

KEARNEY DANIEL P  
Form 4  
January 28, 2005

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
KEARNEY DANIEL P

2. Issuer Name and Ticker or Trading Symbol  
MGIC INVESTMENT CORP  
[MTG]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
01/27/2005

Director  10% Owner  
 Officer (give title below)  Other (specify below)

13 FLINT STREET  
(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

MARBLEHEAD, MA 01945  
(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	01/27/2005		A	500 <sup>(1)</sup> A <sub>(2)</sub>	9,244	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**



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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 100.00  
A-

5,078,750

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 100.00  
AA

2,934,947

1,748

California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 18.104%, 7/01/47 – AGM Insured (IF)

7/18 at 100.00  
AAA

2,032,762

5,000

California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41

3/16 at 100.00  
A+

5,007,150

14,563

Total Health Care

15,053,609

Housing/Multifamily – 1.3% (0.9% of Total Investments)

1,000

California Statewide Community Development Authority, Student Housing Revenue Bonds, EAH – Irvine East Campus Apartments, LLC Project, Series 2002A, 5.500%, 8/01/22 – ACA Insured

Explanation of Responses:

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	8/12 at 100.00	
	Baa1	
		1,011,900
		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 102.00	
	AAA	
		1,964,055
		2,905
Total Housing/Multifamily		2,975,955
Housing/Single Family – 0.1% (0.1% of Total Investments)		
		350
California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2006H, 5.750%, 8/01/30 – FGIC Insured (Alternative Minimum Tax)	2/16 at 100.00	
	A	
		358,372
Industrials – 1.1% (0.8% of Total Investments)		
		2,435
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. Call	
	BBB	
		2,536,783
Long-Term Care – 1.3% (0.9% of Total Investments)		
		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 100.00	
	A-	

Explanation of Responses:

4

	3,057,000
Tax Obligation/General – 27.7% (19.2% of Total Investments)	
	900
California, General Obligation Bonds, Series 2003, 5.000%, 2/01/21	
	8/13 at 100.00 A1
	978,435
	8,250
California, General Obligation Refunding Bonds, Series 2002, 5.000%, 2/01/22 – NPFG Insured	
	2/12 at 100.00 A1
	8,624,303
	20,750
Coachella Valley Unified School District, Riverside County, California, General Obligation Bonds, Capital Appreciation, Election 2005 Series 2010C, 0.000%, 8/01/43 – AGM Insured	
	No Opt. Call AAA
	2,719,288
	3,375
Coast Community College District, Orange County, California, General Obligation Bonds, Series 2006C, 0.000%, 8/01/31 – AGM Insured	
	8/18 at 100.00 AAA
	2,959,605
	230
El Monte Union High School District, Los Angeles County, California, General Obligation Bonds, Series 2003A, 5.000%, 6/01/28 – AGM Insured	
	6/13 at 100.00 AAA
	236,856
	2,730
Fontana Unified School District, San Bernardino County, California, General Obligation Bonds, Trust 2668, 9.269%, 2/01/16 – AGM Insured (IF)	

No Opt. Call  
AAA

3,264,752

Nuveen Investments 51

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NKL Nuveen Insured California Dividend Advantage Municipal Fund (continued)  
Portfolio of Investments August 31, 2010 (Unaudited)

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Tax Obligation/General (continued)			
\$ 10,000	Fremont Unified School District, Alameda County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/25 – FGIC Insured	8/12 at 101.00	Aa2\$	10,733,500
1,000	Los Rios Community College District, Sacramento, El Dorado and Yolo Counties, California, General Obligation Bonds, Series 2006C, 5.000%, 8/01/25 – AGM Insured (UB)	8/14 at 102.00	AAA	1,140,560
1,500	Madera Unified School District, Madera County, California, General Obligation Bonds, Series 2002, 5.000%, 8/01/28 – AGM Insured	8/12 at 100.00	AAA	1,566,015
2,000	Murrieta Valley Unified School District, Riverside County, California, General Obligation Bonds, Series 2007, 4.500%, 9/01/30 – AGM Insured	9/17 at 100.00	AAA	2,033,040
2,500	Oakland Unified School District, Alameda County, California, General Obligation Bonds, Series 2002, 5.250%, 8/01/21 – FGIC Insured	8/12 at 100.00	A1	2,621,550
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 100.00	AA–	396,806
3,250	San Diego Unified School District, San Diego County, California, General Obligation Bonds, Election of 1998, Series 2001C, 5.000%, 7/01/22 – AGM Insured	7/11 at 102.00	AAA	3,428,685
1,500	San Juan Capistrano, California, General Obligation Bonds, Open Space Program, Tender Option Bond Trust 3646, 17.470%, 8/01/17 (IF)	No Opt. Call	AAA	1,953,060
3,500	San Mateo County Community College District, California, General Obligation Bonds, Series 2002A, 5.000%, 9/01/26 – FGIC Insured	9/12 at 100.00	Aaa	3,695,860
15,780	Sylvan Union School District, Stanislaus County, California, General Obligation Bonds, Election of 2006, Series 2010, 0.000%, 8/01/49 – AGM Insured	No Opt. Call	AAA	4,308,413
10,000	Vista Unified School District, San Diego County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/23 – AGM Insured	8/12 at 100.00	AAA	10,325,800
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 100.00	A+	4,030,468
91,545	Total Tax Obligation/General Tax Obligation/Limited – 47.5% (32.8% of Total Investments)			65,016,996
1,450	Baldwin Park Public Financing Authority, California, Sales Tax and Tax Allocation Bonds,	8/13 at 102.00	BBB	1,506,768

	Puente Merced Redevelopment Project, Series 2003, 5.250%, 8/01/21			
6,895	Brea and Olinda Unified School District, Orange County, California, Certificates of Participation Refunding, Series 2002A, 5.125%, 8/01/26 – AGM Insured	8/11 at 101.00	AAA	7,170,869
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 101.00	N/R	2,132,724
3,100	California State Public Works Board, Lease Revenue Bonds, Department of Health Services, Richmond Lab, Series 2005B, 5.000%, 11/01/30 – SYNCORA GTY Insured	11/15 at 100.00	A2	3,108,866
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 100.00	A	472,291
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 101.00	A–	1,307,208
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 – NPFPG Insured	9/13 at 100.00	A	7,108,094
3,145	Culver City Redevelopment Agency, California, Tax Allocation Revenue Bonds, Redevelopment Project, Series 2002A, 5.125%, 11/01/25 – NPFPG Insured	5/11 at 101.00	A	3,089,491
8,170	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 100.00	A2	8,215,425
4,000	Folsom Public Financing Authority, California, Special Tax Revenue Bonds, Series 2004A, 5.000%, 9/01/21 – AMBAC Insured	9/12 at 102.00	N/R	4,115,960
7,780	Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A, 5.000%, 6/01/45 – AMBAC Insured	6/15 at 100.00	A2	7,518,281
7,700	Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Revenue Bonds, Tender Option Bonds Trust 4686, 9.053%, 6/01/45 – AGC Insured (IF)	6/15 at 100.00	AAA	7,623,303

52 Nuveen Investments



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Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
\$ 910	Tax Obligation/Limited (continued) 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 100.00	Ba1\$	761,515
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. Call	N/R	2,159,838
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 102.00	A+	3,520,755
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 102.00	A+	3,537,258
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 100.00	A1	790,996
1,460	Los Angeles, California, Certificates of Participation, Municipal Improvement Corporation, Series 2003AW, 5.000%, 6/01/33 – AMBAC Insured	6/13 at 100.00	A+	1,478,586
7,000	Los Angeles, California, Certificates of Participation, Series 2002, 5.200%, 4/01/27 – AMBAC Insured	4/12 at 100.00	A+	7,117,740
8,470	Ontario Redevelopment Financing Authority, California, Lease Revenue Bonds, Capital Projects, Series 2001, 5.200%, 8/01/29 – AMBAC Insured	8/11 at 101.00	A+	8,815,576
5,000	Palm Desert Financing Authority, California, Tax Allocation Revenue Refunding Bonds, Project Area 1, Series 2002, 5.000%, 4/01/25 – NPFG Insured	4/12 at 102.00	A	5,008,700
405	Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 – SYNCORA GTY Insured	9/15 at 100.00	A–	381,069
3,000	Riverside County Public Financing Authority, California, Tax Allocation Bonds, Multiple Projects, Series 2005A, 5.000%, 10/01/35 – SYNCORA GTY Insured	10/15 at 100.00	BBB	2,597,670
4,475	Riverside County, California, Asset Leasing Corporate Leasehold Revenue Bonds, Riverside County Hospital Project, Series 1997B, 5.000%, 6/01/19 – NPFG Insured	6/12 at 101.00	A	4,603,030
2,500	Roseville Financing Authority, California, Special Tax Revenue Bonds, Series 2007A, 5.000%, 9/01/33 – AMBAC Insured	9/17 at 100.00	N/R	2,339,525
505	Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 –	8/13 at 100.00	AA–	513,535

