 2007C, 5.000%, 10/01/32 - SYNCORA GTY Insured | 11/17 at 1 |
| ----- | | |
| 58,070 | Total Tax Obligation/General | |
| ----- | | |

TAX OBLIGATION/LIMITED - 48.9% (31.7% 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 1 |
| 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 1 |
| 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 1 |
| 3,100 | California State Public Works Board Bonds, Department of Health Services, Richmond Lab, Series 2005B, 5.000%, 11/01/30 - SYNCORA GTY Insured | 11/15 at 1 |
| 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 1 |
| 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 1 |
| 7,035 | Corona-Norco Unified School District, Riverside County, California, Special Tax Bonds, Community Facilities District 98-1, Series 2003, 5.000%, 9/01/28 - MBIA Insured | 9/13 at 1 |
| 3,145 | Culver City Redevelopment Agency, California, Tax Allocation Revenue Bonds, Redevelopment Project, Series 2002A, 5.125%, 11/01/25 - MBIA Insured | 5/11 at 1 |
| 8,720 | 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 1 |
| 4,000 | Folsom Public Financing Authority, California, Special Tax Revenue Bonds, Series 2004A, 5.000%, 9/01/21 - AMBAC Insured | 9/12 at 1 |
| 5,815 | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Revenue Bonds, Drivers Trust 2091, 11.707%, 6/01/45 - AGC Insured (IF) | 6/15 at 1 |

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

TAX OBLIGATION/LIMITED (continued)

| | | | |
|----|-------|---|-----------|
| \$ | 8,780 | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A, 5.000%, 6/01/45 - AMBAC Insured | 6/15 at 1 |
| | 1,300 | Hesperia Public Financing Authority, California, Redevelopment and Housing Projects Tax Allocation Bonds, Series 2007A, 5.000%, | 9/17 at 1 |

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| | | |
|---------|---|-----------|
| | 9/01/37 - SYNCORA GTY Insured | |
| 2,115 | Inglewood Redevelopment Agency, California, Tax Allocation Refunding Bonds, Merged Area Redevelopment Project, Series 1998A, 5.250%, 5/01/23 - AMBAC Insured | No Opt. |
| 3,500 | La Quinta Redevelopment Agency, California, Tax Allocation Bonds, Redevelopment Project Area 1, Series 2001, 5.100%, 9/01/31 - AMBAC Insured | 9/11 at 1 |
| 3,400 | La Quinta Redevelopment Agency, California, Tax Allocation Bonds, Redevelopment Project Area 1, Series 2002, 5.000%, 9/01/22 - AMBAC Insured | 9/12 at 1 |
| 845 | 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 1 |
| 1,640 | 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 | 7/09 at 1 |
| 1,460 | Los Angeles, California, Certificates of Participation, Municipal Improvement Corporation, Series 2003AW, 5.000%, 6/01/33 - AMBAC Insured | 6/13 at 1 |
| 7,000 | Los Angeles, California, Certificates of Participation, Series 2002, 5.200%, 4/01/27 - AMBAC Insured | 4/12 at 1 |
| 8,470 | Ontario Redevelopment Financing Authority, California, Lease Revenue Bonds, Capital Projects, Series 2001, 5.200%, 8/01/29 - AMBAC Insured | 8/11 at 1 |
| 5,000 | Palm Desert Financing Authority, California, Tax Allocation Revenue Refunding Bonds, Project Area 1, Series 2002, 5.000%, 4/01/25 - MBIA Insured | 4/12 at 1 |
| 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 - SYNCORA GTY Insured | 9/15 at 1 |
| 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 1 |
| 505 | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured | 8/13 at 1 |
| 3,175 | San Buenaventura, California, Certificates of Participation, Series 2001C, 5.250%, 2/01/31 - AMBAC Insured | 2/11 at 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| ----- | | |
| 110,185 | Total Tax Obligation/Limited | |
| ----- | | |

TRANSPORTATION - 5.3% (3.4% OF TOTAL INVESTMENTS)

| | | |
|-------|---|----------------------------|
| 7,500 | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 0.000%, 1/15/29 San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 2003, Issue 29A: 5.250%, 5/01/16 - FGIC Insured (Alternative Minimum Tax) | 1/14 at 1 5/13 at 1 |
|-------|---|----------------------------|

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| | | |
|--------|--|-----------|
| 2,300 | 5.250%, 5/01/17 - FGIC Insured (Alternative Minimum Tax) | 5/13 at 1 |
| 11,985 | Total Transportation | |

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NKL | Nuveen Insured California Dividend Advantage Municipal Fund (continued)
 | Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISION |
|------------------------|---|--------------------|
| | U.S. GUARANTEED - 23.0% (14.9% 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| | 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 1 |
| 1,190 | 5.125%, 8/01/24 - FGIC Insured (ETM) | 8/10 at 1 |
| 1,245 | 5.125%, 8/01/25 - FGIC Insured (ETM) | 8/10 at 1 |
| 1,255 | 5.125%, 8/01/26 - FGIC Insured (ETM) | 8/10 at 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 42,500 | Total U.S. Guaranteed | |

UTILITIES - 15.1% (9.8% OF TOTAL INVESTMENTS)

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| | | |
|--------|---|------------|
| 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 1 |
| 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 1 |
| 2,490 | Long Beach Bond Finance Authority, California, Natural Gas Purchase Revenue Bonds, Series 2007A, 5.000%, 11/15/35 | No Opt. |
| 830 | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - SYNCORA GTY Insured | 9/15 at 1 |
| 1,775 | Northern California Power Agency, Revenue Refunding Bonds, Hydroelectric Project 1, Series 1998A, 5.200%, 7/01/32 - MBIA Insured | 7/10 at 1 |
| 3,000 | Sacramento Municipal Utility District, California, Electric Revenue Bonds, Series 2001N, 5.000%, 8/15/28 - MBIA Insured | 8/11 at 1 |
| 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 1 |
| 32,725 | Total Utilities | |

WATER AND SEWER - 15.0% (9.7% 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 1 |
| 750 | Fortuna Public Finance Authority, California, Water Revenue Bonds, Series 2006, 5.000%, 10/01/36 - FSA Insured | 10/16 at 1 |
| 570 | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured | 4/16 at 1 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|-----------------------------|---|-------------------|
| WATER AND SEWER (continued) | | |
| \$ 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 1 |
| 2,085 | Manteca Financing Authority, California, Sewerage Revenue Bonds, Series 2003B, 5.000%, 12/01/33 - MBIA Insured | 12/13 at 1 |
| 500 | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured | 6/16 at 1 |
| 9,185 | Orange County Sanitation District, California, Certificates of Participation, Series 2003, 5.000%, 2/01/33 - FGIC Insured (UB) | 8/13 at 1 |
| 8,000 | San Diego County Water Authority, California, Water Revenue Certificates of Participation, Series 2008A, 5.000%, 5/01/38 - FSA Insured | 5/18 at 1 |
| | Semitropic Water Storage District, Kern County, California, Water Banking Revenue Bonds, Series 2004A: | |
| 1,315 | 5.500%, 12/01/20 - SYNCORA GTY Insured | 12/14 at 1 |
| 1,415 | 5.500%, 12/01/21 - SYNCORA GTY Insured | 12/14 at 1 |

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| | | |
|---|---------|---|
| | 31,285 | Total Water and Sewer |
| \$ | 335,483 | Total Long-Term Investments (cost \$326,828,622) - 153.6% |
| SHORT-TERM INVESTMENTS - 1.0% (0.6% OF TOTAL INVESTMENTS) | | |
| \$ | 2,000 | California, General Obligation Bonds, Variable Rate Demand Obligations, Series 2003C-1, 0.400%, 5/01/33 (5) |
| Total Short-Term Investments (cost \$2,000,000) | | |
| Total Investments (cost \$328,828,622) - 154.6% | | |
| Floating Rate Obligations - (3.7)% | | |
| Other Assets Less Liabilities - 1.5% | | |
| Auction Rate Preferred Shares, at Liquidation Value - (52.4)% (6) | | |
| 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 guarantee 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, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of February 28, 2009. 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) Investment has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term investment. The rate disclosed is that in effect at the end of the reporting period. This rate changes periodically based on market conditions or a specified market index.

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- (6) Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments is 33.9%.
- 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.

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NKX | Nuveen Insured California Tax-Free Advantage Municipal Fund
 | Portfolio of INVESTMENTS February 28, 2009

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIO |
|--|--|----------------------|
| ----- | | |
| CONSUMER STAPLES - 3.1% (2.2% 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 1 |
| ----- | | |
| HEALTH CARE - 17.2% (11.9% OF TOTAL INVESTMENTS) | | |
| 1,800 | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31 | 8/11 at 1 |
| 662 | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 18.216%, 7/01/47 - FSA Insured (IF) | 7/18 at 1 |
| 4,000 | 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 1 |
| 1,815 | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41 | 3/16 at 1 |
| 1,120 | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Trust 11672, 18.623%, 3/01/41 - BHAC Insured (IF) | 3/16 at 1 |
| 4,060 | California Statewide Community Development Authority, Revenue Bonds, Sherman Oaks Health System, Series 1998A, 5.000%, 8/01/22 - AMBAC Insured | No Opt. |
| ----- | | |
| 13,457 | Total Health Care | |
| ----- | | |
| HOUSING/MULTIFAMILY - 1.4% (1.0% OF TOTAL INVESTMENTS) | | |
| 1,165 | Poway, California, Housing Revenue Bonds, Revenue Bonds, Poinsettia Mobile Home Park, Series 2003, 5.000%, 5/01/23 | 5/13 at 1 |
| ----- | | |

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LONG-TERM CARE - 3.8% (2.6% OF TOTAL INVESTMENTS)

| | | |
|-------|--|------------|
| 1,000 | ABAG Finance Authority for Non-Profit Corporations, California, Insured Senior Living Revenue Bonds, Odd Fellows Home of California, Series 2003A, 5.200%, 11/15/22 | 11/12 at 1 |
| 2,000 | California Health Facilities Financing Authority, Cal-Mortgage Insured Revenue Bonds, Northern California Retired Officers Community Corporation - Paradise Valley Estates, Series 2002, 5.250%, 1/01/26 | 1/13 at 1 |
| 3,000 | Total Long-Term Care | |

TAX OBLIGATION/GENERAL - 18.7% (13.0% OF TOTAL INVESTMENTS)

| | | |
|-------|--|-----------|
| 2,000 | Butte-Glenn Community College District, Butte and Glenn Counties, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/26 - MBIA Insured | 8/12 at 1 |
| 55 | California State, General Obligation Bonds, Series 2002, 5.250%, 4/01/30 - SYNCORA GTY Insured | 4/12 at 1 |
| 515 | Fontana Unified School District, San Bernardino County, California, General Obligation Bonds, Trust 2668, 14.602%, 8/01/28 - FSA Insured (IF) | 8/18 at 1 |
| 450 | Fremont Unified School District, Alameda County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/25 - FGIC Insured | 8/12 at 1 |
| 2,000 | Los Angeles, California, General Obligation Bonds, Series 2002A, 5.000%, 9/01/22 - MBIA Insured | 9/12 at 1 |
| 1,000 | Murrieta Valley Unified School District, Riverside County, California, General Obligation Bonds, Series 2003A, 5.000%, 9/01/26 - FGIC Insured | 9/13 at 1 |

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

TAX OBLIGATION/GENERAL (continued)

| | | |
|----------|---|-----------|
| \$ 1,000 | Murrieta Valley Unified School District, Riverside County, California, General Obligation Bonds, Series 2007, 4.500%, 9/01/30 - FSA Insured | 9/17 at 1 |
| 140 | Roseville Joint Union High School District, Placer County, California, General Obligation Bonds, Series 2006B, 5.000%, 8/01/27 - FGIC Insured | 8/15 at 1 |
| 3,000 | San Diego Unified School District, California, General Obligation Bonds, Election of 1998, Series 2000B, 5.125%, 7/01/22 - MBIA Insured | 7/10 at 1 |
| 3,855 | San Rafael City High School District, Marin County, California, General Obligation Bonds, Series 2003A, 5.000%, 8/01/28 - FSA Insured | 8/12 at 1 |
| 14,015 | Total Tax Obligation/General | |

TAX OBLIGATION/LIMITED - 45.5% (31.5% OF TOTAL INVESTMENTS)

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| | | |
|-------|--|------------|
| 550 | 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 1 |
| 1,165 | Burbank Public Financing Authority, California, Revenue Refunding Bonds, Golden State Redevelopment Project, Series 2003A, 5.250%, 12/01/22 - AMBAC Insured | 12/13 at 1 |
| 4,000 | California State Public Works Board, Lease Revenue Bonds, Department of General Services, Capital East End Project, Series 2002A, 5.000%, 12/01/27 - AMBAC Insured | 12/12 at 1 |
| 170 | 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 1 |
| 525 | Chino Redevelopment Agency, California, Merged Chino Redevelopment Project Area Tax Allocation Bonds, Series 2006, 5.000%, 9/01/38 - AMBAC Insured | 9/16 at 1 |
| 1,610 | Folsom Public Financing Authority, California, Special Tax Revenue Bonds, Series 2004A, 5.000%, 9/01/21 - AMBAC Insured | 9/12 at 1 |
| 2,195 | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Revenue Bonds, Drivers Trust 2091, 11.707%, 6/01/45 - AGC Insured (IF) | 6/15 at 1 |
| 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 1 |
| 1,000 | Hesperia Public Financing Authority, California, Redevelopment and Housing Projects Tax Allocation Bonds, Series 2007A, 5.000%, 9/01/37 - SYNCORA GTY Insured | 9/17 at 1 |
| 5,540 | Irvine Public Facilities and Infrastructure Authority, California, Assessment Revenue Bonds, Series 2003C, 5.000%, 9/02/21 - AMBAC Insured | 9/13 at 1 |
| 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 1 |
| 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 1 |
| 2,000 | Los Angeles, California, Certificates of Participation, Municipal Improvement Corporation, Series 2003AW, 5.000%, 6/01/33 - AMBAC Insured | 6/13 at 1 |
| 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 1 |
| 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 1 |
| 150 | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 - SYNCORA GTY Insured | 9/15 at 1 |
| 190 | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured | 8/13 at 1 |
| | San Buenaventura, California, Certificates of Participation, Golf Course Financing Project, Series 2002D: | |
| 3,000 | 5.000%, 2/01/27 - AMBAC Insured | 2/12 at 1 |
| 3,300 | 5.000%, 2/01/32 - AMBAC Insured | 2/12 at 1 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISION |
|--|--|-----------------------|
| ----- | | |
| 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 1 |
| 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 1 |
| 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 1 |
| ----- | | |
| 38,735 | Total Tax Obligation/Limited | |
| ----- | | |
| TRANSPORTATION - 10.5% (7.2% 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 1 |
| 2,000 | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Bonds, Series 1995A, 5.000%, 1/01/35 | 1/10 at 1 |
| 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 1 |
| ----- | | |
| 8,780 | Total Transportation | |
| ----- | | |
| U.S. GUARANTEED - 21.4% (14.8% 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 1 |
| 1,290 | California State, General Obligation Bonds, Series 2002: 5.000%, 4/01/27 (Pre-refunded 4/01/12) - AMBAC Insured | 4/12 at 1 |
| 2,945 | 5.250%, 4/01/30 (Pre-refunded 4/01/12) - SYNCORA GTY Insured | 4/12 at 1 |
| 500 | California, General Obligation Bonds, Series 2004, 5.250%, 4/01/34 (Pre-refunded 4/01/14) | 4/14 at 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| 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 1 |
| ----- | | |
| 14,260 | Total U.S. Guaranteed | |
| ----- | | |

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UTILITIES - 3.0% (2.1% 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 1 |
| 945 | 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 1 |
| 310 | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - SYNCORA GTY Insured | 9/15 at 1 |
| ----- | | |
| 2,530 | Total Utilities | |
| ----- | | |

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

WATER AND SEWER - 14.4% (10.0% 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 1 |
| 750 | Fortuna Public Finance Authority, California, Water Revenue Bonds, Series 2006, 5.000%, 10/01/36 - FSA Insured | 10/16 at 1 |
| 215 | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured | 4/16 at 1 |
| 770 | Manteca Financing Authority, California, Sewerage Revenue Bonds, Series 2003B, 5.000%, 12/01/33 - MBIA Insured | 12/13 at 1 |
| 170 | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured | 6/16 at 1 |
| | 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 1 |
| 2,500 | 5.000%, 8/01/23 - MBIA Insured | 8/12 at 1 |
| 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 1 |
| 1,600 | Sunnyvale Financing Authority, California, Water and Wastewater Revenue Bonds, Series 2001, 5.000%, 10/01/26 - AMBAC Insured | 10/11 at 1 |
| ----- | | |
| 11,185 | Total Water and Sewer | |
| ----- | | |

\$ 113,197 Total Long-Term Investments (cost \$111,763,265) - 139.0%

SHORT-TERM INVESTMENTS - 5.3% (3.7% OF TOTAL INVESTMENTS)

\$ 4,000 California, General Obligation Bonds, Variable Rate Demand Obligations, Series 2003C-1, 0.400%, 5/01/33 (5)

Total Short-Term Investments (cost \$4,000,000)

Total Investments (cost \$115,763,265) - 144.3%

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Variable Rate Demand Preferred Shares, at Liquidation Value - (46.9%) (6)

Other Assets Less Liabilities - 2.6%

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 guarantee 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, AGC, AMBAC, FGIC, FSA, MBIA, RAAI and SYNCORA as of February 28, 2009. 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) Investment has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term investment. The rate disclosed is that in effect at the end of the reporting period. This rate changes periodically based on market conditions or a specified market index.
- (6) Variable Rate Demand Preferred Shares, at Liquidation Value as a percentage of Total Investments is 32.5%.

N/R Not rated.

(IF) Inverse floating rate investment.

See accompanying notes to financial statements.

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| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFOR PREMIUM INCOM (NPC) |
|--|---|---|
| ASSETS | | |
| Investments, at value (cost \$132,699,261 \$261,746,670, \$ 111,432,207 and \$461,033,038 respectively) | \$ 133,569,802 | \$ 254,436, |
| Short-term investments, (at cost, which approximates value) | -- | |
| Cash | 195,337 | 4,010, |
| Receivables: | | |
| Interest | 2,378,903 | 3,484, |
| Investments sold | -- | 175, |
| Unrealized appreciation on forward swaps | -- | 1,751, |
| Deferred offering costs | -- | |
| Other assets | 426 | 24, |
| Total assets | 136,144,468 | 263,881, |
| LIABILITIES | | |
| Floating rate obligations | -- | 20,060, |
| Payables: | | |
| Auction Rate Preferred share dividends | 165,525 | 288, |
| Common share dividends | 345,206 | 652, |
| Common shares repurchased | -- | |
| Offering costs | -- | |
| Unrealized depreciation on forward swaps | -- | |
| Variable Rate Demand Preferred shares, at liquidation value | -- | |
| Accrued expenses: | | |
| Management fees | 68,061 | 120, |
| Other | 34,338 | 102, |
| Total liabilities | 613,130 | 21,225, |
| Auction Rate Preferred shares, at liquidation value | 45,000,000 | 79,825, |
| Net assets applicable to Common shares | \$ 90,531,338 | \$ 162,831, |
| Common shares outstanding | 6,453,632 | 12,674, |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 14.03 | \$ 12 |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF: | | |
| Common shares, \$.01 par value per share | \$ 64,536 | \$ 126, |
| Paid-in surplus | 89,352,261 | 175,794, |
| Undistributed (Over-distribution of) net investment income | 141,089 | 813, |
| Accumulated net realized gain (loss) from investments and derivative transactions | 102,911 | (8,344, |
| Net unrealized appreciation (depreciation) of investments and derivative transactions | 870,541 | (5,559, |
| Net assets applicable to Common shares | \$ 90,531,338 | \$ 162,831, |
| Authorized shares: | | |
| Common | 200,000,000 | 200,000, |

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| | | |
|---|---------------------------------|---------------------------|
| Auction Rate Preferred and Variable Rate Demand Preferred | 1,000,000 | 1,000, |
| ===== | | |
| | CALIFORNIA PREMIUM INCOME (NCU) | CALIFOR DIVIDEND ADVANT (|
| ----- | | |
| ASSETS | | |
| Investments, at value (cost \$132,699,261 \$261,746,670, \$ 111,432,207 and \$461,033,038 respectively) | \$ 106,136,934 | \$ 426,125, |
| Short-term investments, (at cost, which approximates value) | 8,000,000 | |
| Cash | 412,616 | 869, |
| Receivables: | | |
| Interest | 1,558,273 | 7,792, |
| Investments sold | 2,040,000 | |
| Unrealized appreciation on forward swaps | -- | |
| Deferred offering costs | -- | |
| Other assets | 6,289 | 38, |
| ----- | | |
| Total assets | 118,154,112 | 434,826, |
| ----- | | |
| LIABILITIES | | |
| Floating rate obligations | 5,590,000 | 12,865, |
| Payables: | | |
| Auction Rate Preferred share dividends | 18,479 | 472, |
| Common share dividends | 298,674 | 1,421, |
| Common shares repurchased | 29,503 | |
| Offering costs | -- | |
| Unrealized depreciation on forward swaps | -- | |
| Variable Rate Demand Preferred shares, at liquidation value | -- | |
| Accrued expenses: | | |
| Management fees | 56,364 | 190, |
| Other | 26,283 | 130, |
| ----- | | |
| Total liabilities | 6,019,303 | 15,080, |
| ----- | | |
| Auction Rate Preferred shares, at liquidation value | 40,875,000 | 135,525, |
| ----- | | |
| Net assets applicable to Common shares | \$ 71,259,809 | \$ 284,220, |
| ===== | | |
| Common shares outstanding | 5,760,488 | 23,480, |
| ===== | | |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 12.37 | \$ 12 |
| ===== | | |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF: | | |
| ----- | | |
| Common shares, \$.01 par value per share | \$ 57,605 | \$ 234, |
| Paid-in surplus | 78,170,697 | 333,574, |
| Undistributed (Over-distribution of) net investment income | 88,253 | 675, |
| Accumulated net realized gain (loss) from investments and derivative transactions | (1,761,473) | (15,356, |
| Net unrealized appreciation (depreciation) of investments and derivative transactions | (5,295,273) | (34,907, |
| ----- | | |
| Net assets applicable to Common shares | \$ 71,259,809 | \$ 284,220, |

| | | |
|---|-----------|-----------|
| Authorized shares: | | |
| Common | Unlimited | Unlimited |
| Auction Rate Preferred and Variable Rate Demand Preferred | Unlimited | Unlimited |

See accompanying notes to financial statements.

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| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFOR DIVID ADVANTAGE 3 (|
|--|---|-----------------------------------|
| ASSETS | | |
| Investments, at value (cost \$311,157,161, \$484,796,116, \$326,828,622 and \$111,763,265, respectively) | \$ 2 93,745,579 | \$ 440,176, |
| Short-term investments, (at cost, which approximates value) | 7,000,000 | |
| Cash | 107,703 | 2,505, |
| Receivables: | | |
| Interest | 4,522,869 | 7,642,5 |
| Investments sold | -- | |
| Unrealized appreciation on forward swaps | -- | 437, |
| Deferred offering costs | -- | |
| Other assets | 21,675 | 28, |
| Total assets | 305,397,826 | 450,790, |
| LIABILITIES | | |
| Floating rate obligations | 3,305,000 | 13,650, |
| Payables: | | |
| Auction Rate Preferred share dividends | 201,725 | 13, |
| Common share dividends | 864,731 | 1,420, |
| Common shares repurchased | 3,147 | |
| Offering costs | -- | |
| Unrealized depreciation on forward swaps | -- | 3,279, |
| Variable Rate Demand Preferred shares, at liquidation value | -- | |
| Accrued expenses: | | |
| Management fees | 113,888 | 162, |
| Other | 85,232 | 134, |
| Total liabilities | 4,573,723 | 18,660, |
| Auction Rate Preferred shares, at liquidation value | 110,000,000 | 154,075, |
| Net assets applicable to Common shares | \$ 190,824,103 | \$ 278,055, |
| Common shares outstanding | 14,779,122 | 24,119, |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 12.91 | \$ 11 |

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NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:

| | | | | |
|---|----|--------------|----|----------|
| Common shares, \$.01 par value per share | \$ | 147,791 | \$ | 241, |
| Paid-in surplus | | 209,967,760 | | 342,700, |
| Undistributed (Over-distribution of) net investment income | | 886,607 | | 1,629, |
| Accumulated net realized gain (loss) from investments and derivative transactions | | (2,766,473) | | (19,054, |
| Net unrealized appreciation (depreciation) of investments and derivative transactions | | (17,411,582) | | (47,461, |
| Net assets applicable to Common shares | \$ | 190,824,103 | \$ | 278,055, |
| Authorized shares: | | | | |
| Common | | Unlimited | | Unlimi |
| Auction Rate Preferred and Variable Rate Demand Preferred | | Unlimited | | Unlimi |

| | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) | INSURED CALIFOR TAX-FREE ADVANT (|
|--|---|---|
|--|---|---|

ASSETS

| | | | | |
|--|----|-------------|----|----------|
| Investments, at value (cost \$311,157,161, \$484,796,116, \$326,828,622 and \$111,763,265, respectively) | \$ | 317,298,553 | \$ | 105,158, |
| Short-term investments, (at cost, which approximates value) | | 2,000,000 | | 4,000, |
| Cash | | 239,533 | | 475, |
| Receivables: | | | | |
| Interest | | 4,101,325 | | 1,482, |
| Investments sold | | -- | | |
| Unrealized appreciation on forward swaps | | -- | | |
| Deferred offering costs | | -- | | 520, |
| Other assets | | 21,442 | | |
| Total assets | | 323,660,853 | | 111,637, |

LIABILITIES

| | | | | |
|---|----|-------------|----|---------|
| Floating rate obligations | | 7,635,000 | | |
| Payables: | | | | |
| Auction Rate Preferred share dividends | | 214,904 | | |
| Common share dividends | | 906,669 | | 335, |
| Common shares repurchased | | -- | | |
| Offering costs | | -- | | 83, |
| Unrealized depreciation on forward swaps | | -- | | |
| Variable Rate Demand Preferred shares, at liquidation value | | -- | | 35,500, |
| Accrued expenses: | | | | |
| Management fees | | 106,787 | | 42, |
| Other | | 80,334 | | 15, |
| Total liabilities | | 8,943,694 | | 35,976, |
| Auction Rate Preferred shares, at liquidation value | | 108,250,000 | | |
| Net assets applicable to Common shares | \$ | 206,467,159 | \$ | 75,661, |
| Common shares outstanding | | 15,267,005 | | 5,886, |
| Net asset value per Common share outstanding | | | | |

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| | | | | |
|--|----|-------------|----|---------|
| (net assets applicable to Common shares, divided by Common shares outstanding) | \$ | 13.52 | \$ | 12 |
| ===== | | | | |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF: | | | | |
| ----- | | | | |
| Common shares, \$.01 par value per share | \$ | 152,670 | \$ | 58, |
| Paid-in surplus | | 216,827,017 | | 83,077, |
| Undistributed (Over-distribution of) net investment income | | 662,312 | | 249, |
| Accumulated net realized gain (loss) from investments and derivative transactions | | (1,644,771) | | (1,120, |
| Net unrealized appreciation (depreciation) of investments and derivative transactions | | (9,530,069) | | (6,604, |
| ===== | | | | |
| Net assets applicable to Common shares | \$ | 206,467,159 | \$ | 75,661, |
| ===== | | | | |
| Authorized shares: | | | | |
| Common | | Unlimited | | Unlimi |
| Auction Rate Preferred and Variable Rate Demand Preferred | | Unlimited | | Unlimi |
| ===== | | | | |

See accompanying notes to financial statements.

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| Statement of OPERATIONS

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | | INSURED CALIF PREMIUM INCOME | |
|---|--|-----------------------|---------------------------------|------|
| | SIX MONTHS ENDED 2/28/09 | YEAR ENDED 8/31/08 | SIX MONTHS ENDED 2/28/09 | Y |
| ----- | | | | |
| INVESTMENT INCOME | \$ 3,577,883 | \$ 7,281,324 | \$ 6,780,306 | \$ 1 |
| ----- | | | | |
| EXPENSES | | | | |
| Management fees | 428,387 | 906,873 | 756,210 | |
| Auction fees | 55,788 | 112,500 | 99,066 | |
| Dividend disbursing agent fees | 4,959 | 10,000 | 9,918 | |
| Shareholders' servicing agent fees and expenses | 3,055 | 8,083 | 5,006 | |
| Interest expense | -- | -- | 225,768 | |
| Custodian's fees and expenses | 11,968 | 51,209 | 21,505 | |
| Directors'/Trustees' fees and expenses | 1,694 | 3,510 | 2,710 | |
| Professional fees | 14,668 | 18,332 | 20,285 | |
| Shareholders' reports - printing and mailing expenses | 12,612 | 15,312 | 20,834 | |
| Stock exchange listing fees | 4,571 | 9,385 | 4,564 | |
| Investor relations expense | 8,729 | 14,047 | 15,855 | |
| Amortization of offering costs | -- | -- | -- | |
| Other expenses | 9,960 | 14,874 | 10,570 | |
| ----- | | | | |
| Total expenses before custodian fee credit and expense reimbursement | 556,391 | 1,164,125 | 1,192,291 | |

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| | | | |
|--|----------------|--------------|-----------------|
| Custodian fee credit | (447) | (11,540) | (18,908) |
| Expense reimbursement | -- | -- | -- |
| ----- | | | |
| Net expenses | 555,944 | 1,152,585 | 1,173,383 |
| ----- | | | |
| Net investment income | 3,021,939 | 6,128,739 | 5,606,923 |
| ----- | | | |
| REALIZED AND UNREALIZED GAIN (LOSS) | | | |
| Net realized gain (loss) from: | | | |
| Investments | 78,582 | 328,360 | (7,018,034) |
| Forward swaps | -- | 863,429 | -- |
| Futures | -- | -- | (913,786) |
| Change in net unrealized appreciation (depreciation) of: | | | |
| Investments | (4,835,228) | (1,420,724) | (8,290,218) |
| Forward swaps | -- | (364,728) | 1,751,141 |
| ----- | | | |
| Net realized and unrealized gain (loss) | (4,756,646) | (593,663) | (14,470,897) |
| ----- | | | |
| DISTRIBUTIONS TO AUCTION RATE PREFERRED SHAREHOLDERS | | | |
| From net investment income | (684,653) | (1,447,316) | (1,221,762) |
| From accumulated net realized gains | (157,410) | (25,344) | (278,398) |
| ----- | | | |
| Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders | (842,063) | (1,472,660) | (1,500,160) |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares from operations | \$ (2,576,770) | \$ 4,062,416 | \$ (10,364,134) |
| ===== | | | |

CALIFORNIA PREMIUM
INCOME (NCU)

| | ----- | |
|-------------------|---------------------|--------------|
| | SIX MONTHS ENDED | YEAR ENDED |
| | 2/28/09 | 8/31/08 |
| ----- | | |
| INVESTMENT INCOME | \$ 3,001,382 | \$ 6,389,691 |
| ----- | | |

EXPENSES

| | | |
|--|---------|---------|
| Management fees | 362,448 | 786,957 |
| Auction fees | 52,930 | 107,500 |
| Dividend disbursing agent fees | 4,957 | 10,000 |
| Shareholders' servicing agent fees and expenses | 2,708 | 5,736 |
| Interest expense | 69,040 | 92,394 |
| Custodian's fees and expenses | 11,470 | 29,070 |
| Directors'/Trustees' fees and expenses | 1,293 | 2,909 |
| Professional fees | 12,357 | 13,445 |
| Shareholders' reports - printing and mailing expenses | 11,662 | 8,496 |

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| | | |
|--|----------------|--------------|
| Stock exchange listing fees | 405 | 709 |
| Investor relations expense | 7,646 | 12,510 |
| Amortization of offering costs | -- | -- |
| Other expenses | 9,378 | 15,410 |
| ----- | | |
| Total expenses before custodian fee credit and expense reimbursement | 546,294 | 1,085,136 |
| Custodian fee credit | (7,909) | (13,211) |
| Expense reimbursement | -- | -- |
| ----- | | |
| Net expenses | 538,385 | 1,071,925 |
| ----- | | |
| Net investment income | 2,462,997 | 5,317,766 |
| ----- | | |
| REALIZED AND UNREALIZED GAIN (LOSS) | | |
| Net realized gain (loss) from: | | |
| Investments | (1,743,990) | 118,683 |
| Forward swaps | -- | 239,634 |
| Futures | -- | -- |
| Change in net unrealized appreciation (depreciation) of: | | |
| Investments | (5,711,715) | (2,804,244) |
| Forward swaps | -- | 1,018 |
| ----- | | |
| Net realized and unrealized gain (loss) | (7,455,705) | (2,444,909) |
| ----- | | |
| DISTRIBUTIONS TO AUCTION RATE PREFERRED SHAREHOLDERS | | |
| From net investment income | (599,218) | (1,399,028) |
| From accumulated net realized gains | (13,364) | -- |
| ----- | | |
| Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders | (612,582) | (1,399,028) |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares from operations | \$ (5,605,290) | \$ 1,473,829 |
| ===== | | |

See accompanying notes to financial statements.