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3,175	AMBAC Insured San Buenaventura, California, Certificates of Participation, Series 2001C, 5.250%, 2/01/31 – AMBAC Insured	2/11 at 101.00	N/R	3,177,350
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	9/10 at 100.50	Baa2	3,738,430
4,000	San Jose Financing Authority, California, Lease Revenue Refunding Bonds, Convention Center Project, Series 2001F, 5.000%, 9/01/19 – NPF Insured	9/11 at 100.00	AA+	4,162,600
1,000	San Jose Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 8/01/28 – NPF Insured	8/15 at 100.00	A	1,011,030
2,160	Temecula Redevelopment Agency, California, Tax Allocation Revenue Bonds, Redevelopment Project 1, Series 2002, 5.125%, 8/01/27 – NPF Insured	2/11 at 100.00	A	2,160,367
110,990	Total Tax Obligation/Limited Transportation – 5.3% (3.7% of Total Investments)			111,244,850
7,500	Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 5.875%, 1/15/29	1/14 at 101.00	BBB–	7,632,225
2,185	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)	5/13 at 100.00	A1	2,323,398
2,300	5.250%, 5/01/17 – FGIC Insured (Alternative Minimum Tax)	5/13 at 100.00	A1	2,419,807
11,985	Total Transportation			12,375,430

Nuveen Investments 53

NKL Nuveen Insured California Dividend Advantage Municipal Fund (continued)  
Portfolio of Investments August 31, 2010 (Unaudited)

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	U.S. Guaranteed – 16.7% (11.6% 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 101.00	Aaa\$	6,539,340
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 100.00	AAA	38,737
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 100.00	AAA	2,811,218
8,900	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 100.00	AA (4)	9,259,738
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 100.00	AAA	5,368,860
5,000	Los Angeles Unified School District, California, General Obligation Bonds, Series 2002E, 5.125%, 1/01/27 (Pre-refunded 7/01/12) – NPPG Insured	7/12 at 100.00	AA– (4)	5,438,300
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 100.00	Baa1 (4)	4,043,967
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 101.00	AA (4)	3,145,450
2,460	Vacaville Unified School District, Solano County, California, General Obligation Bonds, Series 2002, 5.000%, 8/01/26 (Pre-refunded 8/01/11) – AGM Insured	8/11 at 101.00	AAA	2,593,775
35,505	Total U.S. Guaranteed Utilities – 14.4% (9.9% of Total Investments)			39,239,385
9,000	Anaheim Public Finance Authority, California, Revenue Bonds, Electric System Distribution Facilities, Series 2002A, 5.000%, 10/01/27 – AGM Insured	10/12 at 100.00	AAA	9,471,960
10,000	California Pollution Control Financing Authority, Remarketed Revenue Bonds, Pacific Gas and	4/11 at 102.00	A	10,358,500

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	Electric Company, Series 1996A, 5.350%, 12/01/16 – NPFPG Insured (Alternative Minimum Tax)			
2,490	Long Beach Bond Finance Authority, California, Natural Gas Purchase Revenue Bonds, Series 2007A, 5.000%, 11/15/35	No Opt. Call	A	2,350,236
830	Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 – SYNCORA GTY Insured	9/15 at 100.00	N/R	776,814
1,775	Northern California Power Agency, Revenue Refunding Bonds, Hydroelectric Project 1, Series 1998A, 5.200%, 7/01/32 – NPFPG Insured	1/11 at 100.00	A	1,775,586
3,000	Sacramento Municipal Utility District, California, Electric Revenue Bonds, Series 2001N, 5.000%, 8/15/28 – NPFPG Insured	8/11 at 100.00	A+	3,036,240
5,630	Southern California Public Power Authority, Subordinate Revenue Refunding Bonds, Transmission Project, Series 2002A, 4.750%, 7/01/19 – AGM Insured	7/12 at 100.00	AAA	5,878,227
32,725	Total Utilities Water and Sewer – 14.2% (9.8% of Total Investments)			33,647,563
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 100.00	AAA	3,223,667
750	Fortuna Public Finance Authority, California, Water Revenue Bonds, Series 2006, 5.000%, 10/01/36 – AGM Insured	10/16 at 100.00	AAA	769,133
570	Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 – NPFPG Insured	4/16 at 100.00	AA–	582,221
4,500	Los Angeles County Sanitation Districts Financing Authority, California, Senior Revenue Bonds, Capital Projects, Series 2003A, 5.000%, 10/01/23 – AGM Insured	10/13 at 100.00	AAA	4,973,490
2,085	Manteca Financing Authority, California, Sewerage Revenue Bonds, Series 2003B, 5.000%, 12/01/33 – NPFPG Insured	12/13 at 100.00	Aa3	2,089,358
500	Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 – NPFPG Insured	6/16 at 100.00	A+	513,655

54 Nuveen Investments

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
\$ 9,185	Water and Sewer (continued) Orange County Sanitation District, California, Certificates of Participation, Series 2003, 5.000%, 2/01/33 – FGIC Insured (UB)	8/13 at 100.00	AAA\$	9,462,020
8,000	San Diego County Water Authority, California, Water Revenue Certificates of Participation, Series 2008A, 5.000%, 5/01/38 – AGM Insured Semitropic Water Storage District, Kern County, California, Water Banking Revenue Bonds, Series 2004A:	5/18 at 100.00	AAA	8,455,680
1,315	5.500%, 12/01/20 – SYNCORA GTY Insured	12/14 at 100.00	AA	1,502,164
1,415	5.500%, 12/01/21 – SYNCORA GTY Insured	12/14 at 100.00	AA	1,616,397
31,285	Total Water and Sewer			33,187,785
\$ 362,118	Total Investments (cost \$323,952,023) – 144.6%			338,759,191
	Floating Rate Obligations – (3.2)%			(7,385,000)
	Other Assets Less Liabilities – 2.9%			6,586,862
	Auction Rate Preferred Shares, at Liquidation Value – (44.3)% (5)			(103,750,000)
	Net Assets Applicable to Common Shares – 100%		\$	234,211,053

The Fund intends to invest at least 80% of its managed assets in municipal securities that are covered by insurance guaranteeing the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, 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: 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: Using the highest of Standard & Poor’s Group (“Standard & Poor’s”), Moody’s Investor Service, Inc. (“Moody’s”) or Fitch, Inc. (“Fitch”) rating. Ratings below BBB by Standard & Poor’s, Baa by Moody’s or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
  - (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 30.6%.
- N/R Not rated.  
(IF) Inverse floating rate investment.  
(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.



NKX Nuveen Insured California Tax-Free Advantage Municipal Fund  
Portfolio of Investments

August 31, 2010 (Unaudited)

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Consumer Staples – 4.4% (3.1% of Total Investments)			
\$ 6,070	Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2007A-2, 0.000%, 6/01/37	6/22 at 100.00	BBB	\$ 3,808,136
	Health Care – 23.0% (16.3% of Total Investments)			
1,630	California Health Facilities Financing Authority, Revenue Bonds, Childrens Hospital Los Angeles, Series 2010A, 5.250%, 7/01/38 – AGC Insured	7/20 at 100.00	AAA	1,683,627
1,800	California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31	8/11 at 102.00	A+	1,841,166
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 100.00	AAA	4,209,960
1,815	California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41	3/16 at 100.00	A+	1,817,595
5,020	California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41 – BHAC Insured (UB)	3/16 at 100.00	AA+	5,157,096
4,060	California Statewide Community Development Authority, Revenue Bonds, Sherman Oaks Health System, Series 1998A, 5.000%, 8/01/22 – AMBAC Insured	No Opt. Call	A1	4,256,991
662	California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 18.104%, 7/01/47 – AGM Insured (IF)	7/18 at 100.00	AAA	769,483
18,987	Total Health Care			19,735,918
	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 102.00	AA–	1,198,587
	Long-Term Care – 7.2% (5.1% of Total Investments)			
3,000	ABAG Finance Authority for Non-Profit Corporations, California, Cal-Mortgage Insured Revenue Bonds, Channing House, Series 2010, 6.125%, 5/15/40	5/20 at 100.00	A–	3,098,250
1,000	ABAG Finance Authority for Non-Profit Corporations, California, Insured Senior Living	11/12 at 100.00	A–	1,019,000

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	Revenue Bonds, Odd Fellows Home of California, Series 2003A, 5.200%, 11/15/22			
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 100.00	A–	2,051,020
6,000	Total Long-Term Care Tax Obligation/General – 18.3% (12.9% of Total Investments)			6,168,270
2,000	Butte-Glenn Community College District, Butte and Glenn Counties, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/26 – NPF Insured	8/12 at 101.00	Aa2	2,124,820
1,030	Fontana Unified School District, San Bernardino County, California, General Obligation Bonds, Trust 2668, 9.269%, 2/01/16 – AGM Insured (IF)	No Opt. Call	AAA	1,231,756
450	Fremont Unified School District, Alameda County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/25 – FGIC Insured	8/12 at 101.00	Aa2	483,008
2,000	Los Angeles, California, General Obligation Bonds, Series 2002A, 5.000%, 9/01/22 – NPF Insured	9/12 at 100.00	Aa2	2,141,220
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 100.00	Aa2	1,074,530
1,000	Murrieta Valley Unified School District, Riverside County, California, General Obligation Bonds, Series 2007, 4.500%, 9/01/30 – AGM Insured	9/17 at 100.00	AAA	1,016,520
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 100.00	AA–	148,141