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| | CALIFORNIA DIVIDEND ADVANTAGE (NAC) | | CALIFORNIA DIV ADVANTAGE 2 (| |
|-------------------|--|-----------------------|---------------------------------|------|
| | SIX MONTHS ENDED 2/28/09 | YEAR ENDED 8/31/08 | SIX MONTHS ENDED 2/28/09 | Y |
| ----- | | | | |
| INVESTMENT INCOME | \$ 13,130,567 | \$ 27,872,039 | \$ 8,613,518 | \$ 1 |

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EXPENSES

| | | | |
|--|-----------|-----------|---------|
| Management fees | 1,327,961 | 3,202,468 | 945,178 |
| Auction fees | 168,013 | 425,770 | 136,369 |
| Dividend disbursing agent fees | 9,918 | 20,000 | 9,918 |
| Shareholders' servicing agent fees and expenses | 2,181 | 3,895 | 696 |
| Interest expense | 205,016 | 374,756 | 48,186 |
| Custodian's fees and expenses | 45,199 | 163,424 | 35,733 |
| Directors'/Trustees' fees and expenses | 4,956 | 12,491 | 3,676 |
| Professional fees | 26,723 | 32,767 | 20,813 |
| Shareholders' reports - printing and mailing expenses | 30,467 | 53,728 | 23,311 |
| Stock exchange listing fees | 4,598 | 9,459 | 1,036 |
| Investor relations expense | 27,244 | 46,677 | 18,799 |
| Amortization of offering costs | -- | -- | -- |
| Other expenses | 12,621 | 26,003 | 39,293 |

| | | | |
|---|-----------|-----------|-----------|
| Total expenses before custodian fee credit and expense reimbursement | 1,864,897 | 4,371,438 | 1,283,008 |
| Custodian fee credit | (22,946) | (49,217) | (15,251) |
| Expense reimbursement | (104,782) | (497,428) | (222,098) |

| | | | |
|--------------|-----------|-----------|-----------|
| Net expenses | 1,737,169 | 3,824,793 | 1,045,659 |
|--------------|-----------|-----------|-----------|

| | | | |
|-----------------------|------------|------------|-----------|
| Net investment income | 11,393,398 | 24,047,246 | 7,567,859 |
|-----------------------|------------|------------|-----------|

REALIZED AND UNREALIZED GAIN (LOSS)

| | | | |
|--------------------------------|--------------|-----------|-------------|
| Net realized gain (loss) from: | | | |
| Investments | (16,935,690) | 4,832,689 | (2,624,444) |
| Forward swaps | -- | 4,168,843 | -- |
| Futures | -- | -- | -- |

| | | | |
|---|--------------|--------------|--------------|
| Change in net unrealized appreciation (depreciation) of: | | | |
| Investments | (31,383,162) | (18,634,531) | (19,142,795) |
| Forward swaps | -- | (2,275,676) | -- |

| | | | |
|---|--------------|--------------|--------------|
| Net realized and unrealized gain (loss) | (48,318,852) | (11,908,675) | (21,767,239) |
|---|--------------|--------------|--------------|

DISTRIBUTIONS TO AUCTION RATE PREFERRED
SHAREHOLDERS

| | | | |
|-------------------------------------|-------------|-------------|-------------|
| From net investment income | (2,075,909) | (5,502,755) | (1,602,421) |
| From accumulated net realized gains | (449,153) | (260,925) | (186,582) |

| | | | |
|--|-------------|-------------|-------------|
| Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders | (2,525,062) | (5,763,680) | (1,789,003) |
|--|-------------|-------------|-------------|

| | | | | |
|---|-----------------|--------------|-----------------|----|
| Net increase (decrease) in net assets applicable to Common shares from operations | \$ (39,450,516) | \$ 6,374,891 | \$ (15,988,383) | \$ |
|---|-----------------|--------------|-----------------|----|

=====

CALIFORNIA DIVIDEND
ADVANTAGE 3 (NZH)

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| | SIX MONTHS ENDED 2/28/09 | YEAR ENDED 8/31/08 |
|--|--------------------------------|-----------------------|
| INVESTMENT INCOME | \$ 13,580,693 | \$ 27,744,430 |
| EXPENSES | | |
| Management fees | 1,370,737 | 3,238,100 |
| Auction fees | 197,142 | 459,548 |
| Dividend disbursing agent fees | 9,909 | 20,000 |
| Shareholders' servicing agent fees and expenses | 1,197 | 3,315 |
| Interest expense | 160,672 | 72,436 |
| Custodian's fees and expenses | 58,925 | 147,034 |
| Directors'/Trustees' fees and expenses | 5,458 | 12,533 |
| Professional fees | 28,994 | 35,261 |
| Shareholders' reports - printing and mailing expenses | 30,987 | 48,260 |
| Stock exchange listing fees | 1,690 | 2,962 |
| Investor relations expense | 27,696 | 46,560 |
| Amortization of offering costs | -- | -- |
| Other expenses | 11,458 | 27,782 |
| Total expenses before custodian fee credit and expense reimbursement | 1,904,865 | 4,113,791 |
| Custodian fee credit | (18,806) | (60,420) |
| Expense reimbursement | (344,404) | (1,068,648) |
| Net expenses | 1,541,655 | 2,984,723 |
| Net investment income | 12,039,038 | 24,759,707 |
| REALIZED AND UNREALIZED GAIN (LOSS) | | |
| Net realized gain (loss) from: | | |
| Investments | (10,532,016) | (978,786) |
| Forward swaps | -- | (1,478,000) |
| Futures | (1,011,691) | (291,364) |
| Change in net unrealized appreciation (depreciation) of: | | |
| Investments | (37,615,750) | (14,054,312) |
| Forward swaps | (2,246,298) | 57,314 |
| Net realized and unrealized gain (loss) | (51,405,755) | (16,745,148) |
| DISTRIBUTIONS TO AUCTION RATE PREFERRED SHAREHOLDERS | | |
| From net investment income | (2,211,134) | (6,076,255) |
| From accumulated net realized gains | -- | -- |
| Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders | (2,211,134) | (6,076,255) |
| Net increase (decrease) in net assets | | |

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applicable to Common shares
from operations

\$ (41,577,851) \$ 1,938,304

See accompanying notes to financial statements.

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| Statement of OPERATIONS (continued)

| | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) | | INSURED CALIF TAX-FREE ADVANTA | |
|---|--|-----------------------|-----------------------------------|----|
| | SIX MONTHS ENDED 2/28/09 | YEAR ENDED 8/31/08 | SIX MONTHS ENDED 2/28/09 | Y |
| INVESTMENT INCOME | \$ 8,624,407 | \$ 17,573,242 | \$ 3,089,087 | \$ |
| EXPENSES | | | | |
| Management fees | 976,435 | 2,158,393 | 351,326 | |
| Auction fees | 134,267 | 295,000 | 19,156 | |
| Dividend disbursing agent fees | 9,918 | 20,000 | 12,389 | |
| Shareholders' servicing agent fees and expenses | 755 | 2,025 | 372 | |
| Interest expense | 86,575 | 3,167 | 377,150 | |
| Custodian's fees and expenses | 25,382 | 103,861 | 11,011 | |
| Directors'/Trustees' fees and expenses | 3,618 | 8,358 | 1,201 | |
| Professional fees | 21,516 | 26,405 | 12,637 | |
| Shareholders' reports - printing and mailing expenses | 22,732 | 35,898 | 8,712 | |
| Stock exchange listing fees | 1,071 | 1,876 | 412 | |
| Investor relations expense | 19,145 | 31,530 | 6,894 | |
| Amortization of offering costs | -- | -- | 136,341 | |
| Other expenses | 10,169 | 20,755 | 741 | |
| Total expenses before custodian fee credit and expense reimbursement | 1,311,583 | 2,707,268 | 938,342 | |
| Custodian fee credit | (21,040) | (19,336) | (8,252) | |
| Expense reimbursement | (306,138) | (793,160) | (108,950) | |
| Net expenses | 984,405 | 1,894,772 | 821,140 | |
| Net investment income | 7,640,002 | 15,678,470 | 2,267,947 | |
| REALIZED AND UNREALIZED GAIN (LOSS) | | | | |
| Net realized gain (loss) from: | | | | |
| Investments | (1,321,731) | 1,337,028 | (1,135,147) | |
| Forward swaps | -- | 731,015 | -- | |
| Futures | -- | -- | -- | |
| Change in net unrealized appreciation (depreciation) of: | | | | |

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| | | | | |
|--|-----------------|--------------|----------------|----|
| Investments | (14,959,271) | (6,994,006) | (6,558,916) | (|
| Forward swaps | -- | (24,419) | -- |) |
| ----- | | | | |
| Net realized and unrealized gain (loss) | (16,281,002) | (4,950,382) | (7,694,063) | (|
| ----- | | | | |
| DISTRIBUTIONS TO AUCTION RATE PREFERRED SHAREHOLDERS | | | | |
| From net investment income | (1,586,640) | (3,886,043) | (13,824) | (|
| From accumulated net realized gains | (201,085) | (116,419) | (42,336) |) |
| ----- | | | | |
| Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders | (1,787,725) | (4,002,462) | (56,160) | (|
| ----- | | | | |
| Net increase (decrease) in net assets applicable to Common shares from operations | \$ (10,428,725) | \$ 6,725,626 | \$ (5,482,276) | \$ |
| ===== | | | | |

See accompanying notes to financial statements.

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| Statement of CHANGES in NET ASSETS

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | | |
|---|---|--------------|--------------|
| | SIX MONTHS | YEAR ENDED | YEAR ENDED |
| | ENDED 2/28/09 | 8/31/08 | 8/31/07 |
| ----- | | | |
| OPERATIONS | | | |
| Net investment income | \$ 3,021,939 | \$ 6,128,739 | \$ 5,834,849 |
| Net realized gain (loss) from: | | | |
| Investments | 78,582 | 328,360 | 132,902 |
| Forward swaps | -- | 863,429 | 159,600 |
| Futures | -- | -- | -- |
| Change in net unrealized appreciation (depreciation) of: | | | |
| Investments | (4,835,228) | (1,420,724) | (2,928,553) |
| Forward swaps | -- | (364,728) | 35,238 |
| Futures | -- | -- | -- |
| Distributions to Auction Rate Preferred shareholders: | | | |
| From net investment income | (684,653) | (1,447,316) | (1,373,537) |
| From accumulated net realized gains | (157,410) | (25,344) | (118,110) |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares from operations | (2,576,770) | 4,062,416 | 1,742,389 |
| ----- | | | |

DISTRIBUTIONS TO COMMON SHAREHOLDERS

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| | | | |
|--|-------------|-------------|-------------|
| From net investment income | (2,344,919) | (4,689,975) | (4,725,196) |
| From accumulated net realized gains | (934,738) | (86,562) | (486,696) |
| ----- | | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (3,279,657) | (4,776,537) | (5,211,892) |
| ----- | | | |

CAPITAL SHARE TRANSACTIONS

Common shares:

| | | | |
|---|---------------|---------------|---------------|
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | -- | -- | 65,214 |
| Repurchased | (74,494) | -- | -- |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | (74,494) | -- | 65,214 |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares | (5,930,921) | (714,121) | (3,404,289) |
| Net assets applicable to Common shares at the beginning of period | 96,462,259 | 97,176,380 | 100,580,669 |
| ----- | | | |
| Net assets applicable to Common shares at the end of period | \$ 90,531,338 | \$ 96,462,259 | \$ 97,176,380 |
| ===== | | | |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 141,089 | \$ 149,112 | \$ 158,730 |
| ===== | | | |

INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)

| | | |
|--------------------------------|-----------------------|-----------------------|
| SIX MONTHS ENDED 2/28/09 | YEAR ENDED 8/31/08 | YEAR ENDED 8/31/07 |
| ----- | | |

OPERATIONS

| | | | |
|---|--------------|---------------|---------------|
| Net investment income | \$ 5,606,923 | \$ 12,102,624 | \$ 11,372,772 |
| Net realized gain (loss) from: | | | |
| Investments | (7,018,034) | 1,445,377 | (30,877) |
| Forward swaps | -- | 856,758 | 419,200 |
| Futures | (913,786) | -- | -- |
| Change in net unrealized appreciation (depreciation) of: | | | |
| Investments | (8,290,218) | (7,171,193) | (6,140,606) |
| Forward swaps | 1,751,141 | (656,230) | (181,996) |
| Futures | -- | -- | -- |
| Distributions to Auction Rate Preferred shareholders: | | | |
| From net investment income | (1,221,762) | (3,061,483) | (3,120,823) |
| From accumulated net realized gains | (278,398) | -- | -- |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares from operations | (10,364,134) | 3,515,853 | 2,317,670 |

DISTRIBUTIONS TO COMMON SHAREHOLDERS

| | | | |
|--|-------------|-------------|-------------|
| From net investment income | (4,271,704) | (8,125,762) | (8,545,402) |
| From accumulated net realized gains | (1,819,712) | -- | -- |
| ----- | | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (6,091,416) | (8,125,762) | (8,545,402) |
| ----- | | | |

CAPITAL SHARE TRANSACTIONS

Common shares:

| | | | |
|---|---------------|---------------|---------------|
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | -- | -- | -- |
| Repurchased | (446,744) | -- | -- |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | (446,744) | -- | -- |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares | (16,902,294) | (4,609,909) | (6,227,732) |
| Net assets applicable to Common shares at the beginning of period | 179,733,590 | 184,343,499 | 190,571,231 |
| ----- | | | |
| Net assets applicable to Common shares at the end of period | \$162,831,296 | \$179,733,590 | \$184,343,499 |
| ===== | | | |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 813,804 | \$ 707,293 | \$ (179,908) |
| ===== | | | |

See accompanying notes to financial statements.

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| Statement of CHANGES in NET ASSETS (continued)

CALIFORNIA PREMIUM INCOME (NCU)

| | SIX MONTHS ENDED 2/28/09 | YEAR ENDED 8/31/08 | YEAR ENDED 8/31/07 |
|--------------------------------|--------------------------------|-----------------------|-----------------------|
| ----- | | | |
| OPERATIONS | | | |
| Net investment income | \$ 2,462,997 | \$ 5,317,766 | \$ 5,169,371 |
| Net realized gain (loss) from: | | | |
| Investments | (1,743,990) | 118,683 | (251,856) |
| Forward swaps | -- | 239,634 | (57,143) |
| Futures | -- | -- | -- |

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| | | | |
|---|---------------|---------------|---------------|
| Change in net unrealized appreciation (depreciation) of: | | | |
| Investments | (5,711,715) | (2,804,244) | (2,648,488) |
| Forward swaps | -- | 1,018 | (1,018) |
| Futures | -- | -- | -- |
| Distributions to Auction Rate Preferred shareholders: | | | |
| From net investment income | (599,218) | (1,399,028) | (1,400,856) |
| From accumulated net realized gains | (13,364) | -- | (50,482) |
| Net increase (decrease) in net assets applicable to Common shares from operations | (5,605,290) | 1,473,829 | 759,528 |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | | |
| From net investment income | (1,923,138) | (3,707,671) | (3,863,107) |
| From accumulated net realized gains | (35,229) | -- | (177,846) |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (1,958,367) | (3,707,671) | (4,040,953) |
| CAPITAL SHARE TRANSACTIONS | | | |
| Common shares: | | | |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | -- | -- | 14,098 |
| Repurchased | (142,381) | -- | -- |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | (142,381) | -- | 14,098 |
| Net increase (decrease) in net assets applicable to Common shares | (7,706,038) | (2,233,842) | (3,267,327) |
| Net assets applicable to Common shares at the beginning of period | 78,965,847 | 81,199,689 | 84,467,016 |
| Net assets applicable to Common shares at the end of period | \$ 71,259,809 | \$ 78,965,847 | \$ 81,199,689 |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 88,253 | \$ 150,354 | \$ (60,685) |

CALIFORNIA DIVIDEND ADVANTAGE (NAC)

| SIX MONTHS ENDED | YEAR ENDED | YEAR ENDED |
|------------------|------------|------------|
| 2/28/09 | 8/31/08 | 8/31/07 |

OPERATIONS

| | | | |
|--------------------------------|---------------|---------------|---------------|
| Net investment income | \$ 11,393,398 | \$ 24,047,246 | \$ 23,391,916 |
| Net realized gain (loss) from: | | | |

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| | | | |
|---|---------------|---------------|---------------|
| Investments | (16,935,690) | 4,832,689 | 1,330,465 |
| Forward swaps | -- | 4,168,843 | (824,000) |
| Futures | -- | -- | 29,877 |
| Change in net unrealized appreciation (depreciation) of: | | | |
| Investments | (31,383,162) | (18,634,531) | (14,848,472) |
| Forward swaps | -- | (2,275,676) | 1,437,247 |
| Futures | -- | -- | (27,339) |
| Distributions to Auction Rate Preferred shareholders: | | | |
| From net investment income | (2,075,909) | (5,502,755) | (5,740,999) |
| From accumulated net realized gains | (449,153) | (260,925) | (310,662) |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares from operations | (39,450,516) | 6,374,891 | 4,438,033 |
| ----- | | | |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | | |
| From net investment income | (8,875,536) | (17,328,427) | (18,656,213) |
| From accumulated net realized gains | (6,184,699) | (838,245) | (1,250,132) |
| ----- | | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (15,060,235) | (18,166,672) | (19,906,345) |
| ----- | | | |
| CAPITAL SHARE TRANSACTIONS | | | |
| Common shares: | | | |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | -- | -- | 475,567 |
| Repurchased | -- | -- | -- |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | -- | -- | 475,567 |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares | (54,510,751) | (11,791,781) | (14,992,745) |
| Net assets applicable to Common shares at the beginning of period | 338,731,638 | 350,523,419 | 365,516,164 |
| ----- | | | |
| Net assets applicable to Common shares at the end of period | \$284,220,887 | \$338,731,638 | \$350,523,419 |
| ===== | | | |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 675,633 | \$ 234,601 | \$ (979,692) |
| ===== | | | |

See accompanying notes to financial statements.

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CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)

| | SIX MONTHS ENDED 2/28/09 | YEAR ENDED 8/31/08 | YEAR ENDED 8/31/07 |
|---|--------------------------------|-----------------------|-----------------------|
| OPERATIONS | | | |
| Net investment income | \$ 7,567,859 | \$ 14,898,561 | \$ 14,244,418 |
| Net realized gain (loss) from: | | | |
| Investments | (2,624,444) | (313,737) | (394,576) |
| Forward swaps | -- | 1,314,381 | 352,500 |
| Futures | -- | -- | -- |
| Change in net unrealized appreciation (depreciation) of: | | | |
| Investments | (19,142,795) | (6,006,208) | (8,830,002) |
| Forward swaps | -- | (396,451) | (351,758) |
| Futures | -- | -- | -- |
| Distributions to Auction Rate Preferred shareholders: | | | |
| From net investment income | (1,602,421) | (3,691,110) | (3,680,820) |
| From accumulated net realized gains | (186,582) | -- | -- |
| Net increase (decrease) in net assets applicable to Common shares from operations | (15,988,383) | 5,805,436 | 1,339,762 |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | | |
| From net investment income | (5,371,458) | (10,247,217) | (11,272,438) |
| From accumulated net realized gains | (517,910) | -- | -- |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (5,889,368) | (10,247,217) | (11,272,438) |
| CAPITAL SHARE TRANSACTIONS | | | |
| Common shares: | | | |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | -- | -- | 104,551 |
| Repurchased | (188,113) | -- | -- |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | (188,113) | -- | 104,551 |
| Net increase (decrease) in net assets applicable to Common shares | (22,065,864) | (4,441,781) | (9,828,125) |
| Net assets applicable to Common shares at the beginning of period | 212,889,967 | 217,331,748 | 227,159,873 |
| Net assets applicable to Common shares at the end of period | \$190,824,103 | \$212,889,967 | \$217,331,748 |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 886,607 | \$ 265,440 | \$ (655,912) |

| CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | | | |
|---|--------------------------------|-----------------------|-----------------------|
| | SIX MONTHS ENDED 2/28/09 | YEAR ENDED 8/31/08 | YEAR ENDED 8/31/07 |
| OPERATIONS | | | |
| Net investment income | \$ 12,039,038 | \$ 24,759,707 | \$ 23,582,231 |
| Net realized gain (loss) from: | | | |
| Investments | (10,532,016) | (978,786) | (1,177,206) |
| Forward swaps | -- | (1,478,000) | (401,000) |
| Futures | (1,011,691) | (291,364) | -- |
| Change in net unrealized appreciation (depreciation) of: | | | |
| Investments | (37,615,750) | (14,054,312) | (15,582,514) |
| Forward swaps | (2,246,298) | 57,314 | (652,859) |
| Futures | -- | -- | -- |
| Distributions to Auction Rate Preferred shareholders: | | | |
| From net investment income | (2,211,134) | (6,076,255) | (6,425,421) |
| From accumulated net realized gains | -- | -- | -- |
| Net increase (decrease) in net assets applicable to Common shares from operations | (41,577,851) | 1,938,304 | (656,769) |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | | |
| From net investment income | (8,904,831) | (17,085,692) | (18,308,241) |
| From accumulated net realized gains | -- | -- | -- |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (8,904,831) | (17,085,692) | (18,308,241) |
| CAPITAL SHARE TRANSACTIONS | | | |
| Common shares: | | | |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | -- | -- | 298,310 |
| Repurchased | (120,362) | -- | -- |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | (120,362) | -- | 298,310 |
| Net increase (decrease) in net assets applicable to Common shares | (50,603,044) | (15,147,388) | (18,666,700) |
| Net assets applicable to Common shares at the beginning of period | 328,658,669 | 343,806,057 | 362,472,757 |
| Net assets applicable to Common shares at the end of period | \$278,055,625 | \$328,658,669 | \$343,806,057 |

| | | | |
|---|--------------|------------|--------------|
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 1,629,645 | \$ 718,052 | \$ (878,892) |
|---|--------------|------------|--------------|

See accompanying notes to financial statements.

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| Statement of CHANGES in NET ASSETS (continued)

| | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) | | |
|--|---|-----------------------|-----------------------|
| | SIX MONTHS ENDED 2/28/09 | YEAR ENDED 8/31/08 | YEAR ENDED 8/31/07 |
| OPERATIONS | | | |
| Net investment income | \$ 7,640,002 | \$ 15,678,470 | \$ 15,395,108 |
| Net realized gain (loss) from: | | | |
| Investments | (1,321,731) | 1,337,028 | 653,722 |
| Forward swaps | -- | 731,015 | (200,000) |
| Futures | -- | -- | -- |
| Change in net unrealized appreciation (depreciation) of: | | | |
| Investments | (14,959,271) | (6,994,006) | (8,944,129) |
| Forward swaps | -- | (24,419) | 24,419 |
| Futures | -- | -- | -- |
| Distributions to Auction Rate Preferred shareholders: | | | |
| From net investment income | (1,586,640) | (3,886,043) | (4,037,528) |
| From accumulated net realized gains | (201,085) | (116,419) | (10,666) |
| Net increase (decrease) in net assets applicable to Common shares from operations | (10,428,725) | 6,725,626 | 2,880,926 |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | | |
| From net investment income | (5,686,357) | (10,952,422) | (11,778,209) |
| From accumulated net realized gains | (568,639) | (340,878) | (39,709) |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (6,254,996) | (11,293,300) | (11,817,918) |
| CAPITAL SHARE TRANSACTIONS | | | |
| Common shares: | | | |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | -- | -- | 335,845 |

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| | | | |
|---|---------------|---------------|---------------|
| Repurchased | (204,888) | -- | -- |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | (204,888) | -- | 335,845 |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares | (16,888,609) | (4,567,674) | (8,601,147) |
| Net assets applicable to Common shares at the beginning of period | 223,355,768 | 227,923,442 | 236,524,589 |
| ----- | | | |
| Net assets applicable to Common shares at the end of period | \$206,467,159 | \$223,355,768 | \$227,923,442 |
| ===== | | | |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 662,312 | \$ 310,679 | \$ (520,310) |
| ===== | | | |

INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX)

| | SIX MONTHS ENDED 2/28/09 | YEAR ENDED 8/31/08 | YEAR ENDED 8/31/07 |
|-------|-----------------------------|-----------------------|-----------------------|
| ----- | | | |

OPERATIONS

| | | | |
|---|--------------|--------------|--------------|
| Net investment income | \$ 2,267,947 | \$ 5,733,820 | \$ 5,654,749 |
| Net realized gain (loss) from: | | | |
| Investments | (1,135,147) | 1,101,623 | 91,706 |
| Forward swaps | -- | 128,891 | (57,143) |
| Futures | -- | -- | -- |
| Change in net unrealized appreciation (depreciation) of: | | | |
| Investments | (6,558,916) | (3,013,642) | (2,767,618) |
| Forward swaps | -- | (12,888) | 12,888 |
| Futures | -- | -- | -- |
| Distributions to Auction Rate Preferred shareholders: | | | |
| From net investment income | (13,824) | (1,400,428) | (1,431,890) |
| From accumulated net realized gains | (42,336) | -- | -- |
| Net increase (decrease) in net assets applicable to Common shares from operations | (5,482,276) | 2,537,376 | 1,502,692 |
| ----- | | | |

DISTRIBUTIONS TO COMMON SHAREHOLDERS

| | | | |
|--|-------------|-------------|-------------|
| From net investment income | (2,083,880) | (4,167,394) | (4,166,045) |
| From accumulated net realized gains | (303,752) | -- | -- |
| ----- | | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (2,387,632) | (4,167,394) | (4,166,045) |
| ----- | | | |

CAPITAL SHARE TRANSACTIONS

| | | | |
|------------------------------------|--|--|--|
| Common shares: | | | |
| Net proceeds from shares issued to | | | |

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| | | | |
|---|---------------|---------------|---------------|
| shareholders due to reinvestment of distributions | -- | 17,615 | 32,211 |
| Repurchased | -- | -- | -- |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | -- | 17,615 | 32,211 |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares | (7,869,908) | (1,612,403) | (2,631,142) |
| Net assets applicable to Common shares at the beginning of period | 83,531,260 | 85,143,663 | 87,774,805 |
| ----- | | | |
| Net assets applicable to Common shares at the end of period | \$ 75,661,352 | \$ 83,531,260 | \$ 85,143,663 |
| ===== | | | |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 249,837 | \$ 51,473 | \$ (109,506) |
| ===== | | | |

See accompanying notes to financial statements.

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|Statement of CASH FLOWS

| | |
|--|--------------------------------|
| | INSURED CALI PREMIUM INCOME |
| | ----- |
| | SIX MONTHS ENDED 2/28/09 |
| ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHARES FROM OPERATIONS | \$(10,364,134) \$ |
| Adjustments to reconcile the net increase (decrease) in net assets applicable to Common shares from operations to net cash provided by (used in) operating activities: | |
| Purchases of investments | (24,566,262) |
| Proceeds from sales and maturities of investments | 22,624,491 |
| Proceeds from (Purchases of) short-term investments, net | -- |
| Proceeds from terminated forward swaps | -- |
| Proceeds from closed/expired futures contracts | (913,786) |
| Amortization (Accretion) of premiums and discounts, net | (223,123) |
| (Increase) Decrease in receivable for interest | 146,364 |
| (Increase) Decrease in receivable for investments sold | (175,000) |
| (Increase) Decrease in other assets | 16,941 |
| Increase (Decrease) in payable for investments purchased | -- |
| Increase (Decrease) in payable for Auction Rate Preferred shares redeemed and/or noticed for redemption, at liquidation value | (7,575,000) |
| Increase (Decrease) in payable for Auction Rate Preferred share dividends | 261,942 |
| Increase (Decrease) in Variable Rate Demand Preferred shares offering cost payable | -- |

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| | |
|---|-------------|
| Increase (Decrease) in accrued management fees | (24,664) |
| Increase (Decrease) in accrued other liabilities | 17,123 |
| Net realized (gain) loss from investments | 7,018,034 |
| Net realized (gain) loss from forward swaps | -- |
| Net realized (gain) loss from futures | 913,786 |
| Change in net unrealized (appreciation) depreciation of investments | 8,290,218 |
| Change in net unrealized (appreciation) depreciation of forward swaps | (1,751,141) |
| Taxes paid on undistributed capital gains | (812) |
| <hr/> | |
| Net cash provided by (used in) operating activities | (6,305,023) |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|--|-------------|
| Increase (Decrease) in cash overdraft balance | -- |
| Increase (Decrease) in floating rate obligations | 9,000,000 |
| Increase (Decrease) in Variable Rate Demand Preferred shares | -- |
| Cash distributions paid to Common shareholders | (6,052,234) |
| Cost of Common shares repurchased | (446,744) |
| (Increase) Decrease in deferred Variable Rate Demand Preferred share offering cost | -- |
| Increase (Decrease) in Preferred shares | -- |
| <hr/> | |
| Net cash provided by (used in) financing activities | 2,501,022 |

| | |
|--|-------------|
| NET INCREASE (DECREASE) IN CASH | (3,804,001) |
| Cash and cash equivalents at the beginning of period | 7,814,106 |

| | | |
|--|--------------|----|
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | \$ 4,010,105 | \$ |
|--|--------------|----|

INSURED CAL
TAX-FREE ADVAN

SIX MONTHS
ENDED
2/28/09

CASH FLOWS FROM OPERATING ACTIVITIES:

| | | |
|---|----------------|----|
| NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHARES FROM OPERATIONS | \$ (5,482,276) | \$ |
|---|----------------|----|

Adjustments to reconcile the net increase (decrease) in net assets applicable to Common shares from operations to net cash provided by (used in) operating activities:

| | |
|---|--------------|
| Purchases of investments | (3,226,053) |
| Proceeds from sales and maturities of investments | 11,401,613 |
| Proceeds from (Purchases of) short-term investments, net | (4,000,000) |
| Proceeds from terminated forward swaps | -- |
| Proceeds from closed/expired futures contracts | -- |
| Amortization (Accretion) of premiums and discounts, net | (88,183) |
| (Increase) Decrease in receivable for interest | 122,582 |
| (Increase) Decrease in receivable for investments sold | -- |
| (Increase) Decrease in other assets | 3,191 |
| Increase (Decrease) in payable for investments purchased | -- |
| Increase (Decrease) in payable for Auction Rate Preferred shares redeemed and/or noticed for redemption, at liquidation value | (45,000,000) |
| Increase (Decrease) in payable for Auction Rate Preferred share dividends | (10,368) |
| Increase (Decrease) in Variable Rate Demand Preferred shares offering cost payable | (91,737) |

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| | |
|--|--------------|
| Increase (Decrease) in accrued management fees | (1,043) |
| Increase (Decrease) in accrued other liabilities | (24,814) |
| Net realized (gain) loss from investments | 1,135,147 |
| Net realized (gain) loss from forward swaps | -- |
| Net realized (gain) loss from futures | -- |
| Change in net unrealized (appreciation) depreciation of investments | 6,558,916 |
| Change in net unrealized (appreciation) depreciation of forward swaps | -- |
| Taxes paid on undistributed capital gains | (6,518) |
| <hr/> | |
| Net cash provided by (used in) operating activities | (38,709,543) |
| <hr/> | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Increase (Decrease) in cash overdraft balance | -- |
| Increase (Decrease) in floating rate obligations | (3,750,000) |
| Increase (Decrease) in Variable Rate Demand Preferred shares | -- |
| Cash distributions paid to Common shareholders | (2,385,993) |
| Cost of Common shares repurchased | -- |
| (Increase) Decrease in deferred Variable Rate Demand Preferred share offering cost | 8,758 |
| Increase (Decrease) in Preferred shares | -- |
| <hr/> | |
| Net cash provided by (used in) financing activities | (6,127,235) |
| <hr/> | |
| NET INCREASE (DECREASE) IN CASH | (44,836,778) |
| Cash and cash equivalents at the beginning of period | 45,312,714 |
| <hr/> | |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD | \$ 475,936 |
| <hr/> | |

See accompanying notes to financial statements.

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| Statement of CASH FLOWS (continued)

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Non-cash financing activities included herein consist of reinvestments of Common share distributions of \$17,615 for Insured California Tax-Free Advantage (NKX) for the fiscal year ended August 31, 2008.