56 Nuveen Investments



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Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
\$ 3,855	Tax Obligation/General (continued)			
	San Rafael City High School District, Marin County, California, General Obligation Bonds, Series 2003A, 5.000%, 8/01/28 – AGM Insured	8/12 at 100.00	AAA	\$ 4,062,322
12,520	Yosemite Community College District, California, General Obligation Bonds, Capital Appreciation, Election 2004, Series 2010D, 0.000%, 8/01/42	No Opt. Call	AA–	3,391,042
23,995	Total Tax Obligation/General			15,673,359
	Tax Obligation/Limited – 45.5% (32.3% of Total Investments)			
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 102.00	BBB	571,533
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 100.00	A	1,201,721
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 100.00	A2	4,032,280
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 100.00	A	172,666
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 101.00	A–	490,203
1,610	Folsom Public Financing Authority, California, Special Tax Revenue Bonds, Series 2004A, 5.000%, 9/01/21 – AMBAC Insured	9/12 at 102.00	N/R	1,656,674
3,285	Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A, 5.000%, 6/01/45 – AMBAC Insured	6/15 at 100.00	A2	3,174,493
2,905	Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Revenue Bonds, Tender Option Bonds Trust 4686, 9.053%, 6/01/45 – AGC Insured (IF)	6/15 at 100.00	AAA	2,876,066
700	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 100.00	Ba1	585,781
5,540	Irvine Public Facilities and Infrastructure Authority, California, Assessment Revenue Bonds, Series 2003C, 5.000%, 9/02/21 – AMBAC Insured	9/13 at 100.00	N/R	5,614,014

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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 100.00	A1	294,868
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 100.00	Aa3	1,788,921
2,000	Los Angeles, California, Certificates of Participation, Municipal Improvement Corporation, Series 2003AW, 5.000%, 6/01/33 – AMBAC Insured	6/13 at 100.00	A+	2,025,460
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 100.00	A+	1,502,760
1,500	Los Osos, California, Improvement Bonds, Community Services Wastewater Assessment District 1, Series 2002, 5.000%, 9/02/33 – NPFG Insured	9/10 at 103.00	A	1,401,855
150	Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 – SYNCORA GTY Insured	9/15 at 100.00	A–	141,137
190	Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 – AMBAC Insured	8/13 at 100.00	AA–	193,211
	San Buenaventura, California, Certificates of Participation, Golf Course Financing Project, Series 2002D:			
3,000	5.000%, 2/01/27 – AMBAC Insured	2/12 at 100.00	AA–	3,037,320
3,300	5.000%, 2/01/32 – AMBAC Insured	2/12 at 100.00	AA–	3,322,506
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	9/10 at 100.50	Baa2	1,202,712
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 100.00	AA+	2,803,794

Nuveen Investments 57

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Nuveen Insured California Tax-Free Advantage Municipal Fund (continued)

NKX Portfolio of Investments August 31, 2010 (Unaudited)

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Tax Obligation/Limited (continued)			
\$ 1,000	San Jose Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 8/01/28 – NPPG Insured	8/15 at 100.00	A	\$ 1,011,030
39,145	Total Tax Obligation/Limited			39,101,005
	Transportation – 7.8% (5.6% 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 100.00	N/R	4,902,134
2,000	Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Bonds, Series 1995A, 5.000%, 1/01/35	1/11 at 100.00	BBB–	1,831,540
7,480	Total Transportation			6,733,674
	U.S. Guaranteed – 16.7% (11.8% 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) – AGM Insured	8/12 at 100.00	AAA	1,090,060
	California State, General Obligation Bonds, Series 2002:			
1,000	5.000%, 4/01/27 (Pre-refunded 4/01/12) – AMBAC Insured	4/12 at 100.00	AAA	1,074,100
2,945	5.250%, 4/01/30 (Pre-refunded 4/01/12) – SYNCORA GTY Insured	4/12 at 100.00	A1 (4)	3,174,828
500	California, General Obligation Bonds, Series 2004, 5.250%, 4/01/34 (Pre-refunded 4/01/14)	4/14 at 100.00	AAA	584,920
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 100.00	AAA	1,938,755
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) – AGM Insured	8/13 at 100.00	AAA	2,301,188
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 100.00	Baa1 (4)	1,507,514
2,390	Solano County, California, Certificates of Participation, Series 2002, 5.250%, 11/01/24 (Pre-refunded 11/01/12) – NPPG Insured	11/12 at 100.00	AA– (4)	2,632,561

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12,750	Total U.S. Guaranteed Utilities – 3.1% (2.2% of Total Investments)			14,303,926
1,000	Anaheim Public Finance Authority, California, Second Lien Electric Distribution Revenue Bonds, Series 2004, 5.250%, 10/01/21 – NPFPG Insured	10/14 at 100.00	A+	1,086,520
945	Long Beach Bond Finance Authority, California, Natural Gas Purchase Revenue Bonds, Series 2007A, 5.500%, 11/15/37	No Opt. Call	A	952,919
275	Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2003A-2, 5.000%, 7/01/21 – NPFPG Insured	7/13 at 100.00	AA–	305,159
310	Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 – SYNCORA GTY Insured	9/15 at 100.00	N/R	290,135
2,530	Total Utilities Water and Sewer – 13.6% (9.7% of Total Investments)			2,634,733
1,000	Castaic Lake Water Agency, California, Certificates of Participation, Series 2006C, 5.000%, 8/01/36 – NPFPG Insured	8/16 at 100.00	AA–	1,017,880
750	Fortuna Public Finance Authority, California, Water Revenue Bonds, Series 2006, 5.000%, 10/01/36 – AGM Insured	10/16 at 100.00	AAA	769,133
215	Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 – NPFPG Insured	4/16 at 100.00	AA–	219,610
770	Manteca Financing Authority, California, Sewerage Revenue Bonds, Series 2003B, 5.000%, 12/01/33 – NPFPG Insured	12/13 at 100.00	Aa3	771,609
170	Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 – NPFPG Insured	6/16 at 100.00	A+	174,643

58 Nuveen Investments

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Water and Sewer (continued)			
	San Diego Public Facilities Financing Authority, California, Subordinate Lien Water Revenue Bonds, Series 2002:			
\$ 3,000	5.000%, 8/01/22 – NPFPG Insured	8/12 at 100.00	Aa3	\$ 3,210,420
2,500	5.000%, 8/01/23 – NPFPG Insured	8/12 at 100.00	Aa3	2,656,200
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 100.00	A	1,199,977
1,600	Sunnyvale Financing Authority, California, Water and Wastewater Revenue Bonds, Series 2001, 5.000%, 10/01/26 – AMBAC Insured	10/11 at 100.00	AAA	1,683,152
11,185	Total Water and Sewer			11,702,624
\$ 129,307	Total Investments (cost \$118,056,528) – 141.0%			121,060,232
	Floating Rate Obligations – (3.9)%			(3,360,000)
	Variable Rate Demand Preferred Shares, at Liquidation Value – (41.3)% (5)			(35,500,000)
	Other Assets Less Liabilities – 4.2%			3,668,113
	Net Assets Applicable to Common Shares – 100%			\$ 85,868,345

The Fund intends to invest at least 80% of its managed assets in municipal securities that are covered by insurance guaranteeing the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, 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: 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: Using the highest of Standard & Poor’s Group (“Standard & Poor’s”), Moody’s Investor Service, Inc. (“Moody’s”) or Fitch, Inc. (“Fitch”) rating. Ratings below BBB by Standard & Poor’s, Baa by Moody’s or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) Variable Rate Demand Preferred Shares, at Liquidation Value as a percentage of Total Investments is 29.3%.
- N/R Not rated.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

Nuveen Investments 59



Statement of  
Assets & Liabilities

August 31, 2010 (Unaudited)

	Insured California Premium Income (NPC)	Insured California Premium Income 2 (NCL)	California Premium Income (NCU)	California Dividend Advantage (NAC)
<b>Assets</b>				
Investments, at value (cost \$129,201,536, \$260,027,897, \$116,309,786 and \$484,282,684, respectively)	\$ 137,479,863	\$ 270,930,901	\$ 121,379,819	\$ 496,304,620
Cash	—	—	2,123,833	226,906
<b>Receivables:</b>				
Interest	2,536,667	3,421,632	1,496,018	7,601,850
Investments sold	2,326,875	7,537,035	—	3,338,050
Deferred offering costs	844,923	—	—	—
Other assets	49,282	59,442	21,466	135,967
<b>Total assets</b>	<b>143,237,610</b>	<b>281,949,010</b>	<b>125,021,136</b>	<b>507,607,393</b>
<b>Liabilities</b>				
Cash overdraft	220,323	967,664	—	—
Floating rate obligations	—	17,880,000	6,650,000	28,545,000
<b>Payables:</b>				
Auction Rate Preferred share dividends	—	5,571	932	5,934
Common share dividends	422,165	844,821	390,145	1,688,254
Interest	—	—	—	—
Offering costs	372,233	—	—	—
MuniFund Term Preferred shares, at liquidation value	—	—	—	—
Variable Rate Demand Preferred shares, at liquidation value	42,700,000	—	—	—
<b>Accrued expenses:</b>				
Management fees	77,168	148,725	66,110	267,849
Other	47,161	128,236	52,729	160,723
<b>Total liabilities</b>	<b>43,839,050</b>	<b>19,975,017</b>	<b>7,159,916</b>	<b>30,667,760</b>
Auction Rate Preferred shares, at liquidation value	—	73,325,000	34,375,000	135,525,000
<b>Net assets applicable to Common shares</b>	<b>\$ 99,398,560</b>	<b>\$ 188,648,993</b>	<b>\$ 83,486,220</b>	<b>\$ 341,414,633</b>
Common shares outstanding	6,442,132	12,665,422	5,733,088	23,480,254
Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	\$ 15.43	\$ 14.89	\$ 14.56	\$ 14.54
<b>Net assets applicable to Common shares consist of:</b>				
Common shares, \$.01 par value per share	\$ 64,421	\$ 126,654	\$ 57,331	\$ 234,803
Paid-in surplus	89,211,338	175,788,190	77,894,732	334,306,843
	1,478,237	3,246,426	1,427,661	5,739,396