Cash paid for interest (excluding amortization of offering costs, where applicable) was as follows:

| | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | | INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX) | |
|------------------------|--|-----------------------|--|-----------------------|
| | SIX MONTHS ENDED | | SIX MONTHS ENDED | |
| | 2/28/09 | YEAR ENDED 8/31/08 | 2/28/09 | YEAR ENDED 8/31/08 |
| Cash paid for interest | \$ 225,768 | \$ 40,691 | \$ 368,392 | \$ 66,087 |

See accompanying notes to financial statements.

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| 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 NYSE Alternext US (formerly 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.

During the current fiscal period, the Board of Directors/Trustees of the Funds approved a change in the Funds' fiscal and tax year ends from August 31 to February 28/29.

The following is a summary of significant accounting policies followed by the Funds in the preparation of their financial statements in accordance with US 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. 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. When market price quotes are not readily available (which is usually the case for municipal securities), the pricing service or, in the absence of a pricing service for a particular investment or derivative instrument, the Board of Directors/Trustees of the Fund, or its designee, may establish fair value using a wide variety of market data including yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics considered relevant. 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 February 28, 2009, 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.

For all open tax years and all major taxing jurisdictions, management of the Funds has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Open tax years are those that are open for examination by taxing authorities (i.e., generally the last four tax year ends and the interim tax period since then). Furthermore, management of the Funds is 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 US generally accepted accounting principles.

Auction Rate Preferred Shares

The following Funds have issued and outstanding Auction Rate Preferred shares,

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\$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, and is payable at the end of each rate period. As of February 28, 2009, the number of Auction Rate Preferred shares outstanding, by Series and in total, for each Fund is as follows:

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) | CALIFORNIA DIVIDEND ADVANTAGE (NAC) |
|-------------------|---|---|--|--|
| ----- | | | | |
| Number of shares: | | | | |
| Series M | -- | -- | 1,635 | -- |
| Series T | 1,800 | 1,597 | -- | -- |
| Series TH | -- | 1,596 | -- | 2,710 |
| Series F | -- | -- | -- | 2,711 |
| ----- | | | | |
| Total | 1,800 | 3,193 | 1,635 | 5,421 |
| ===== | | | | |

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| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) |
|-------------------|--|--|---|
| ----- | | | |
| Number of shares: | | | |
| Series M | 2,200 | 3,081 | -- |
| Series T | -- | -- | 2,165 |
| Series TH | -- | 3,082 | -- |
| Series F | 2,200 | -- | 2,165 |
| ----- | | | |
| Total | 4,400 | 6,163 | 4,330 |
| ===== | | | |

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 have generally not affected the portfolio 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.

As of February 28, 2009, Insured California Premium Income 2 (NCL), California Premium Income (NCU), California Dividend Advantage (NAC), California Dividend Advantage 3 (NZH), Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX) redeemed \$15,175,000, \$2,125,000,

\$39,475,000, \$32,925,000, \$9,750,000 and \$45,000,000 of their outstanding Auction Rate Preferred shares, respectively, at liquidation value. Insured California Premium Income (NPC) and California Dividend Advantage 2 (NVX) have not redeemed any of their Auction Rate Preferred shares.

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 tender option bonds (TOBs), also known as "floaters" or floating rate obligations, were 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 all of its \$35,500,000 Variable Rate Demand Preferred shares outstanding for the six months ended February 28, 2009, with an annualized interest rate of 1.99%.

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.

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| Notes to FINANCIAL STATEMENTS (continued)

Insurance

Except to the extent that each of Insured California Premium Income (NPC) and Insured California Premium Income 2 (NCL) invests in temporary investments, all of the assets of each Fund will be invested in municipal securities that are covered by insurance guaranteeing the timely payment of principal and interest or backed by an escrow or trust account containing sufficient U.S. government or U.S. government agency securities to ensure timely payment of principal and interest. Insurers must have a claims paying ability rated "Aaa" by Moody's or "AAA" by S&P. Municipal securities backed by an escrow account or trust account will not constitute more than 20% of the Fund's assets.

Under normal circumstances, 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 of Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX) 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"), a wholly owned subsidiary of Nuveen Investments, Inc. ("Nuveen"), 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 of Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX) 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" but at least "BBB" (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 "(IF) - 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 No. 140 (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 "(UB) - 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.

During the six months ended February 28, 2009, each Fund invested in externally deposited inverse floaters and/or self-deposited inverse floaters.

Each Fund may also enter into shortfall and forbearance agreements (sometimes referred to as a "recourse trust" or "credit recovery swap") (such agreements referred to herein as "Recourse Trusts") 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 issued by the trust plus any shortfalls in interest cash flows. Under these agreements, a Fund's potential exposure to losses related to or on inverse floaters may increase beyond the value of a Fund's inverse floater investments as a Fund may potentially be liable to fulfill all amounts owed to holders of the floating rate certificates. At period end, any such shortfall is recognized as "Unrealized depreciation on Recourse Trusts" on the Statement of Assets and Liabilities.

At February 28, 2009, the Funds were not invested in any externally-deposited Recourse Trusts.

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) | CALIFORNIA DIVIDEND ADVANTAGE (NAC) | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFOR DIVID ADVANTAG (|
|--|---|---|--|--|--|-----------------------------------|
| Maximum exposure to Recourse Trusts | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- | \$ -- |

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The average floating rate obligations outstanding and average annual interest rate and fees related to self-deposited inverse floaters during the six months ended February 28, 2009, were as follows:

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CA |
|---------------------------------------|---|---|------|
| Average floating rate obligations | \$ -- | \$ 19,910,829 | \$ 5 |
| Average annual interest rate and fees | --% | 2.29% | |

| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | CA AD |
|---------------------------------------|--|--|----------|
| Average floating rate obligations | \$ 4,065,044 | \$ 14,073,978 | \$ 7 |
| Average annual interest rate and fees | 2.39% | 2.30% | |

| Notes to FINANCIAL STATEMENTS (continued)

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. Insured California

Premium Income 2 (NCL) and California Dividend Advantage 3 (NZH) invested in forward interest rate swap transactions during the six months ended February 28, 2009.

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. Insured California Premium Income 2 (NCL) and California Dividend Advantage 3 (NZH) invested in futures contracts during the six months ended February 28, 2009.

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.

Market and Credit Risk

In the normal course of business each Fund may invest in financial instruments and enter into financial transactions where risk of potential loss exists due to changes in the market (market risk) or failure of the other party to the transaction to perform (credit risk). Similar to credit risk, each Fund may be exposed to counterparty risk, or the risk that an institution or other entity with which the Fund has unsettled or open transactions will default. The potential loss could exceed the value of the financial assets recorded on the financial statements. Financial assets, which potentially expose each Fund to credit risk, consist principally of cash due from counterparties on forward, option and swap transactions. The extent of each Fund's exposure to credit and counterparty risks in respect to these financial assets approximates their carrying value as recorded on the Statement of Assets and Liabilities.

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Each Fund helps manage credit risk by entering into agreements only the Adviser believes have the financial resources to honor their obligations and by having the Adviser monitor the financial stability of the counterparties. Additionally, counterparties may be required to pledge collateral daily (based on the daily valuation of the financial asset) on behalf of each Fund with a value approximately equal to the amount of any unrealized gain above a pre-determined threshold. Reciprocally, when each Fund has an unrealized loss, 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 valuations fluctuate, either up or down, by at least

the predetermined threshold amount.

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 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 are recognized as "Amortization of offering costs" 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 US 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.

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| Notes to FINANCIAL STATEMENTS (continued)

2. FAIR VALUE MEASUREMENTS

During the current fiscal period, the Funds adopted the provisions of Statement of Financial Accounting Standards No. 157 (SFAS No. 157) "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands

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disclosure about fair value measurements. In determining the value of each Fund's investments various inputs are used. These inputs are summarized in the three broad levels listed below:

Level 1 - Quoted prices in active markets for identical securities.

Level 2 - Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 - Significant unobservable inputs (including management's assumptions in determining the fair value of investments).

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of each Fund's fair value measurements as of February 28, 2009:

| INSURED CALIFORNIA PREMIUM INCOME (NPC) | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOT |
|---|---------|----------------|---------|----------------|
| Investments | \$ -- | \$ 133,569,802 | \$ -- | \$ 133,569,802 |

| INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOT |
|---|---------|----------------|---------|----------------|
| Investments | \$ -- | \$ 254,436,434 | \$ -- | \$ 254,436,434 |
| Derivatives* | -- | 1,751,141 | -- | 1,751,141 |
| Total | \$ -- | \$ 256,187,575 | \$ -- | \$ 256,187,575 |

| CALIFORNIA PREMIUM INCOME (NCU) | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOT |
|---------------------------------|---------|----------------|---------|----------------|
| Investments | \$ -- | \$ 114,136,934 | \$ -- | \$ 114,136,934 |

| CALIFORNIA DIVIDEND ADVANTAGE (NAC) | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOT |
|-------------------------------------|---------|----------------|---------|----------------|
| Investments | \$ -- | \$ 426,125,802 | \$ -- | \$ 426,125,802 |

| CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOT |
|---------------------------------------|---------|----------------|---------|----------------|
| Investments | \$ -- | \$ 300,745,579 | \$ -- | \$ 300,745,579 |

| CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOT |
|---------------------------------------|---------|----------------|---------|----------------|
| Investments | \$ -- | \$ 440,176,379 | \$ -- | \$ 440,176,379 |
| Derivatives* | -- | (2,841,843) | -- | (2,841,843) |
| Total | \$ -- | \$ 437,334,536 | \$ -- | \$ 437,334,536 |

| INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOT |
|---|---------|----------------|---------|----------------|
| Investments | \$ -- | \$ 319,298,553 | \$ -- | \$ 319,298,553 |

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| INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX) | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOT |
|---|---------|----------------|---------|--------------|
| Investments | \$ -- | \$ 109,158,643 | \$ -- | \$ 109,158,6 |

* Represents net unrealized appreciation (depreciation). Derivatives may include outstanding futures, forward and swap contracts. See Investments in Derivatives within the Fund's Portfolio of Investments.

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3. FUND SHARES

Common Shares

On July 30, 2008, the Funds' Board of Directors/Trustees approved an open market share repurchase program under which each Fund may repurchase an aggregate of up to 10% of its outstanding Common shares.

Transactions in Common shares were as follows:

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | | | INSURED CA |
|--|---|------------|------------|-----------------|
| | SIX MONTHS | YEAR ENDED | YEAR ENDED | SIX MONTH |
| | ENDED 2/28/09 | 8/31/08 | 8/31/07 | ENDED 2/28/0 |
| Common shares: | | | | |
| Issued to shareholders due to reinvestment of distributions | -- | -- | 4,166 | -- |
| Repurchased | (6,200) | -- | -- | (41,80) |
| Weighted average Common share: | | | | |
| Price per share repurchased | \$ 12.00 | -- | -- | \$ 10.6 |
| Discount per share repurchased | 15.30% | -- | -- | 17.7 |

| | CALIFORNIA PREMIUM INCOME (NCU) | | | CALIFORN |
|--|---------------------------------|------------|------------|-----------------|
| | SIX MONTHS | YEAR ENDED | YEAR ENDED | SIX MONTHS |
| | ENDED 2/28/09 | 8/31/08 | 8/31/07 | ENDED 2/28/0 |
| Common shares: | | | | |
| Issued to shareholders due to reinvestment of distributions | -- | -- | 972 | -- |
| Repurchased | (14,700) | -- | -- | -- |
| Weighted average Common share: | | | | |
| Price per share repurchased | \$ 9.67 | -- | -- | -- |
| Discount per share repurchased | 22.26% | -- | -- | -- |

| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | | | CALIFORNIA |
|---|---------------------------------------|------------|------------|------------------|
| | SIX MONTHS ENDED | YEAR ENDED | YEAR ENDED | SIX MONTHS ENDED |
| | 2/28/09 | 8/31/08 | 8/31/07 | 2/28/09 |
| Common shares: | | | | |
| Issued to shareholders due to reinvestment of distributions | -- | -- | 6,762 | -- |
| Repurchased | (18,300) | -- | -- | (12,900) |
| Weighted average Common share: | | | | |
| Price per share repurchased | \$ 10.26 | -- | -- | \$ 9.30 |
| Discount per share repurchased | 21.40% | -- | -- | 19.80% |

| | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) | | | INSURED CALIFORNIA |
|---|---|------------|------------|--------------------|
| | SIX MONTHS ENDED | YEAR ENDED | YEAR ENDED | SIX MONTHS ENDED |
| | 2/28/09 | 8/31/08 | 8/31/07 | 2/28/09 |
| Common shares: | | | | |
| Issued to shareholders due to reinvestment of distributions | -- | -- | 21,450 | -- |
| Repurchased | (19,000) | -- | -- | -- |
| Weighted average Common share: | | | | |
| Price per share repurchased | \$ 10.76 | -- | -- | -- |
| Discount per share repurchased | 21.01% | -- | -- | -- |

| Notes to FINANCIAL STATEMENTS (continued)

Preferred Shares

Insured California Premium Income (NPC) and California Dividend Advantage 2 (NVX) did not redeem and/or notice for redemption any of their Auction Rate-Preferred shares during the six months ended February 28, 2009, or during the fiscal years ended August 31, 2008 and August 31, 2007. Transactions in Auction Rate Preferred shares were as follows:

INSURED CALIFORNIA
PREMIUM INCOME 2 (NPC)

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| | SIX MONTHS ENDED 2/28/09 | | YEAR ENDED 8/31/08 | |
|---|--------------------------|--------|--------------------|---------------|
| | SHARES | AMOUNT | SHARES | AMOUNT |
| ----- | | | | |
| Auction Rate Preferred shares redeemed and/or noticed for redemption: | | | | |
| Series T | -- | \$ -- | 303 | \$ 7,575,000 |
| Series TH | -- | -- | 304 | 7,600,000 |
| ----- | | | | |
| Total | -- | \$ -- | 607 | \$ 15,175,000 |
| ===== | | | | |

| | SIX MONTHS ENDED 2/28/09 | | CALIFORNIA PREMIUM INCOME (NO) YEAR ENDED 8/31/08 | |
|---|--------------------------|-------------|---|--------|
| | SHARES | AMOUNT | SHARES | AMOUNT |
| ----- | | | | |
| Auction Rate Preferred shares redeemed and/or noticed for redemption: | | | | |
| Series M | 85 | \$2,125,000 | -- | \$ -- |
| ===== | | | | |

| | SIX MONTHS ENDED 2/28/09 | | CALIFORNIA DIVIDEND ADVANTAGE (NAC) YEAR ENDED 8/31/08 | |
|---|--------------------------|--------|--|---------------|
| | SHARES | AMOUNT | SHARES | AMOUNT |
| ----- | | | | |
| Auction Rate Preferred shares redeemed and/or noticed for redemption: | | | | |
| Series TH | -- | \$ -- | 790 | \$ 19,750,000 |
| Series F | -- | -- | 789 | 19,725,000 |
| ----- | | | | |
| Total | -- | \$ -- | 1,579 | \$ 39,475,000 |
| ===== | | | | |

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ADVANTAGE 3 (NZH)

| | SIX MONTHS ENDED 2/28/09 | | YEAR ENDED 8/31/08 | |
|---|-----------------------------|--------------|-----------------------|--------------|
| | SHARES | AMOUNT | SHARES | AMOUNT |
| Auction Rate Preferred shares redeemed and/or noticed for redemption: | | | | |
| Series M | 117 | \$ 2,925,000 | 542 | \$13,550,000 |
| Series TH | 117 | 2,925,000 | 541 | 13,525,000 |
| Total | 234 | \$ 5,850,000 | 1,083 | \$27,075,000 |

INSURED CALIFORNIA
DIVIDEND ADVANTAGE (NKL)

| | SIX MONTHS ENDED 2/28/09 | | YEAR ENDED 8/31/08 | |
|---|-----------------------------|--------|-----------------------|--------------|
| | SHARES | AMOUNT | SHARES | AMOUNT |
| Auction Rate Preferred shares redeemed and/or noticed for redemption: | | | | |
| Series T | -- | \$ -- | 195 | \$ 4,875,000 |
| Series F | -- | -- | 195 | 4,875,000 |
| Total | -- | \$ -- | 390 | \$ 9,750,000 |

INSURED CALIFORNIA
TAX-FREE ADVANTAGE (NKL)

| | SIX MONTHS ENDED 2/28/09 | | YEAR ENDED 8/31/08 | |
|---|-----------------------------|--------|-----------------------|---------------|
| | SHARES | AMOUNT | SHARES | AMOUNT |
| Auction Rate Preferred shares redeemed and/or noticed for redemption: | | | | |
| Series TH | -- | \$ -- | 1,800 | \$ 45,000,000 |

Transactions in Variable Rate Demand Preferred shares were as follows:

INSURED CALIFORNIA

TAX-FREE ADVANTAGE (NK)

| | SIX MONTHS ENDED 2/28/09 | | YEAR ENDED 8/31/08 | |
|---|-----------------------------|--------|-----------------------|---------------|
| | SHARES | AMOUNT | SHARES | AMOUNT |
| Variable Rate Demand Preferred shares issued: Series 1 | -- | \$ -- | 355 | \$ 35,500,000 |
| | | | 97 | |

| Notes to FINANCIAL STATEMENTS (continued)

4. INVESTMENT TRANSACTIONS

Purchases and sales (including maturities but excluding short-term investments and derivative transactions) during the six months ended February 28, 2009, were as follows:

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) |
|----------------------|---|---|
| Purchases | \$ 860,000 | \$24,566,262 |
| Sales and maturities | 3,886,299 | 22,624,491 |

| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) |
|----------------------|---------------------------------------|---------------------------------------|
| Purchases | \$20,653,313 | \$39,866,957 |
| Sales and maturities | 26,763,192 | 39,099,487 |

5. 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

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transactions subject to SFAS No.140, if any. 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 February 28, 2009, the cost of investments was as follows:

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | |
|---------------------|---|---|-----|
| Cost of investments | \$132,641,546 | \$241,393,745 | \$1 |

| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | |
|---------------------|--|--|-----|
| Cost of investments | \$314,934,096 | \$471,068,341 | \$3 |

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Gross unrealized appreciation and gross unrealized depreciation of investments at February 28, 2009, were as follows:

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | |
|---|---|---|----|
| Gross unrealized: | | | |
| Appreciation | \$ 7,279,289 | \$ 6,299,872 | \$ |
| Depreciation | (6,351,033) | (13,346,007) | |
| Net unrealized appreciation (depreciation) of investments | \$ 928,256 | \$ (7,046,135) | \$ |

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| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) |
|--|--|--|
| Gross unrealized: | | |
| Appreciation | \$ 12,759,781 | \$ 11,732,164 |
| Depreciation | (30,253,253) | (56,273,721) |
| Net unrealized appreciation (depreciation) of investments | \$ (17,493,472) | \$ (44,541,557) |

The tax components of undistributed net tax-exempt income, net ordinary income and net long-term capital gains at February 28, 2009, the Funds' tax year end, were as follows:

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) |
|---|---|---|
| Undistributed net tax-exempt income * | \$639,719 | \$1,643,978 |
| Undistributed net ordinary income ** | 81,675 | 39,546 |
| Undistributed net long-term capital gains | 49,280 | 374,633 |

| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) |
|---|--|--|
| Undistributed net tax-exempt income * | \$1,922,975 | \$3,076,255 |
| Undistributed net ordinary income ** | -- | -- |
| Undistributed net long-term capital gains | -- | -- |

* Undistributed net tax-exempt income (on a tax basis) has not been reduced for the dividend declared on February 3, 2009, paid on March 2, 2009.

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

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The tax character of distributions paid during the six months ended February 28, 2009, and during the tax years ended August 31, 2008 and August 31, 2007, was designated for purposes of the dividends paid deduction as follows:

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) |
|--|---|---|
| FOR THE SIX MONTHS ENDED FEBRUARY 28, 2009 | | |
| Distributions from net tax-exempt income*** | \$2,881,331 | \$5,194,372 |
| Distributions from net ordinary income ** | 678,143 | 174,474 |
| Distributions from net long-term capital gains**** | 413,615 | 1,923,636 |

| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) |
|--|--|--|
| FOR THE SIX MONTHS ENDED FEBRUARY 28, 2009 | | |
| Distributions from net tax-exempt income*** | \$6,778,776 | \$11,094,973 |
| Distributions from net ordinary income ** | 32,516 | -- |
| Distributions from net long-term capital gains**** | 672,624 | -- |

** 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 six months ended February 28, 2009, 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 six months ended February 28, 2009.

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

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

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

| 2007 | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) |
|--|--|--|
| Distributions from net tax-exempt income | \$15,011,893 | \$24,913,042 |
| Distributions from net ordinary income ** | -- | -- |
| Distributions from net long-term capital gains | -- | -- |

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

At February 28, 2009, the Funds' tax year end, the following Funds 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 PREMIUM INCOME (NCU) | CALIFORNIA DIVIDEND ADVANTAGE (NAC) | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) |
|--|--|--|--|
|--|--|--|--|

| Expiration: | | | | | | | |
|-------------------|-----------|---------------|---------------------|------------|------------------|---------|---------------------|
| February 28, 2011 | \$ | -- | \$ | -- | \$ | -- | \$ 2,816,211 |
| February 29, 2012 | | -- | | -- | | -- | 323,840 |
| February 29, 2016 | | -- | | -- | | -- | 3,869,938 |
| February 28, 2017 | | 88,523 | | 14,137,598 | | 926,547 | 4,536,999 |
| Total | \$ | 88,523 | \$14,137,598 | | \$926,547 | | \$11,546,988 |

The Funds have elected to defer net realized losses from investments incurred from November 1, 2008 through February 28, 2009, 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:

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) |
|-----------------------------|---|---|
| Post-October capital losses | \$ 28,044 | \$8,852,567 |

| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) |
|-----------------------------|---------------------------------------|---------------------------------------|
| Post-October capital losses | \$1,697,447 | \$7,534,294 |

| Notes to FINANCIAL STATEMENTS (continued)

6. 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.

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

follows:

INSURED CALIFORNIA
INSURED CALIFORNIA
CALIFORNIA

AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO AUCTION RATE PREFERRED SHARES OR VARIABLE RATE DEMAND PREFERRED SHARES)

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

=====

CALIFORNIA
CALIFORNIA D
CALIFORNIA D
INSURED CALIFORNIA
INSURED CALIFORNIA

AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO AUCTION RATE PREFERRED SHARES OR VARIABLE RATE DEMAND PREFERRED SHARES)

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

=====

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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 following table. As of February 28, 2009, the complex-level fee rate was .2000%.

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 |

| | |
|---------------|-------|
| \$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 funds, with such daily managed assets defined separately for each fund in its management agreement, but which generally includes assets attributable to preferred stock issued by or borrowings (including the issuance of commercial paper or notes) by such fund but to exclude assets attributable to investments in other Nuveen 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.

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| Notes to FINANCIAL STATEMENTS (continued)

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 JULY 31, | | YEAR ENDING 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 MARCH 31, | | YEAR ENDING MARCH 31, | |
|--------------------------|--|--------------------------|--|
|--------------------------|--|--------------------------|--|

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

* From the commencement of operations.

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

* 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.

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

* 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.

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

| YEAR ENDING NOVEMBER 30, | | YEAR ENDING 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.

7. NEW ACCOUNTING PRONOUNCEMENTS

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 161 (SFAS 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 February 28, 2009, 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.

8. SUBSEQUENT EVENTS

Distributions to Common Shareholders

The Funds declared Common share dividend distributions from their tax-exempt net investment income which were paid on April 1, 2009, to shareholders of record on March 15, 2009, as follows:

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) | CALIFORNIA DIVIDEND ADVANTAGE (NAC) |
|--------------------|---|---|--|--|
| Dividend per share | \$.0605 | \$.0580 | \$.0555 | \$.0630 |

| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) | INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX) |
|--|--|--|---|---|
| | | | | |

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| | | | | |
|--------------------|----------|----------|----------|----------|
| Dividend per share | \$.0660 | \$.0640 | \$.0635 | \$.0590 |
|--------------------|----------|----------|----------|----------|

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| Financial HIGHLIGHTS

Selected data for a Common share outstanding throughout each period:

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

INSURED CALIFORNIA PREMIUM INCOME (NPC)

| | | | | |
|------------------|----------|--------|----------|----------|
| Year Ended 2/28: | | | | |
| 2009 (b) | \$ 14.93 | \$.47 | \$ (.74) | \$ (.11) |
| Year Ended 8/31: | | | | |
| 2008 | 15.04 | .95 | (.10) | (.22) |
| 2007 | 15.58 | .90 | (.40) | (.21) |
| 2006 | 16.21 | .92 | (.38) | (.18) |
| 2005 | 16.23 | .95 | .22 | (.10) |
| 2004 | 15.59 | .99 | .68 | (.05) |

INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)

| | | | | |
|------------------|-------|-----|--------|-------|
| Year Ended 2/28: | | | | |
| 2009 (b) | 14.13 | .44 | (1.12) | (.10) |
| Year Ended 8/31: | | | | |
| 2008 | 14.50 | .95 | (.44) | (.24) |
| 2007 | 14.99 | .89 | (.46) | (.25) |
| 2006 | 15.33 | .90 | (.28) | (.20) |
| 2005 | 15.12 | .91 | .29 | (.11) |
| 2004 | 14.60 | .96 | .53 | (.06) |

Less Distributions

| | Net Investment Income to Common Shareholders | Capital Gains to Common Shareholders | Total | Ending Common Share Net Asset Value |
|--|--|---|-------|---|
|--|--|---|-------|---|

INSURED CALIFORNIA PREMIUM INCOME (NPC)

| | | | | |
|------------------|----------|----------|----------|----------|
| Year Ended 2/28: | | | | |
| 2009 (b) | \$ (.36) | \$ (.14) | \$ (.50) | \$ 14.03 |
| Year Ended 8/31: | | | | |
| 2008 | (.73) | (.01) | (.74) | 14.93 |

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| | | | | |
|------|-------|-------|--------|-------|
| 2007 | (.73) | (.08) | (.81) | 15.04 |
| 2006 | (.83) | (.14) | (.97) | 15.58 |
| 2005 | (.92) | (.16) | (1.08) | 16.21 |
| 2004 | (.93) | (.05) | (.98) | 16.23 |

INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)

| | | | | |
|------------------|-------|-------|-------|-------|
| ----- | | | | |
| Year Ended 2/28: | | | | |
| 2009(b) | (.34) | (.14) | (.48) | 12.85 |
| Year Ended 8/31: | | | | |
| 2008 | (.64) | -- | (.64) | 14.13 |
| 2007 | (.67) | -- | (.67) | 14.50 |
| 2006 | (.76) | -- | (.76) | 14.99 |
| 2005 | (.88) | -- | (.88) | 15.33 |
| 2004 | (.91) | -- | (.91) | 15.12 |
| ===== | | | | |

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

INSURED CALIFORNIA PREMIUM INCOME (NPC)

| | | | | |
|------------------|-----------|-----------|-----------|-------|
| ----- | | | | |
| Year Ended 2/28: | | | | |
| 2009(b) | \$ 45,000 | \$ 25,000 | \$ 75,295 | \$ -- |
| 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 2/28: | | | | |
| 2009(b) | 79,825 | 25,000 | 75,996 | -- |
| 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 | -- |
| ===== | | | | |

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| | Total Returns | | | Applicable |
|---|-------------------------|---|---|-----------------------------------|
| | Based on Market Value** | Based on Common Share Net Asset Value** | Ending Net Assets Applicable to Common Shares (000) | Expenses Including Interest++ (a) |
| INSURED CALIFORNIA PREMIUM INCOME (NPC) | | | | |
| Year Ended 2/28: | | | | |
| 2009 (b) | (9.25)% | (2.43)% | \$ 90,531 | 1.27%* |
| Year Ended 8/31: | | | | |
| 2008 | (2.21) | 4.23 | 96,462 | 1.19 |
| 2007 | 4.61 | 1.70 | 97,176 | 1.22 |
| 2006 | 1.00 | 2.23 | 100,581 | 1.16 |
| 2005 | 7.58 | 6.74 | 104,510 | 1.14 |
| 2004 | 11.80 | 10.64 | 104,618 | 1.17 |
| INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | | | | |
| Year Ended 2/28: | | | | |
| 2009 (b) | (9.95) | (5.40) | 162,831 | 1.53* |
| Year Ended 8/31: | | | | |
| 2008 | (3.06) | 1.86 | 179,734 | 1.23 |
| 2007 | 1.26 | 1.18 | 184,343 | 1.24 |
| 2006 | (.63) | 2.91 | 190,571 | 1.20 |
| 2005 | 5.10 | 7.42 | 194,895 | 1.17 |
| 2004 | 12.71 | 10.02 | 192,035 | 1.19 |

Ratios/Supplemental Data

Ratios to Average Net Assets
Applicable to Common Shares
After Credit/Reimbursement***

| | Expenses Including Interest++ (a) | Expenses Excluding Interest++ (a) | Net Investment Income++ | Portfolio Turnover Rate |
|---|-----------------------------------|-----------------------------------|-------------------------|-------------------------|
| INSURED CALIFORNIA PREMIUM INCOME (NPC) | | | | |
| Year Ended 2/28: | | | | |
| 2009 (b) | 1.27%* | 1.27%* | 6.88%* | 1% |
| Year Ended 8/31: | | | | |
| 2008 | 1.17 | 1.17 | 6.25 | 17 |
| 2007 | 1.20 | 1.14 | 5.87 | 9 |
| 2006 | 1.15 | 1.15 | 5.90 | 9 |
| 2005 | 1.13 | 1.13 | 5.86 | 9 |
| 2004 | 1.16 | 1.16 | 6.17 | 25 |
| INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | | | | |
| Year Ended 2/28: | | | | |
| 2009 (b) | 1.50* | 1.21* | 7.17* | 9 |
| Year Ended 8/31: | | | | |
| 2008 | 1.22 | 1.19 | 6.57 | 12 |

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| | | | | |
|------|------|------|------|----|
| 2007 | 1.22 | 1.17 | 6.01 | 19 |
| 2006 | 1.19 | 1.19 | 6.05 | 14 |
| 2005 | 1.17 | 1.17 | 6.03 | 7 |
| 2004 | 1.19 | 1.19 | 6.38 | 35 |

* Annualized.

** 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, where applicable, as both are more fully described in Footnote 1 - Variable Rate Demand Preferred Shares and Inverse Floating Rate Securities, respectively.

(b) For the six months ended February 28, 2009.

See accompanying notes to financial statements.