Undistributed (Over-distribution of) net investment income				
Accumulated net realized gain (loss)	366,237	(1,415,281)	(963,537)	(10,888,345)
Net unrealized appreciation (depreciation)	8,278,327	10,903,004	5,070,033	12,021,936
Net assets applicable to Common shares	\$ 99,398,560	\$ 188,648,993	\$ 83,486,220	\$ 341,414,633
Authorized shares:				
Common	200,000,000	200,000,000	Unlimited	Unlimited
Auction Rate Preferred	1,000,000	1,000,000	Unlimited	Unlimited
MuniFund Term Preferred	—	—	—	—
Variable Rate Demand Preferred	Unlimited	—	—	—

See accompanying notes to financial statements.

60 Nuveen Investments



	California Dividend Advantage 2 (NVX)	California Dividend Advantage 3 (NZH)	Insured California Dividend Advantage (NKL)	Insured California Tax-Free Advantage (NKX)
<b>Assets</b>				
Investments, at value (cost \$309,617,366, \$471,099,574, \$323,952,023 and \$118,056,528, respectively)	\$ 321,152,766	\$ 477,940,468	\$ 338,759,191	\$ 121,060,232
Cash	—	—	3,336,889	1,884,896
<b>Receivables:</b>				
Interest	4,482,594	7,577,989	4,231,830	1,485,742
Investments sold	4,950,984	12,510,114	390,000	300,000
Deferred offering costs	—	1,430,299	—	498,078
Other assets	83,529	132,307	86,005	30,412
<b>Total assets</b>	<b>330,669,873</b>	<b>499,591,177</b>	<b>346,803,915</b>	<b>125,259,360</b>
<b>Liabilities</b>				
Cash overdraft	1,644,746	6,929,296	—	—
Floating rate obligations	11,390,000	3,845,000	7,385,000	3,360,000
<b>Payables:</b>				
Auction Rate Preferred share dividends	1,970	7,055	5,977	—
Common share dividends	1,143,905	1,738,377	1,151,963	381,662
Interest	—	212,031	—	—
Offering costs	—	314,240	—	81,639
MuniFund Term Preferred shares, at liquidation value	—	86,250,000	—	—
Variable Rate Demand Preferred shares, at liquidation value	—	—	—	35,500,000
<b>Accrued expenses:</b>				
Management fees	159,882	223,550	154,569	58,386
Other	132,908	162,920	145,353	9,328
<b>Total liabilities</b>	<b>14,473,411</b>	<b>99,682,469</b>	<b>8,842,862</b>	<b>39,391,015</b>
Auction Rate Preferred shares, at liquidation value	93,775,000	69,500,000	103,750,000	—
<b>Net assets applicable to</b>				
Common shares	\$ 222,421,462	\$ 330,408,708	\$ 234,211,053	\$ 85,868,345
Common shares outstanding	14,746,722	24,123,725	15,256,178	5,887,263
Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	\$ 15.08	\$ 13.70	\$ 15.35	\$ 14.59
<b>Net assets applicable to</b>				
Common shares consist of:				
Common shares, \$.01 par value per share	\$ 147,467	\$ 241,237	\$ 152,562	\$ 58,873

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Paid-in surplus	209,634,495	342,694,682	216,718,484	83,086,089
Undistributed				
(Over-distribution of) net				
investment income	3,798,373	4,193,072	4,029,623	735,870
Accumulated net realized				
gain (loss)	(2,694,273)	(23,561,177)	(1,496,784)	(1,016,191)
Net unrealized appreciation				
(depreciation)	11,535,400	6,840,894	14,807,168	3,003,704
Net assets applicable to				
Common shares	\$ 222,421,462	\$ 330,408,708	\$ 234,211,053	\$ 85,868,345
Authorized shares:				
Common	Unlimited	Unlimited	Unlimited	Unlimited
Auction Rate Preferred	Unlimited	Unlimited	Unlimited	Unlimited
MuniFund Term Preferred	—	Unlimited	—	—
Variable Rate Demand				
Preferred	—	—	—	Unlimited

See accompanying notes to financial statements.

Nuveen Investments 61

Statement of  
Operations

Six Months Ended August 31, 2010 (Unaudited)

	Insured California Premium Income (NPC)	Insured California Premium Income 2 (NCL)	California Premium Income (NCU)	California Dividend Advantage (NAC)
Investment Income	\$ 3,699,701	\$ 6,978,564	\$ 3,289,135	\$ 13,517,994
Expenses				
Management fees	452,399	869,914	387,014	1,576,291
Auction fees	7,804	56,034	25,994	102,479
Dividend disbursing agent fees	—	10,082	5,041	10,082
Shareholders' servicing agent fees and expenses	3,512	5,691	2,558	1,971
Interest expense and amortization of offering costs	86,339	63,137	22,179	103,232
Liquidity fees	193,040	—	—	—
Custodian's fees and expenses	14,637	26,003	14,137	47,265
Directors'/Trustees' fees and expenses	1,784	3,179	1,438	5,862
Professional fees	7,109	11,761	6,842	12,562
Shareholders' reports – printing and mailing expenses	20,300	33,719	18,021	44,862
Stock exchange listing fees	4,572	4,572	402	4,572
Investor relations expense	5,198	9,402	4,569	14,886
Other expenses	6,105	4,049	6,548	14,937
Total expenses before custodian fee credit and expense reimbursement	802,799	1,097,543	494,743	1,939,001
Custodian fee credit	(405)	(418)	(431)	(523)
Expense reimbursement	—	—	—	—
Net expenses	802,394	1,097,125	494,312	1,938,478
Net investment income	2,897,307	5,881,439	2,794,823	11,579,516
Realized and Unrealized Gain (Loss)				
Net realized gain (loss) from investments	176,646	3,806,738	26,464	3,923,725
Change in net unrealized appreciation (depreciation) of investments	4,141,597	7,381,190	4,607,116	10,722,505
Net realized and unrealized gain (loss)	4,318,243	11,187,928	4,633,580	14,646,230
Distributions to Auction Rate Preferred Shareholders				
From net investment income	(25,864)	(155,104)	(72,453)	(282,064)

Explanation of Responses:

Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders	(25,864)	(155,104)	(72,453)	(282,064)
Net increase (decrease) in net assets applicable to Common shares from operations	\$ 7,189,686	\$ 16,914,263	\$ 7,355,950	\$ 25,943,682

See accompanying notes to financial statements.

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	California Dividend Advantage 2 (NVX)	California Dividend Advantage 3 (NZH)	Insured California Dividend Advantage (NKL)	Insured California Tax-Free Advantage (NKX)
Investment Income	\$ 8,950,272	\$ 13,775,904	\$ 9,011,131	\$ 3,159,614
Expenses				
Management fees	1,024,129	1,571,722	1,082,753	392,443
Auction fees	70,910	52,554	78,868	18,144
Dividend disbursing agent fees	10,082	10,082	10,082	—
Shareholders' servicing agent fees and expenses	859	1,452	913	495
Interest expense and amortization of offering costs	34,516	1,526,716	27,162	290,782
Liquidity fees	—	—	—	147,173
Custodian's fees and expenses	29,967	42,840	30,382	12,472
Directors'/Trustees' fees and expenses	3,888	5,931	4,148	2,105
Professional fees	11,267	16,423	12,343	6,792
Shareholders' reports – printing and mailing expenses	30,218	47,130	34,406	16,938
Stock exchange listing fees	1,036	1,694	1,071	414
Investor relations expense	10,567	14,917	10,801	4,208
Other expenses	13,631	11,065	6,950	15,578
Total expenses before custodian fee credit and expense reimbursement	1,241,070	3,302,526	1,299,879	907,544
Custodian fee credit	(138)	(285)	(387)	(610)
Expense reimbursement	(95,692)	(253,633)	(188,016)	(49,407)
Net expenses	1,145,240	3,048,608	1,111,476	857,527
Net investment income	7,805,032	10,727,296	7,899,655	2,302,087
Realized and Unrealized Gain (Loss)				
Net realized gain (loss) from investments	296,316	(1,087,594)	93,037	105,652
Change in net unrealized appreciation (depreciation) of investments	7,863,953	13,852,120	9,118,059	3,222,481
Net realized and unrealized gain (loss)	8,160,269	12,764,526	9,211,096	3,328,133
Distributions to Auction Rate Preferred Shareholders				
From net investment income	(196,473)	(145,520)	(218,750)	—
Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders	(196,473)	(145,520)	(218,750)	—

Explanation of Responses:

Net increase (decrease) in net assets applicable to Common shares from operations	\$	15,768,828	\$	23,346,302	\$	16,892,001	\$	5,630,220
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See accompanying notes to financial statements.