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| Financial HIGHLIGHTS (continued)

Selected data for a Common share outstanding throughout each period:

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| | Beginning Common Share Net Asset Value | Net Investment Income | Net Realized/ Unrealized Gain (Loss) | Distributions from Net Investment Income to Auction Rate Preferred Shareholders+ | Dist to Auc Sha |
|---------------------------------|--|-----------------------------|---|--|--------------------------|
| CALIFORNIA PREMIUM INCOME (NCU) | | | | | |
| Year Ended 2/28: | | | | | |
| 2009 (b) | \$ 13.67 | \$.43 | \$ (1.29) | \$ (.10) | \$ |
| Year Ended 8/31: | | | | | |
| 2008 | 14.06 | .92 | (.43) | (.24) | |
| 2007 | 14.63 | .90 | (.52) | (.24) | |
| 2006 | 15.03 | .89 | (.30) | (.21) | |
| 2005 | 14.51 | .90 | .60 | (.12) | |
| 2004 | 13.66 | .94 | .85 | (.06) | |

CALIFORNIA DIVIDEND ADVANTAGE (NAC)

| | | | | | |
|------------------|-------|------|--------|-------|--|
| Year Ended 2/28: | | | | | |
| 2009 (b) | 14.43 | .49 | (2.07) | (.09) | |
| Year Ended 8/31: | | | | | |
| 2008 | 14.93 | 1.02 | (.50) | (.23) | |
| 2007 | 15.59 | 1.00 | (.56) | (.24) | |
| 2006 | 15.98 | 1.01 | (.25) | (.21) | |
| 2005 | 15.59 | 1.04 | .50 | (.12) | |
| 2004 | 14.82 | 1.05 | .76 | (.06) | |

Less Distributions

| | Net Investment Income to Common Shareholders | Capital Gains to Common Shareholders | Total | Ending Common Share Net Asset Value | Endin Marke Valu |
|-------------------------------------|--|---|----------|---|------------------------|
| CALIFORNIA PREMIUM INCOME (NCU) | | | | | |
| Year Ended 2/28: | | | | | |
| 2009 (b) | \$ (.33) | \$ (.01) | \$ (.34) | \$ 12.37 | \$ 10.0 |
| Year Ended 8/31: | | | | | |
| 2008 | (.64) | -- | (.64) | 13.67 | 12.5 |
| 2007 | (.67) | (.03) | (.70) | 14.06 | 13.0 |
| 2006 | (.77) | (.01) | (.78) | 14.63 | 14.0 |
| 2005 | (.86) | -- | (.86) | 15.03 | 14.3 |
| 2004 | (.88) | -- | (.88) | 14.51 | 13.6 |
| CALIFORNIA DIVIDEND ADVANTAGE (NAC) | | | | | |
| Year Ended 2/28: | | | | | |
| 2009 (b) | (.38) | (.26) | (.64) | 12.10 | 10.8 |
| Year Ended 8/31: | | | | | |
| 2008 | (.74) | (.04) | (.78) | 14.43 | 13.4 |
| 2007 | (.80) | (.05) | (.85) | 14.93 | 14.3 |
| 2006 | (.91) | (.03) | (.94) | 15.59 | 15.9 |

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| | | | | | |
|------|-------|-------|--------|-------|------|
| 2005 | (.98) | (.05) | (1.03) | 15.98 | 16.0 |
| 2004 | (.98) | -- | (.98) | 15.59 | 15.0 |

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

CALIFORNIA PREMIUM INCOME (NCU)

| | | | | | |
|------------------|-----------|-----------|-----------|-------|----|
| Year Ended 2/28: | | | | | |
| 2009 (b) | \$ 40,875 | \$ 25,000 | \$ 68,584 | \$ -- | \$ |
| 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 2/28: | | | | | |
| 2009 (b) | 135,525 | 25,000 | 77,430 | -- | |
| 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 | -- | |

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| | Ratios/Supplementa | | | | |
|--|----------------------------------|--|--|--|--------------------|
| | Total Returns | | | Ratios to Aver Applicable to Before Credit | |
| | Based on Market Value** | Based on Share Net Asset Value** | Ending Net Assets Applicable to Common Shares (000) | Expenses Including Interest++(a) | Exp Excl Int |

CALIFORNIA PREMIUM INCOME (NCU)

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| | | | | |
|------------------|----------|---------|-----------|--------|
| Year Ended 2/28: | | | | |
| 2009 (b) | (17.22)% | (6.92)% | \$ 71,260 | 1.57%* |
| Year Ended 8/31: | | | | |
| 2008 | 1.51 | 1.81 | 78,966 | 1.34 |
| 2007 | (2.21) | .82 | 81,200 | 1.29 |
| 2006 | 3.14 | 2.72 | 84,467 | 1.23 |
| 2005 | 11.76 | 9.75 | 86,785 | 1.21 |
| 2004 | 12.04 | 12.94 | 83,772 | 1.23 |

CALIFORNIA DIVIDEND ADVANTAGE (NAC)

| | | | | |
|------------------|---------|---------|---------|-------|
| Year Ended 2/28: | | | | |
| 2009 (b) | (14.14) | (11.45) | 284,221 | 1.31* |
| Year Ended 8/31: | | | | |
| 2008 | (.84) | 1.85 | 338,732 | 1.26 |
| 2007 | (5.19) | 1.16 | 350,523 | 1.17 |
| 2006 | 5.47 | 3.63 | 365,516 | 1.13 |
| 2005 | 14.62 | 9.41 | 374,265 | 1.12 |
| 2004 | 12.07 | 12.11 | 365,066 | 1.14 |

Ratios/Supplemental Data

Ratios to Average Net Assets
Applicable to Common Shares
After Credit/Reimbursement***

| Expenses Including Interest++ (a) | Expenses Excluding Interest++ (a) | Net Investment Income++ | Portfolio Turnover Rate |
|---|---|-------------------------------|-------------------------------|
|---|---|-------------------------------|-------------------------------|

CALIFORNIA PREMIUM INCOME (NCU)

| | | | | |
|------------------|--------|--------|--------|-----|
| Year Ended 2/28: | | | | |
| 2009 (b) | 1.55%* | 1.35%* | 7.08%* | 14% |
| Year Ended 8/31: | | | | |
| 2008 | 1.33 | 1.21 | 6.57 | 5 |
| 2007 | 1.27 | 1.19 | 6.16 | 11 |
| 2006 | 1.21 | 1.21 | 6.10 | 20 |
| 2005 | 1.20 | 1.20 | 6.09 | 13 |
| 2004 | 1.22 | 1.22 | 6.63 | 19 |

CALIFORNIA DIVIDEND ADVANTAGE (NAC)

| | | | | |
|------------------|-------|-------|-------|----|
| Year Ended 2/28: | | | | |
| 2009 (b) | | | | |
| Year Ended 8/31: | 1.22* | 1.08* | 8.01* | 14 |
| 2008 | 1.10 | .99 | 6.93 | 19 |
| 2007 | .94 | .89 | 6.47 | 20 |
| 2006 | .83 | .83 | 6.51 | 13 |
| 2005 | .75 | .75 | 6.59 | 4 |
| 2004 | .70 | .70 | 6.83 | 12 |

* Annualized.

** 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, where applicable, as both are more fully described in Footnote 1 - Variable Rate Demand Preferred Shares and Inverse Floating Rate Securities, respectively.

(b) For the six months ended February 28, 2009.

See accompanying notes to financial statements.

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| Financial HIGHLIGHTS (continued)

Selected data for a Common share outstanding throughout each period:

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

CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)

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| | | | | | |
|------------------|----------|--------|-----------|----------|----|
| Year Ended 2/28: | | | | | |
| 2009 (b) | \$ 14.39 | \$.51 | \$ (1.47) | \$ (.11) | \$ |
| Year Ended 8/31: | | | | | |
| 2008 | 14.69 | 1.01 | (.37) | (.25) | |
| 2007 | 15.36 | .96 | (.62) | (.25) | |
| 2006 | 15.63 | .97 | (.19) | (.21) | |
| 2005 | 14.97 | .98 | .71 | (.12) | |
| 2004 | 14.18 | .99 | .77 | (.06) | |

CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH)

| | | | | |
|------------------|-------|------|--------|-------|
| Year Ended 2/28: | | | | |
| 2009 (b) | 13.62 | .50 | (2.13) | (.09) |
| Year Ended 8/31: | | | | |
| 2008 | 14.25 | 1.03 | (.70) | (.25) |
| 2007 | 15.03 | .98 | (.73) | (.27) |
| 2006 | 15.31 | .97 | (.20) | (.22) |
| 2005 | 14.65 | .97 | .68 | (.13) |
| 2004 | 13.72 | .98 | .88 | (.07) |

Less Distributions

| Net Investment Income to Common Shareholders | Capital Gains to Common Shareholders | Total | Ending Common Share Net Asset Value | End Mar Va |
|--|--------------------------------------|-------|-------------------------------------|------------|
|--|--------------------------------------|-------|-------------------------------------|------------|

CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)

| | | | | | |
|------------------|----------|----------|----------|----------|-------|
| Year Ended 2/28: | | | | | |
| 2009 (b) | \$ (.36) | \$ (.04) | \$ (.40) | \$ 12.91 | \$ 10 |
| Year Ended 8/31: | | | | | |
| 2008 | (.69) | -- | (.69) | 14.39 | 12 |
| 2007 | (.76) | -- | (.76) | 14.69 | 13 |
| 2006 | (.84) | -- | (.84) | 15.36 | 14 |
| 2005 | (.91) | -- | (.91) | 15.63 | 15 |
| 2004 | (.91) | -- | (.91) | 14.97 | 14 |

CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH)

| | | | | | |
|------------------|-------|----|-------|-------|----|
| Year Ended 2/28: | | | | | |
| 2009 (b) | (.37) | -- | (.37) | 11.53 | 10 |
| Year Ended 8/31: | | | | | |
| 2008 | (.71) | -- | (.71) | 13.62 | 12 |
| 2007 | (.76) | -- | (.76) | 14.25 | 13 |
| 2006 | (.83) | -- | (.83) | 15.03 | 14 |
| 2005 | (.86) | -- | (.86) | 15.31 | 14 |
| 2004 | (.86) | -- | (.86) | 14.65 | 13 |

Auction Rate Preferred Shares at End of Period

Variable Rate Dem at End

| Aggregate Amount | Liquidation and Market | Asset | Aggregate Amount | Liq an |
|------------------|------------------------|-------|------------------|--------|
|------------------|------------------------|-------|------------------|--------|

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| | Outstanding (000) | Value Per Share | Coverage Per Share | Outstanding (000) | P |
|---------------------------------------|----------------------|--------------------|-----------------------|----------------------|----|
| ----- | | | | | |
| CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | | | | | |
| ----- | | | | | |
| Year Ended 2/28: | | | | | |
| 2009 (b) | \$ 110,000 | \$ 25,000 | \$ 68,369 | \$ -- | \$ |
| 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 2/28: | | | | | |
| 2009 (b) | 154,075 | 25,000 | 70,117 | -- | |
| 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 | -- | |
| ===== | | | | | |

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| | Ratios/Supplem | | | |
|---------------------------------------|----------------------------------|--|--|---|
| | Total Returns | | | Ratios to |
| | Based on Market Value** | Based on Common Share Net Asset Value** | Ending Net Assets Applicable to Common Shares (000) | Applicab Before C |
| | | | | Expenses Including Interest++ (a) |
| ----- | | | | |
| CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | | | | |
| ----- | | | | |
| Year Ended 2/28: | | | | |
| 2009 (b) | (13.83)% | (7.40)% | \$ 190,824 | 1.37%* |
| Year Ended 8/31: | | | | |
| 2008 | (2.80) | 2.76 | 212,890 | 1.25 |
| 2007 | (3.39) | .46 | 217,332 | 1.25 |
| 2006 | 4.19 | 3.82 | 227,160 | 1.16 |
| 2005 | 14.98 | 10.80 | 231,140 | 1.16 |
| 2004 | 13.60 | 12.11 | 221,395 | 1.18 |
| ----- | | | | |
| CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | | | | |
| ----- | | | | |
| Year Ended 2/28: | | | | |

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| | | | | |
|------------------|---------|---------|---------|-------|
| 2009 (b) | (17.58) | (12.54) | 278,056 | 1.39* |
| Year Ended 8/31: | | | | |
| 2008 | .46 | .60 | 328,659 | 1.21 |
| 2007 | (4.12) | (.32) | 343,806 | 1.22 |
| 2006 | 8.50 | 3.81 | 362,473 | 1.16 |
| 2005 | 15.75 | 10.69 | 369,262 | 1.17 |
| 2004 | 11.97 | 13.36 | 353,360 | 1.20 |

Ratios/Supplemental Data

Ratios to Average Net Assets
Applicable to Common Shares
After Credit/Reimbursement***

| Expenses Including Interest++ (a) | Expenses Excluding Interest++ (a) | Net Investment Income++ | Portfolio Turnover Rate |
|---|---|-------------------------------|-------------------------------|
|---|---|-------------------------------|-------------------------------|

CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)

| | | | | |
|------------------|--------|--------|--------|----|
| Year Ended 2/28: | | | | |
| 2009 (b) | 1.12%* | 1.07%* | 8.10%* | 7% |
| Year Ended 8/31: | | | | |
| 2008 | .97 | .88 | 6.85 | 20 |
| 2007 | .89 | .81 | 6.33 | 21 |
| 2006 | .73 | .73 | 6.36 | 9 |
| 2005 | .70 | .70 | 6.40 | 3 |
| 2004 | .72 | .72 | 6.70 | 13 |

CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH)

| | | | | |
|------------------|-------|-------|-------|----|
| Year Ended 2/28: | | | | |
| 2009 (b) | 1.12* | 1.00* | 8.76* | 9 |
| Year Ended 8/31: | | | | |
| 2008 | .88 | .86 | 7.29 | 23 |
| 2007 | .81 | .76 | 6.56 | 23 |
| 2006 | .70 | .70 | 6.54 | 10 |
| 2005 | .70 | .70 | 6.51 | 5 |
| 2004 | .73 | .73 | 6.78 | 13 |

* Annualized.

** 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.

(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, where applicable, as both are more fully described in Footnote 1 - Variable Rate Demand Preferred Shares and Inverse Floating Rate Securities, respectively.

(b) For the six months ended February 28, 2009.

See accompanying notes to financial statements.

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| Financial HIGHLIGHTS (continued)

Selected data for a Common share outstanding throughout each period:

| | Beginning Common Share Net Asset Value | Net Investment Income | Net Realized/ Unrealized Gain (Loss) | Investment Ope Distribution from Ne Investmen Income t Auction Rat Preferre Shareholder |
|---|--|-----------------------------|---|--|
| INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) | | | | |
| Year Ended 2/28: | | | | |
| 2009 (b) | \$ 14.61 | \$.50 | \$ (1.07) | \$ (.1 |
| Year Ended 8/31: | | | | |
| 2008 | 14.91 | 1.03 | (.33) | (.2 |
| 2007 | 15.50 | 1.01 | (.57) | (.2 |
| 2006 | 15.81 | 1.01 | (.25) | (.2 |
| 2005 | 15.35 | 1.01 | .52 | (.1 |
| 2004 | 14.60 | 1.02 | .84 | (.0 |
| INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX) | | | | |
| Year Ended 2/28: | | | | |
| 2009 (b) | 14.19 | .39 | (1.32) | - |
| Year Ended 8/31: | | | | |

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| | | | | |
|------|-------|-----|-------|-----|
| 2008 | 14.47 | .97 | (.30) | (.2 |
| 2007 | 14.92 | .96 | (.46) | (.2 |
| 2006 | 15.17 | .95 | (.25) | (.2 |
| 2005 | 14.62 | .96 | .57 | (.1 |
| 2004 | 13.79 | .96 | .84 | (.0 |

Less Distributions

| | Net Investment Income to Common Shareholders | Capital Gains to Common Shareholders | Total | Ending Common Share Net Asset Value |
|--|--|--------------------------------------|-------|-------------------------------------|
|--|--|--------------------------------------|-------|-------------------------------------|

INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL)

| | | | | |
|------------------|----------|----------|----------|---------|
| Year Ended 2/28: | | | | |
| 2009(b) | \$ (.37) | \$ (.04) | \$ (.41) | \$ 13.5 |
| Year Ended 8/31: | | | | |
| 2008 | (.72) | (.02) | (.74) | 14.6 |
| 2007 | (.77) | --**** | (.77) | 14.9 |
| 2006 | (.85) | -- | (.85) | 15.5 |
| 2005 | (.90) | (.05) | (.95) | 15.8 |
| 2004 | (.91) | (.13) | (1.04) | 15.3 |

INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX)

| | | | | |
|------------------|-------|-------|-------|------|
| Year Ended 2/28: | | | | |
| 2009(b) | (.35) | (.05) | (.40) | 12.8 |
| Year Ended 8/31: | | | | |
| 2008 | (.71) | -- | (.71) | 14.1 |
| 2007 | (.71) | -- | (.71) | 14.4 |
| 2006 | (.74) | -- | (.74) | 14.9 |
| 2005 | (.85) | -- | (.85) | 15.1 |
| 2004 | (.91) | -- | (.91) | 14.6 |

Auction Rate Preferred Shares at End of Period

| Aggregate Amount Outstanding (000) | Liquidation and Market Value Per Share | Asset Coverage Per Share | Variable Rate | Aggregate Amount Outstanding (000) |
|------------------------------------|--|--------------------------|---------------|------------------------------------|
|------------------------------------|--|--------------------------|---------------|------------------------------------|

INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL)

| | | | | |
|------------------|------------|-----------|-----------|-------|
| Year Ended 2/28: | | | | |
| 2009(b) | \$ 108,250 | \$ 25,000 | \$ 72,683 | \$ -- |
| 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 | -- |

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INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX)

| ----- | | | | |
|------------------|--------|--------|--------|--------|
| Year Ended 2/28: | | | | |
| 2009 (b) | -- | -- | -- | 35,500 |
| Year Ended 8/31: | | | | |
| 2008 | -- | -- | -- | 35,500 |
| 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 | -- |
| ===== | | | | |

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| | | | | Ratios/Su |
|---------------|----------------------------------|--|--|-----------------------------------|
| | | | | ----- |
| | | | | Rati |
| | | | | App |
| | | | | Bef |
| | | | | ----- |
| Total Returns | | | | |
| ----- | | | | |
| | Based on Market Value** | Based on Common Share Net Asset Value** | Ending Net Assets Applicable to Common Shares (000) | Expenses Including Interest |
| ----- | | | | |

INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL)

| | | | | |
|------------------|-----------|----------|------------|------|
| Year Ended 2/28: | | | | |
| 2009 (b) | (14.22) % | (4.50) % | \$ 206,467 | 1.32 |
| Year Ended 8/31: | | | | |
| 2008 | (.03) | 2.98 | 223,356 | 1.19 |
| 2007 | (4.64) | 1.13 | 227,923 | 1.21 |
| 2006 | 10.72 | 3.62 | 236,525 | 1.17 |
| 2005 | 9.00 | 9.46 | 241,254 | 1.16 |
| 2004 | 12.54 | 12.53 | 234,186 | 1.18 |

INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX)

| | | | | |
|------------------|---------|--------|--------|------|
| Year Ended 2/28: | | | | |
| 2009 (b) | (11.55) | (6.42) | 75,661 | 2.57 |
| Year Ended 8/31: | | | | |
| 2008 | .12 | 2.97 | 83,531 | 1.33 |
| 2007 | 6.35 | 1.69 | 85,144 | 1.27 |
| 2006 | 4.56 | 3.43 | 87,775 | 1.22 |
| 2005 | 7.46 | 9.84 | 89,272 | 1.21 |
| 2004 | 11.54 | 12.86 | 86,008 | 1.23 |
| ===== | | | | |

Ratios/Supplemental Data

Ratios to Average Net Assets
Applicable to Common Shares

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| | After Credit/Reimbursement*** | | | Port Tur |
|---|---|---|-------------------------------|-------------|
| | Expenses Including Interest++ (a) | Expenses Excluding Interest++ (a) | Net Investment Income++ | |
| ----- | | | | |
| INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) | | | | |
| ----- | | | | |
| Year Ended 2/28: | | | | |
| 2009 (b) | .99%* | .90%* | 7.69%* | |
| Year Ended 8/31: | | | | |
| 2008 | .83 | .83 | 6.88 | |
| 2007 | .78 | .73 | 6.55 | |
| 2006 | .71 | .71 | 6.58 | |
| 2005 | .71 | .71 | 6.51 | |
| 2004 | .72 | .72 | 6.74 | |
| ----- | | | | |
| INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX) | | | | |
| ----- | | | | |
| Year Ended 2/28: | | | | |
| 2009 (b) | 2.25* | 1.22* | 6.21* | |
| Year Ended 8/31: | | | | |
| 2008 | .91 | .83 | 6.70 | |
| 2007 | .77 | .71 | 6.45 | |
| 2006 | .73 | .73 | 6.46 | |
| 2005 | .73 | .73 | 6.43 | |
| 2004 | .73 | .73 | 6.67 | |
| ===== | | | | |

* Annualized.

** 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

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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, where applicable, as both are more fully described in Footnote 1 - Variable Rate Demand Preferred Shares and Inverse Floating Rate Securities, respectively.
- (b) For the six months ended February 28, 2009.

See accompanying notes to financial statements.

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Board Members & Officers

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, BIRTHDATE & ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST YEAR FIRST ELECTED OR APPOINTED AND TERM(1) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY BOARD MEMBER | PRINCIPAL OCCUPATION INCLUDING DIRECTORSHIP DURING |
|---------------------------------|------------------------------------|--|---|--|
|---------------------------------|------------------------------------|--|---|--|

INDEPENDENT BOARD MEMBERS:

| | | | | |
|--|--|------|-----|---|
| o ROBERT P. BREMNER 8/22/40 333 W. Wacker Drive Chicago, IL 60606 | Chairman of the Board and Board member | 1997 | 193 | Private Consultant Humanities |
| o JACK B. EVANS 10/22/48 333 W. Wacker Drive Chicago, IL 60606 | Board member | 1999 | 193 | President private 1996); Fire Gr Member State o Gazette College Member Departm College formerl formerl of Chic Operati Inc., a |

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| | | | | | |
|---|---|--------------|------|-----|---|
| o | WILLIAM C. HUNTER 3/6/48 333 W. Wacker Drive Chicago, IL 60606 | Board member | 2004 | 193 | Dean, T Univers formerl of Fina Univers previou Directo Reserve Directo Corpora Gamma S Directo 2005-Oc (1997-2 Georget |
| o | DAVID J. KUNDERT 10/28/42 333 W. Wacker Drive Chicago, IL 60606 | Board member | 2005 | 193 | Directo Managem as Chai Managem Investm Preside thereto One Cor One Inv Board o of the of Boar Botanic Committ |
| o | WILLIAM J. SCHNEIDER 9/24/44 333 W. Wacker Drive Chicago, IL 60606 | Board member | 1997 | 193 | Chairma Ltd., a Senior (retire Member, School Philhar member, Clevela Directo |

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| NAME, BIRTHDATE & ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST YEAR FIRST ELECTED OR APPOINTED AND TERM(1) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY BOARD MEMBER | PRINCIP OCCUPAT INCLUDI DIRECTO DURING |
|---------------------------------|------------------------------------|--|---|--|
|---------------------------------|------------------------------------|--|---|--|

INDEPENDENT BOARD MEMBERS:

| | | | | | |
|---|---|--------------|------|-----|--|
| o | JUDITH M. STOCKDALE 12/29/47 333 W. Wacker Drive Chicago, IL 60606 | Board member | 1997 | 193 | Executi Donnell thereto Protect |
|---|---|--------------|------|-----|--|

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| | | | | | |
|---|--|--------------|------|-----|--|
| o | CAROLE E. STONE 6/28/47 333 W. Wacker Drive Chicago, IL 60606 | Board member | 2007 | 193 | Director (since Commiss (since Racing (2005-2 State D Chair, (2000-2 Assista |
| o | TERENCE J. TOTH 9/29/59 333 W. Wacker Drive Chicago, IL 60606 | Board Member | 2008 | 193 | Directo Managem Managin (since 2007); Investm Preside Securit thereto Trust C Goodman Chicago Univers Board (Chicago Member: (2005-2 Board (Board (Securit Norther (1997-2 |

INTERESTED BOARD MEMBER:

| | | | | | |
|---|--|--------------|------|-----|---|
| o | JOHN P. AMBOIAN 6/14/61 333 W. Wacker Drive Chicago, IL 60606 | Board Member | 2008 | 193 | Chief E and Dir Investm (since Rittenh Investm Preside Corp. a Corp. (3 |
|---|--|--------------|------|-----|---|

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| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED (4) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY OFFICER | PRINCIP OCCUPAT DURING |
|-----------------------------------|------------------------------------|---|--|------------------------------|
|-----------------------------------|------------------------------------|---|--|------------------------------|

OFFICERS OF THE FUNDS:

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| | | | | | |
|---|--|--|------|-----|---|
| o | GIFFORD R. ZIMMERMAN 9/9/56 333 W. Wacker Drive Chicago, IL 60606 | Chief Administrative Officer | 1988 | 193 | Managin Secreta Nuveen (since and Ass Managem Secreta Company Investm Symphon Investm 2003), and San (since and Nuv (since 2004) a of Nuve Managin Counsel Secreta Nuveen Charter |
| o | WILLIAM ADAMS IV 6/9/55 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2007 | 121 | Executi Investm Preside Nuveen prior t Structu |
| o | MARK J.P. ANSON 6/10/59 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2009 | 193 | Preside Investm of Nuve Service previou British and Chi (1999-2 Analyst Analyst Certifi Certifi |
| o | CEDRIC H. ANTOSIEWICZ 1/11/62 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2007 | 121 | Managin previou Nuveen |
| o | NIZIDA ARRIAGA 6/1/68 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2009 | 193 | Vice Pr (since Managen (1996-2 |
| o | MICHAEL T. ATKINSON 2/3/66 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Assistant Secretary | 2000 | 193 | Vice Pr Investm Nuveen |
| o | MARGO L. COOK 4/11/64 | | | | Executi of Nuve |

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| | | | | | |
|---|---|----------------|------|-----|--|
| | 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2009 | 193 | Head of (2007-2 Managem Mgt (19 Charter |
| o | LORNA C. FERGUSON 10/24/45 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 1998 | 193 | Managin Vice Pr Managin Asset M (2004-2 (1998-2 Nuveen |

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| | NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED (4) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY OFFICER | PRINCIP OCCUPAT DURING |
|--|-----------------------------------|------------------------------------|---|--|------------------------------|
|--|-----------------------------------|------------------------------------|---|--|------------------------------|

OFFICERS OF THE FUNDS:

| | | | | | |
|---|--|---|------|-----|--|
| o | STEPHEN D. FOY 5/31/54 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Controller | 1998 | 193 | Vice Pr Control Investm 2005) o Certifi |
| o | WILLIAM T. HUFFMAN 5/7/69 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2009 | 193 | Chief O Income Managem Preside (2002 - Advisor (2007) Investm |
| o | WALTER M. KELLY 2/24/70 333 W. Wacker Drive Chicago, IL 60606 | Chief Compliance Officer and Vice President | 2003 | 193 | Senior Preside Vice Pr Counsel LLC; Vi Assista Asset M |
| o | DAVID J. LAMB 3/22/63 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2000 | 193 | Senior formerl Nuveen Nuveen Certifi |
| o | TINA M. LAZAR 8/27/61 333 W. Wacker Drive | Vice President | 2002 | 193 | Senior formerl Investm |

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Chicago, IL 60606

| | | | | |
|---|--|--|------|-----|
| o | LARRY W. MARTIN 7/27/51 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Assistant Secretary | 1988 | 193 |
| o | KEVIN J. MCCARTHY 3/26/66 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Secretary | 2007 | 193 |

Preside
(since

Vice Pr
Assista
Investm
2005) a
Investm
2005) a
of Nuve
and Ass
Investm
NWQ Inv
(since
LLC (si
Investo
Managem
HydePar
Solutio
Vice Pr
Nuveen
Institu

Managin
Vice Pr
Investm
Assista
Managem
Inc., N
Nuveen
Group L
Company
LLC, NW
Managem
Managem
and Nuv
(since
Bell, B

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| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED (4) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY OFFICER | PRINCIP OCCUPAT DURING |
|-----------------------------------|------------------------------------|---|--|------------------------------|
|-----------------------------------|------------------------------------|---|--|------------------------------|

OFFICERS OF THE FUNDS:

| | | | | |
|---|---|----------------|------|-------------------|
| o | JOHN V. MILLER 4/10/67 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2007 | 193 |
| o | GREGORY MINO 1/4/71 | | | Vice Pr (since |

Managin
Vice Pr
Managem
Charter

Vice Pr
(since

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| | | | | | |
|---|---|--|------|-----|--|
| | 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2009 | 193 | (2004-2 (2007-2 Managem (2000-2 Merrill Charter |
| o | CHRISTOPHER M. ROHRBACHER 8/1/71 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Assistant Secretary | 2008 | 193 | Vice Pr (since Secreta 2008); Arps, S (2002-2 |
| o | JAMES F. RUANE 7/3/62 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Assistant Secretary | 2007 | 193 | Vice Pr (since Deloitt formerl Certifi |
| o | MARK L. WINGET 12/21/68 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Assistant Secretary | 2008 | 193 | Vice Pr (since Secreta 2008); Price P |

- (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 annually 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 is an interested trustee because of his position with Nuveen Investments, Inc. and certain of its subsidiaries, which are affiliates of the Nuveen Funds.
- (3) Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. were reorganized into Nuveen Asset Management, effective January 1, 2005.
- (4) 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.

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.

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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

- o **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.
- o **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 common share 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 NAV per common share is calculated by subtracting the liabilities of the Fund (including any Preferred shares issued in order to leverage the Fund) from its total assets and then dividing the remainder by the number of common 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.

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 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.

COMMON AND PREFERRED SHARE INFORMATION

Each Fund intends to repurchase and/or redeem shares of its own common or preferred stock in the future at such times and in such amounts as is deemed advisable. During the period covered by this report, the Funds repurchased and/or redeemed shares of their common and/or preferred stock as shown in the accompanying table:

| FUND | COMMON SHARES REPURCHASED | PREFERRED SHARED REDEEMED |
|------|------------------------------|------------------------------|
| NPC | 6,200 | -- |
| NCL | 41,800 | 85 |
| NCU | 14,700 | -- |
| NVX | 18,300 | -- |
| NZH | 12,900 | 234 |
| NKL | 19,000 | -- |

Any future repurchases and/or redemptions will be reported to shareholders in the next annual or semi-annual report.

BOARD OF DIRECTORS/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

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Nuveen Investments:

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, Santa Barbara, Symphony, Tradewinds and Winslow Capital. In total, the Company managed \$119 billion of assets on December 31, 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

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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/cef

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

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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/CEF/Info/Shareholder. (To view the code, 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 ("Board") 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 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

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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) | TA BILLED |
|--|-------------------------------|---------------------------------------|-----------|
| February 28, 2009(5) | \$ 17,675 | \$ 0 | |
| Percentage approved pursuant to pre-approval exception | 0% | 0% | |
| August 31, 2008 | \$ 17,257 | \$ 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.
- (5) Fund changed fiscal year from August to February starting in 2009.

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 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

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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 BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS | TAX FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS | ALL BILLED AND AFFILIATED SERVICE PROVIDERS |
|--|--|--|---|
| February 28, 2009(1) | \$ 0 | \$ 0 | |
| Percentage approved pursuant to pre-approval exception | 0% | 0% | |
| August 31, 2008 | \$ 0 | \$ 0 | |
| Percentage approved pursuant to pre-approval exception | 0% | 0% | |

(1) Fund changed fiscal year from August to February starting in 2009.

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 pre-approval 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 BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS (ENGAGEMENTS RELATED DIRECTLY TO THE OPERATIONS AND FINANCIAL | TOTAL BILLED AFFILIATED PROVIDERS |
|-------------------|--|-----------------------------------|
| | | |

| | BILLED TO FUND | REPORTING OF THE FUND) |
|----------------------|----------------|------------------------|
| February 28, 2009(1) | \$ 850 | \$ 0 |
| August 31, 2008 | \$ 800 | \$ 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.

(1) Fund changed fiscal year from August to February starting in 2009.

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 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)). 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 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

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the registrant's Board 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 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 MANAGED | ACCOUNTS | NUMBER OF ASSETS* |
|-------------------|----------------------------------|----------|----------------------|
| Scott R. Romans | Registered Investment Company | 28 | \$5.051 billion |
| | Other Pooled Investment Vehicles | 0 | \$0 |
| | Other Accounts | 3 | \$.381 million |

* Assets are as of February 28, 2009. 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 the 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 February 28, 2009, the S&P/Investortools Municipal Bond index was comprised of 51,571 securities with an aggregate current market value of \$1,024 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

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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 led 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 February 28, 2009, 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 MANAGER | FUND | DOLLA RANGE EQUIT SECUR BENEF OWNED 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

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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.

| Period* | (a) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED | (b) AVERAGE PRICE PAID PER SHARE (OR UNIT) | (c) TOTAL NUMBER OF SHARES (OR UNITS) PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS | (d) * MAXIMUM APPROXIMATE SHARES THAT COULD BE PURCHASED UNDER THE PROGRAM |
|----------------------|---|---|--|---|
| AUGUST 7-31, 2008 | 0 | | 0 | 1,480,000 |
| SEPTEMBER 1-30, 2008 | 0 | | 0 | 1,480,000 |
| OCTOBER 1-31, 2008 | 0 | | 0 | 1,480,000 |
| NOVEMBER 1-30, 2008 | 0 | | 0 | 1,480,000 |
| DECEMBER 1-31, 2008 | 0 | | 0 | 1,480,000 |
| JANUARY 1-31, 2009 | 100 | \$10.85 | 100 | 1,479,900 |
| FEBRUARY 1-28, 2009 | 18,200 | \$10.26 | 18,200 | 1,461,700 |
| TOTAL | 18,300 | | | |

* The registrant's repurchase program, which authorized the repurchase of 1,480,000 shares, was announced on August 7, 2008. Any repurchases made by the registrant pursuant to the program were made through open-market transactions.

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)).

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(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.

(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/CEF/Info/Shareholder and there were no amendments during the period covered by this report. (To view the code, 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

By (Signature and Title) /s/ Kevin J. McCarthy

Kevin J. McCarthy
Vice President and Secretary

Date: May 8, 2009

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

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following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Gifford R. Zimmerman

Gifford R. Zimmerman
Chief Administrative Officer
(principal executive officer)

Date: May 8, 2009

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

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

Date: May 8, 2009