Nuveen Investments 63

Statement of  
Changes in Net Assets (Unaudited)

	Insured California Premium Income (NPC)		Insured California Premium Income 2 (NCL)		California Premium Income (NCU)	
	Six Months Ended	Year Ended	Six Months Ended	Year Ended	Six Months Ended	Year Ended
	8/31/10	2/28/10	8/31/10	2/28/10	8/31/10	2/28/10
Operations						
Net investment income	\$ 2,897,307	\$ 6,202,024	\$ 5,881,439	\$ 12,393,332	\$ 2,794,823	\$ 5,420,568
Net realized gain (loss) from:						
Investments	176,646	208,253	3,806,738	905,377	26,464	771,424
Forward swaps	—	—	—	2,508,000	—	—
Change in net unrealized appreciation (depreciation) of:						
Investments	4,141,597	3,266,189	7,381,190	10,832,050	4,607,116	5,758,190
Forward swaps	—	—	—	(1,751,141)	—	—
Distributions to Auction Rate Preferred Shareholders:						
From net investment income	(25,864)	(160,577)	(155,104)	(280,372)	(72,453)	(196,230)
From accumulated net realized gains	—	(125,550)	—	(219,424)	—	—
Net increase (decrease) in net assets applicable to Common shares from operations	7,189,686	9,390,339	16,914,263	24,387,822	7,355,950	11,753,952
Distributions to Common Shareholders						
From net investment income	(2,734,685)	(4,841,052)	(5,470,727)	(9,927,691)	(2,450,895)	(4,156,357)
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(2,734,685)	(4,841,052)	(5,470,727)	(9,927,691)	(2,450,895)	(4,156,357)
Capital Share Transactions Common shares:						

Net proceeds from shares issued to shareholders due to reinvestment of distributions	—	—	36,242	—	—	—
Repurchased and retired	—	(137,066)	—	(122,212)	—	(276,239)
Net increase (decrease) in net assets applicable to Common shares from capital share transactions	—	(137,066)	36,242	(122,212)	—	(276,239)
Net increase (decrease) in net assets applicable to Common shares	4,455,001	4,412,221	11,479,778	14,337,919	4,905,055	7,321,356
Net assets applicable to Common shares at the beginning of period	94,943,559	90,531,338	177,169,215	162,831,296	78,581,165	71,259,809
Net assets applicable to Common shares at the end of period	\$ 99,398,560	\$ 94,943,559	\$ 188,648,993	\$ 177,169,215	\$ 83,486,220	\$ 78,581,165
Undistributed (Over-distribution of) net investment income at the end of period	\$ 1,478,237	\$ 1,341,479	\$ 3,246,426	\$ 2,990,818	\$ 1,427,661	\$ 1,156,186

See accompanying notes to financial statements.

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	California Dividend Advantage (NAC)		California Dividend Advantage 2 (NVX)		California Dividend Advantage 3 (NZH)	
	Six Months	Year Ended	Six Months	Year Ended	Six Months	Year Ended
	Ended 8/31/10	Year Ended 2/28/10	Ended 8/31/10	Year Ended 2/28/10	Ended 8/31/10	Year Ended 2/28/10
Operations						
Net investment income	\$ 11,579,516	\$ 23,628,358	\$ 7,805,032	\$ 15,761,479	\$ 10,727,296	\$ 23,612,940
Net realized gain (loss) from:						
Investments	3,923,725	1,654,622	296,316	(224,116)	(1,087,594)	(1,481,783)
Forward swaps	—	—	—	—	—	(1,938,000)
Change in net unrealized appreciation (depreciation) of:						
Investments	10,722,505	36,206,667	7,863,953	21,083,029	13,852,120	37,608,511
Forward swaps	—	—	—	—	—	2,841,843
Distributions to Auction Rate Preferred Shareholders:						
From net investment income	(282,064)	(466,845)	(196,473)	(520,453)	(145,520)	(747,503)
From accumulated net realized gains	—	(387,199)	—	—	—	—
Net increase (decrease) in net assets applicable to Common shares from operations	25,943,682	60,635,603	15,768,828	36,099,939	23,346,302	59,896,008
Distributions to Common Shareholders						
From net investment income	(10,319,572)	(19,065,967)	(7,034,186)	(12,903,633)	(10,854,389)	(20,091,489)
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(10,319,572)	(19,065,967)	(7,034,186)	(12,903,633)	(10,854,389)	(20,091,489)
Capital Share Transactions						
Common shares:						
Net proceeds from shares issued to shareholders due to reinvestment of	—	—	—	—	56,651	—

Explanation of Responses:

distributions						
Repurchased and retired	—	—	—	(333,589)	—	—
Net increase (decrease) in net assets applicable to Common shares from capital share transactions	—	—	—	(333,589)	56,651	—
Net increase (decrease) in net assets applicable to Common shares	15,624,110	41,569,636	8,734,642	22,862,717	12,548,564	39,804,519
Net assets applicable to Common shares at the beginning of period	325,790,523	284,220,887	213,686,820	190,824,103	317,860,144	278,055,625
Net assets applicable to Common shares at the end of period	\$ 341,414,633	\$ 325,790,523	\$ 222,421,462	\$ 213,686,820	\$ 330,408,708	\$ 317,860,144
Undistributed (Over-distribution of) net investment income at the end of period	\$ 5,739,396	\$ 4,761,516	\$ 3,798,373	\$ 3,224,000	\$ 4,193,072	\$ 4,465,685

See accompanying notes to financial statements.

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Statement of  
Changes in Net Assets (Unaudited) (continued)

	Insured California Dividend Advantage (NKL)		Insured California Tax-Free Advantage (NKX)	
	Six Months Ended 8/31/10	Year Ended 2/28/10	Six Months Ended 8/31/10	Year Ended 2/28/10
Operations				
Net investment income	\$ 7,899,655	\$ 16,095,615	\$ 2,302,087	\$ 5,027,504
Net realized gain (loss) from:				
Investments	93,037	53,877	105,652	(4,642)
Forward swaps	—	—	—	—
Change in net unrealized appreciation (depreciation) of:				
Investments	9,118,059	15,219,178	3,222,481	6,385,845
Forward swaps	—	—	—	—
Distributions to Auction Rate Preferred Shareholders:				
From net investment income	(218,750)	(548,107)	—	—
From accumulated net realized gains	—	—	—	—
Net increase (decrease) in net assets applicable to Common shares from operations	16,892,001	30,820,563	5,630,220	11,408,707
Distributions to Common Shareholders				
From net investment income	(7,024,373)	(12,835,656)	(2,348,820)	(4,491,527)
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(7,024,373)	(12,835,656)	(2,348,820)	(4,491,527)
Capital Share Transactions Common shares:				
Net proceeds from shares issued to shareholders due to reinvestment of distributions	42,871	—	8,413	—
Repurchased and retired	—	(151,512)	—	—
Net increase (decrease) in net assets applicable to Common shares from capital share transactions	42,871	(151,512)	8,413	—
Net increase (decrease) in net assets applicable to Common shares	9,910,499	17,833,395	3,289,813	6,917,180
Net assets applicable to Common shares at the beginning	224,300,554	206,467,159	82,578,532	75,661,352

Explanation of Responses:

of period					
Net assets applicable to					
Common shares at the end of					
period	\$	234,211,053	\$	224,300,554	\$ 85,868,345
Undistributed (Over-distribution					\$ 82,578,532
of) net investment income at the					
end of period	\$	4,029,623	\$	3,373,091	\$ 735,870
					\$ 782,603

See accompanying notes to financial statements.

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Statement of  
Cash Flows

Six Months Ended August 31, 2010 (Unaudited)

	Insured California Premium Income (NPC)	California Dividend Advantage 3 (NZH)	Insured California Tax-Free Advantage (NKX)
Cash Flows from Operating Activities:			
Net Increase (Decrease) In Net Assets Applicable to Common Shares from Operations	\$ 7,189,686	\$ 23,346,302	\$ 5,630,220
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	(5,926,979)	(51,473,918)	(10,429,041)
Proceeds from sales and maturities of investments	10,165,438	64,378,348	8,974,794
Proceeds from (Purchases of) short-term investments, net	—	—	3,000,000
Amortization (Accretion) of premiums and discounts, net	198,315	(689,514)	(168,947)
(Increase) Decrease in receivable for interest	(167,732)	(26,095)	15,014
(Increase) Decrease in receivable for investments sold	7,057,650	(11,506,964)	(300,000)
(Increase) Decrease in other assets	(34,044)	5,601	(29,975)
Increase (Decrease) in payable for investments purchased	(6,185,626)	—	—
Increase (Decrease) in payable for Auction Rate Preferred share dividends	(2,160)	(385)	—
Increase (Decrease) in payable for interest	—	52,851	—
Increase (Decrease) in accrued management fees	8,976	46,634	6,205
Increase (Decrease) in accrued other liabilities	(10,747)	(19,862)	(3,875)
Net realized (gain) loss from investments	(176,646)	1,087,594	(105,652)
Change in net unrealized (appreciation) depreciation of investments	(4,141,597)	(13,852,120)	(3,222,481)
Taxes paid on undistributed capital gains	(91)	(49)	—
Net cash provided by (used in) operating activities	7,974,443	11,348,423	3,366,262
Cash Flows from Financing Activities:			
Increase (Decrease) in cash overdraft balance	(2,516,093)	6,570,572	—
	—	(7,255,000)	—

Explanation of Responses:

Increase (Decrease) in floating rate obligations			
Cash distributions paid to Common shareholders	(2,685,660)	(10,799,381)	(2,334,468)
(Increase) Decrease in deferred offering costs	(844,923)	166,146	8,539
Increase (Decrease) in payable for offering costs	372,233	(30,760)	81,639
Increase (Decrease) in Auction Rate Preferred shares, at liquidation value	(45,000,000)	—	—
Increase (Decrease) in Variable Rate Demand Preferred shares, at liquidation value	42,700,000	—	—
Net cash provided by (used in) financing activities	(7,974,443)	(11,348,423)	(2,244,290)
Net Increase (Decrease) in Cash	—	—	1,121,972
Cash at the beginning of period	—	—	762,924
Cash at the End of Period	\$ —	—\$	1,884,896
Supplemental Disclosure of Cash Flow Information			
	Insured California Premium Income (NPC)	California Dividend Advantage 3 (NZH)	Insured California Tax-Free Advantage (NKX)
Cash paid for interest (excluding amortization of offering costs, where applicable)	\$ 74,263	\$ 1,148,538	\$ 82,230

Non-cash financing activities not included herein consist of reinvestments of Common share distributions of \$56,651 and \$8,413 for California Dividend Advantage 3 (NZH) and Insured California Tax-Free Advantage (NKX), respectively.

See accompanying notes to financial statements.

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Notes to  
Financial Statements (Unaudited)

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 (“NYSE”) 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 Amex. 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 portfolio of municipal obligations issued by state and local government authorities within the state of California or certain U.S. territories.

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

Investment Valuation

Prices of fixed-income securities and forward swap contracts are provided by a pricing service approved by the Funds’ Board of Directors/Trustees. These securities are generally classified as Level 2. Fixed-income securities and forward swap contracts are valued by a pricing service that values portfolio securities at the mean between the quoted bid and ask prices or the yield equivalent when quotations are readily available. Securities for which quotations are not readily available (which is usually the case for municipal securities) are valued at fair value as determined by the pricing service using methods that may include consideration of the following: 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. The pricing service may employ electronic data processing techniques and/or a matrix system to determine valuations. In pricing certain securities, particularly less liquid and lower quality securities, the pricing service may consider information provided by Nuveen Asset Management (the “Adviser”), a wholly-owned subsidiary of Nuveen Investments, Inc. (“Nuveen”) in establishing a fair valuation for the security. These securities are generally classified as Level 2.

Temporary investments in securities that have variable rate and demand features qualifying them as short-term investments are valued at amortized cost, which approximates market value. These securities are generally classified as Level 1.

Certain securities may not be able to be priced by the pre-established pricing methods as described above. Such securities may be valued by the Funds’ Board of Directors/Trustees or its designee at fair value. These securities generally include, but are not limited to, restricted securities (securities which may not be publicly sold without registration under the Securities Act) for which a pricing service is unable to provide a market price; securities whose trading has been formally suspended; fixed-income securities that have gone into default and for which there is no

current market quotation; a security whose market price is not available from a pre-established pricing source; a security with respect to which an event has occurred that is likely to materially affect the value of the security after the market has closed but before the calculation of a Fund's net asset value (as may be the case in non-U.S. markets on which the security is primarily traded) or make it difficult or impossible to obtain a reliable market quotation; and a security whose price, as provided by the pricing service, is not deemed to reflect the security's fair value. As a general principle, the fair value of an issue of securities would appear to be the amount that the owner might reasonably expect to receive for them in a current sale. A variety of factors may be considered in determining the fair value of these securities, which may include consideration of the following: 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. These securities are generally classified as Level 2 or Level 3 depending on the priority of the significant inputs. Regardless of the method employed to value a particular security, all valuations are subject to review by the Funds' Board of Directors/Trustees or its designee.

Refer to Footnote 2 – Fair Value Measurements for further details on the leveling of securities held by the Funds as of the end of the reporting period.

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### Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from transactions are determined on the specific identification method. Investments purchased on a when-issued/delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when-issued/delayed delivery purchase commitments. At August 31, 2010, 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.

### 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 that 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 U.S. GAAP.

### Auction Rate Preferred Shares

The following Funds have issued and outstanding Auction Rate Preferred Shares (“ARPS”), \$25,000 stated value per share, which approximates market value, as a means of effecting financial leverage. Each Fund’s ARPS 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 August 31, 2010, the number of ARPS outstanding, by Series and in total, for each Fund is as follows:

Insured						Insured
California	California	California	California	California	California	California
Premium	Premium	Dividend	Dividend	Dividend	Dividend	Dividend
Income 2	Income	Advantage	Advantage 2	Advantage 3	Advantage	Advantage
(NCL)	(NCU)	(NAC)	(NVX)	(NZH)		(NKL)

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Number of shares:						
Series M	—	1,375	—	1,875	1,389	—
Series T	1,467	—	—	—	—	2,075
Series TH	1,466	—	2,710	—	1,391	—
Series F	—	—	2,711	1,876	—	2,075
Total	2,933	1,375	5,421	3,751	2,780	4,150

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Notes to  
Financial Statements (Unaudited) (continued)

Beginning in February 2008, more shares for sale were submitted in the regularly scheduled auctions for the ARPS issued by the Funds than there were offers to buy. This meant that these auctions “failed to clear,” and that many ARPS shareholders who wanted to sell their shares in these auctions were unable to do so. ARPS 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 ARPS. As of August 31, 2010, the aggregate amount of outstanding ARPS redeemed by each Fund is as follows:

	Insured California Premium Income (NPC)	Insured California Premium Income 2 (NCL)	California Premium Income (NCU)	California Dividend Advantage (NAC)
ARPS redeemed, at liquidation value	\$ 45,000,000	\$ 21,675,000	\$ 8,625,000	\$ 39,475,000

	California Dividend Advantage 2 (NVX)	California Dividend Advantage 3 (NZH)	Insured California Dividend Advantage (NKL)	Insured California Tax-Free Advantage (NKX)
ARPS redeemed, at liquidation value	\$ 16,225,000	\$ 117,500,000	\$ 14,250,000	\$ 45,000,000

#### MuniFund Term Preferred Shares

California Dividend Advantage 3 (NZH) has issued and outstanding \$86,250,000, of 2.95%, Series 2015 MuniFund Term Preferred (“MTP”) Shares, with a \$10 stated value per share. Proceeds from the issuance of MTP Shares, net of offering expenses, were used to redeem a portion of the Fund’s outstanding ARPS. Dividends, which are recognized as interest expense for financial reporting purposes, are paid monthly at a fixed annual rate of 2.95%, subject to adjustment in certain circumstances.

The Fund is obligated to redeem its MTP Shares on January 1, 2015, unless earlier redeemed or repurchased by the Fund. MTP Shares are subject to optional and mandatory redemption in certain circumstances. As of January 1, 2011, the MTP Shares will be subject to redemption at the option of the Fund, subject to payment of a premium until December 31, 2011, and at par thereafter. The MTP Shares also will be subject to redemption, at the option of the Fund, at par in the event of certain changes in the credit rating of the MTP Shares. The Fund may be obligated to redeem certain of the MTP Shares if the Fund fails to maintain certain asset coverage and leverage ratio 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. The MTP Shares trade on NYSE under the ticker symbol “NZH Pr C.”

During the six months ended August 31, 2010, California Dividend Advantage 3 (NZH) had an average liquidation value of \$86,250,000 MTP Shares outstanding.

For financial reporting purposes only, the liquidation value of MTP Shares is recorded as a liability on the Statement of Assets and Liabilities. Unpaid dividends on MTP Shares are recognized as “Interest payable” on the Statement of

Assets and Liabilities. Dividends paid on MTP Shares are recognized as a component of “Interest expense and amortization of offering costs” on the Statement of Operations.

Net amounts earned by Nuveen as underwriter of the Fund’s MTP Share offering were recorded as reductions of offering costs recognized by the Fund. For the six months ended August 31, 2010, the net amount earned by California Dividend Advantage 3 (NZH) was \$6,122.

#### Variable Rate Demand Preferred Shares

Insured California Premium Income (NPC) and Insured California Tax-Free Advantage (NKX) have issued and outstanding 427 Series 1 and 355 Series 2 Variable Rate Demand Preferred (“VRDP”) Shares, \$100,000 liquidation value per share, respectively.

Insured California Premium Income (NPC) issued its 427 Series 1 VRDP Shares in a privately negotiated offering in March 2010.

Insured California Tax-Free Advantage (NKX) issued its 355 Series 1 VRDP Shares in a privately negotiated offering in August 2008. Concurrent with renewing agreements with the liquidity provider for its VRDP Shares in June 2010. Insured California Tax-Free Advantage (NKX) exchanged all its 355 Series 1 VRDP Shares for 355 Series 2 VRDP Shares. The principal difference in terms between Series 1 and Series 2 VRDP Shares is the requirement that the Fund redeem VRDP Shares owned by the liquidity provider if the VRDP Shares have been owned by the liquidity provider through six months of continuous, unsuccessful remarketing. Proceeds of each Fund’s offering were used to redeem a portion of each Fund’s outstanding ARPS. The VRDP Shares were offered to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933 and have a maturity date of March 1, 2040, for Insured California Premium Income (NPC) and June 1, 2040, for Insured California Tax-Free Advantage (NKX).

VRDP Shares include a liquidity feature that allows VRDP shareholders to have their shares purchased by a liquidity provider with whom the Fund has contracted in the event that purchase orders for VRDP Shares in a remarketing are not sufficient in number to be matched with the sale orders in that remarketing. Each Fund is required to redeem any VRDP Shares that are still owned by the liquidity provider after six months of continuous, unsuccessful remarketing.

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Dividends on the VRDP Shares (which are treated as interest payments for financial reporting purposes) are set weekly at a rate established by a remarketing agent; therefore, the market value of the VRDP Shares is expected to approximate its liquidation value. If remarketing for VRDP Shares is continuously unsuccessful for six months, the maximum rate is designed to escalate according to a specified schedule in order to enhance the remarketing agent's ability to successfully remarket the VRDP Shares.

Subject to certain conditions, VRDP 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 VRDP 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 Premium Income (NPC) had all \$42,700,000 of its VRDP Shares issued and outstanding during the period March 31, 2010 through August 31, 2010, with an annualized dividend rate of 0.21%. Insured California Tax-Free Advantage (NKX) had all \$35,500,000 of its VRDP Shares outstanding during the six months ended August 31, 2010, with an annualized dividend rate of 0.19%.

For financial reporting purposes only, the liquidation value of VRDP Shares is recognized as a liability on the Statement of Assets and Liabilities. Unpaid dividends on VRDP Shares are recognized as a component of "Interest payable" on the Statement of Assets and Liabilities. Dividends paid on the VRDP Shares are recognized as a component of "Interest expense and amortization of offering costs" on the Statement of Operations. In addition to interest expense, each Fund also pays a per annum liquidity fee to the liquidity provider, which is recognized as "Liquidity fees" on the Statement of Operations.

#### Insurance

During the period March 1, 2010 through May 2, 2010, except to the extent that Insured California Premium Income (NPC) invests in temporary investments, all of the net assets (as defined in Footnote 7 – Management Fees and Other Transactions with Affiliates) of the Fund were invested in municipal securities that were 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 had a claims paying ability rated "Aaa" by Moody's or "AAA" by Standard & Poor's. Municipal securities backed by an escrow account or trust account did not constitute more than 20% of the Fund's net assets.

Under normal circumstances, and during the period March 1, 2010 through May 2, 2010, Insured California Premium Income 2 (NCL), Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX) invested at least 80% of their net assets (as defined in Footnote 7 – Management Fees and Other Transactions with Affiliates) in municipal securities that were covered by insurance guaranteeing the timely payment of principal and interest. For purposes of this 80%, insurers had 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 Premium Income 2 (NCL), Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX) invested at least 80% of their net assets in municipal securities that were rated at least "BBB" 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 the Adviser, or are 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. Inverse floating rate securities whose underlying bonds are covered by insurance were included for purposes of this 80%. Each of Insured California Premium Income 2 (NCL), Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX) also invested up to 20% of its net assets in municipal securities rated 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.

On May 3, 2010, the Funds' Board of Directors/Trustees approved changes to Insured California Premium Income's (NPC), Insured California Premium Income 2's (NCL), Insured California Dividend Advantage's (NKL) and Insured California Tax-Free Advantage's (NKX) insurance investment policies in response to the continuing challenges faced by municipal bond insurers. The changes to Insured California Premium Income (NPC), Insured California Premium Income 2 (NCL), Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage's (NKX) investment policies are intended to increase the Funds' investment flexibility in pursuing their investment objective, while retaining the insured nature of their portfolios.

The changes, which were effective immediately, provide that under normal circumstances, Insured California Premium Income (NPC), Insured California Premium Income 2 (NCL), Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX) invest at least 80% of their managed assets in municipal securities that are covered by insurance guaranteeing the timely payment of principal and interest. In addition, the municipal securities in which Insured California Premium Income (NPC), Insured California Premium Income 2 (NCL), Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX) invests will be investment grade at the time of purchase (including (i) bonds insured by investment grade insurers or rated investment grade; (ii) unrated bonds that are judged to be investment grade by the Adviser; and (iii) escrowed bonds). Ratings below BBB by one or more national rating agencies are considered to be below investment grade.

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 and is reflected as an expense over the term of the policy, when applicable. Accordingly, neither the

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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 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 reflected as a financing transaction," 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 recognized as a component of "Interest expense and amortization of offering costs" on the Statement of Operations.

During the six months ended August 31, 2010, 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.

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At August 31, 2010, each Fund's maximum exposure to externally-deposited Recourse Trusts, is as follows:

	Insured California Premium Income (NPC)	Insured California Premium Income 2 (NCL)	California Premium Income (NCU)	California Dividend Advantage (NAC)	California Dividend Advantage 2 (NVX)	California Dividend Advantage 3 (NZH)	Insured California Dividend Advantage (NKL)	Insured California Tax-Free Advantage (NKX)
Maximum exposure to Recourse Trusts	\$ 9,780,000	\$ 9,515,000	\$ 6,510,000	\$ 3,590,000	\$ 16,210,000	\$ 69,935,000	\$ 7,700,000	\$ 2,905,000

The average floating rate obligations outstanding and average annual interest rate and fees related to self-deposited inverse floaters for the following Funds during the six months ended August 31, 2010, were as follows:

	Insured California Premium Income 2 (NCL)	California Premium Income (NCU)	California Dividend Advantage (NAC)
Average floating rate obligations outstanding	\$ 17,880,000	\$ 6,650,000	\$ 28,545,000
Average annual interest rate and fees	0.70%	0.66%	0.72%

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	California Dividend Advantage 2 (NVX)	California Dividend Advantage 3 (NZH)	Insured California Dividend Advantage (NKL)	Insured California Tax-Free Advantage (NKX)
Average floating rate obligations outstanding	\$ 9,836,875	\$ 10,902,853	\$ 7,385,000	\$ 3,360,000
Average annual interest rate and fees	0.70%	0.65%	0.73%	0.89%

#### Forward Swap Contracts

Each Fund is authorized to enter into forward interest rate swap contracts consistent with their investment objectives and policies to reduce, increase or otherwise alter its risk profile or to alter its portfolio characteristics (i.e. duration, yield curve positioning and credit quality).

Each Fund is subject to interest rate risk in the normal course of pursuing its investment objectives. 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 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. Forward interest rate swap contracts are valued daily. The net amount recorded on these transactions for each counterparty is recognized on the Statement of Assets and Liabilities as a component of "Unrealized appreciation or depreciation on forward swaps" with the change during the fiscal period recognized on the Statement of Operations as a component of "Change in net unrealized appreciation (depreciation) of forward swaps."

Each Fund 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. Net realized gains and losses during the fiscal period are recognized on the Statement of Operations as a component of "Net realized gain (loss) from forward swaps." 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. The Funds did not invest in forward interest rate swap transactions during the six months ended August 31, 2010.

#### Market and Counterparty 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 (counterparty credit risk). The potential loss could exceed the value of the financial assets recorded on the financial statements. Financial assets, which potentially expose each Fund to counterparty credit risk, consist principally of cash due from counterparties on forward, option and swap transactions, when applicable. The extent of each Fund's exposure to counterparty credit risk in respect to these financial assets approximates their carrying value as recorded on the Statement of Assets and Liabilities. Futures contracts, when applicable, expose a Fund to minimal counterparty credit risk as they are exchange traded and the exchange's clearinghouse, which is counterparty to all exchange traded futures, guarantees the futures contracts against default.

Each Fund helps manage counterparty credit risk by entering into agreements only with counterparties 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. The market prices of zero coupon securities generally are more volatile than the market prices of securities that pay interest periodically.

#### Offering Costs

Cost incurred by California Dividend Advantage 3 (NZH) in connection with its offering of MTP Shares (\$1,658,750) were recorded as a deferred charge, which will be amortized over the 5-year life of the shares. Costs incurred by Insured California Premium Income (NPC) and Insured California Tax-Free Advantage (NKX) in connection with their offerings of VRDP Shares (\$857,000 and \$530,000, respectively) were recorded as deferred charges which will be amortized over the 30-year life of the shares. Costs incurred by Insured California Tax-Free Advantage (NKX) in connection with its

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exchange of Series 1 VRDP Shares for Series 2 VRDP Shares were expensed as incurred. Each Fund's amortized deferred charges are included as a component of "Interest expense and 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 U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets applicable to Common shares from operations during the reporting period. Actual results may differ from those estimates.

2. 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.  
1 –

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

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

The inputs or methodologies 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 August 31, 2010:

Insured California Premium Income (NPC)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$ —	\$ 137,479,863	\$ —	\$ 137,479,863
	Level 1	Level 2	Level 3	Total

Insured California Premium Income 2 (NCL)				
Investments:				
Municipal Bonds	\$	—\$ 270,930,901	\$	—\$ 270,930,901
California Premium Income (NCU)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$	—\$ 119,103,994	\$ 2,275,825	\$ 121,379,819
California Dividend Advantage (NAC)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$	—\$ 494,775,168	\$ 1,529,452	\$ 496,304,620
California Dividend Advantage 2 (NVX)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$	—\$ 320,199,862	\$ 952,904	\$ 321,152,766
California Dividend Advantage 3 (NZH)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$	—\$ 476,370,978	\$ 1,569,490	\$ 477,940,468
Insured California Dividend Advantage (NKL)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$	—\$ 338,759,191	\$	—\$ 338,759,191
Insured California Tax-Free Advantage (NKX)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$	—\$ 121,060,232	\$	—\$ 121,060,232

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The following is a reconciliation of each Fund's Level 3 investments held at the beginning and end of the measurement period:

	California Premium Income (NCU) Level 3 Municipal Bonds	California Dividend Advantage (NAC) Level 3 Municipal Bonds	California Dividend Advantage 2 (NVX) Level 3 Municipal Bonds	California Dividend Advantage 3 (NZH) Level 3 Municipal Bonds
Balance at the beginning of period	\$ —	\$ —	\$ —	\$ —
Gains (losses):				
Net realized gains (losses)	—	—	—	—
Net change in unrealized appreciation (depreciation)	—	—	—	—
Net purchases at cost (sales at proceeds)	—	—	—	—
Net discounts (premiums)	—	—	—	—
Net transfers in to (out of) at end of period fair value	2,275,825	1,529,452	952,904	1,569,490
Balance at the end of period	\$ 2,275,825	\$ 1,529,452	\$ 952,904	\$ 1,569,490

“Change in net unrealized appreciation (depreciation) of investments” presented on the Statement of Operations includes net unrealized appreciation (depreciation) related to securities classified as Level 3 at period end as follows:

	California Premium Income (NCU)	California Dividend Advantage (NAC)	California Dividend Advantage 2 (NVX)	California Dividend Advantage 3 (NZH)
Level 3 net unrealized appreciation (depreciation)	\$ 223,899	\$ (147,477)	\$ (91,866)	\$ (151,563)

### 3. Derivative Instruments and Hedging Activities

The Funds record derivative instruments at fair value, with changes in fair value recognized on the Statement of Operations, when applicable. Even though the Funds' investments in derivatives may represent economic hedges, they are not considered to be hedge transactions for financial reporting purposes. The Funds did not invest in derivative instruments during the six months ended August 31, 2010.

### 4. Fund Shares

#### Common Shares

Transactions in Common shares were as follows:

	Insured California Premium Income (NPC) Six Months Ended 8/31/10	Insured California Premium Income 2 (NCL) Six Months Ended 8/31/10	Year Ended 2/28/10	Year Ended 2/28/10
Common shares:	—	2,552	—	—

Issued to shareholders due to reinvestment of distributions				
Repurchased and retired	—	(11,500)	—	(11,700)
Weighted average Common share:				
Price per share repurchased and retired	—	\$ 11.90	—	\$ 10.43
Discount per share repurchased and retired	—	16.06%	—	18.03%

	California Premium Income (NCU)		California Dividend Advantage (NAC)	
	Six Months	Year Ended	Six Months	Year Ended
	Ended 8/31/10	Year Ended 2/28/10	Ended 8/31/10	Year Ended 2/28/10
Common shares:				
Issued to shareholders due to reinvestment of distributions	—	—	—	—
Repurchased and retired	—	(27,400)	—	—
Weighted average Common share:				
Price per share repurchased and retired	—	\$ 10.06	—	—
Discount per share repurchased and retired	—	19.22%	—	—

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	California Dividend Advantage 2 (NVX)		California Dividend Advantage 3 (NZH)	
	Six Months		Six Months	
	Ended 8/31/10	Year Ended 2/28/10	Ended 8/31/10	Year Ended 2/28/10
Common shares:				
Issued to shareholders due to reinvestment of distributions	—	—	4,291	—
Repurchased and retired	—	(32,400)	—	—
Weighted average Common share:				
Price per share repurchased and retired	—	\$ 10.28	—	—
Discount per share repurchased and retired	—	19.87%	—	—

	Insured California Dividend Advantage (NKL)		Insured California Tax-Free Advantage (NKX)	
	Six Months		Six Months	
	Ended 8/31/10	Year Ended 2/28/10	Ended 8/31/10	Year Ended 2/28/10
Common shares:				
Issued to shareholders due to reinvestment of distributions	2,873	—	596	—
Repurchased and retired	—	(13,700)	—	—
Weighted average Common share:				
Price per share repurchased and retired	—	\$ 11.04	—	—
Discount per share repurchased and retired	—	18.04%	—	—

## Preferred Shares

California Dividend Advantage (NAC) did not redeem any of its outstanding ARPS during the six months ended August 31, 2010 or the fiscal year ended February 28, 2010. Insured California Tax-Free Advantage (NKX) redeemed all of its outstanding ARPS during the fiscal year ended August 31, 2008.

Transactions in ARPS were as follows:

	Insured California Premium Income (NPC)				Insured California Premium Income 2 (NCL)			
	Six Months		Year Ended		Six Months		Year Ended	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
ARPS redeemed:								
Series T	1,800	\$ 45,000,000	—	\$ —	130	\$ 3,250,000	—	\$ —
Series TH	—	—	—	—	130	3,250,000	—	—
Total	1,800	\$ 45,000,000	—	\$ —	260	\$ 6,500,000	—	\$ —

Explanation of Responses:

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	California Premium Income (NCU)				California Dividend Advantage 2 (NVX)			
	Six Months Ended		Year Ended		Six Months Ended		Year Ended	
	8/31/10	2/28/10	8/31/10	2/28/10	8/31/10	2/28/10	8/31/10	2/28/10
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
ARPS								
redeemed:								
Series M	—	\$ —	260	\$ 6,500,000	—	\$ —	325	\$ 8,125,000
Series F	—	\$ —	—	\$ —	—	\$ —	324	\$ 8,100,000
Total	—	\$ —	260	\$ 6,500,000	—	\$ —	649	\$ 16,225,000

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	California Dividend Advantage 3 (NZH)				Insured California Dividend Advantage (NKL)			
	Six Months Ended		Year Ended		Six Months Ended		Year Ended	
	8/31/10		2/28/10		8/31/10		2/28/10	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
ARPS redeemed:								
Series M	—	\$ —	1,692	\$ 42,300,000	—	\$ —	—	\$ —
Series T	—	—	—	—	90	2,250,000	—	—
Series TH	—	—	1,691	42,275,000	—	—	—	—
Series F	—	—	—	—	90	2,250,000	—	—
Total	—	\$ —	3,383	\$ 84,575,000	180	\$ 4,500,000	—	\$ —

Transactions in MTP Shares were as follows:

	California Dividend Advantage 3 (NZH)			
	Six Months Ended		Year Ended	
	8/31/10		2/28/10	
	Shares	Amount	Shares	Amount
MTP Shares issued:				
Series 2015	—	\$ —	8,625,000	\$ 86,250,000

Transactions in VRDP Shares were as follows:

	Insured California Premium Income (NPC)			
	Six Months Ended		Year Ended	
	8/31/10		2/28/10	
	Shares	Amount	Shares	Amount
VRDP Shares issued:				
Series 1	427	\$ 42,700,000	—	\$ —

During the six months ended August 31, 2010, Insured California Tax-Free Advantage (NKX) completed a private exchange offer in which all of its 355 Series 1 VRDP Shares were exchanged for 355 Series 2 VRDP Shares.

#### 5. Investment Transactions

Purchases and sales (including maturities but excluding short-term investments) during the six months ended August 31, 2010, were as follows:

	Insured California Premium Income (NPC)	Insured California Premium Income 2 (NCL)	California Premium Income (NCU)	California Dividend Advantage (NAC)
Purchases	\$ 5,926,979	\$ 48,016,101	\$ 4,583,311	\$ 71,718,842
Sales and maturities	10,165,438	58,120,454	5,837,768	73,148,334

Explanation of Responses:

	California Dividend Advantage 2 (NVX)	California Dividend Advantage 3 (NZH)	Insured California Dividend Advantage (NKL)	Insured California Tax-Free Advantage (NKX)
Purchases	\$ 11,426,189	\$ 51,473,918	\$ 18,595,802	\$ 10,429,041
Sales and maturities	10,885,491	64,378,348	24,678,111	8,974,794

6. 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 securities reflected as financing transactions, if any. To the extent that differences

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arise that are permanent in nature, such amounts are reclassified within the capital accounts on the Statement of Assets and Liabilities presented in the annual report, based on their federal tax basis treatment; temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset values of the Funds.

At August 31, 2010, the cost and unrealized appreciation (depreciation) of investments, as determined on a federal income tax basis, were as follows:

		Insured California Premium Income (NPC)		Insured California Premium Income 2 (NCL)		California Premium Income (NCU)		California Dividend Advantage (NAC)
Cost of investments	\$	129,126,486	\$	241,871,661	\$	109,562,988	\$	455,410,026
Gross unrealized:								
Appreciation	\$	9,216,684	\$	13,137,581	\$	7,333,544	\$	26,622,808
Depreciation		(863,307)		(1,959,080)		(2,169,683)		(14,267,598)
Net unrealized appreciation (depreciation) of investments	\$	8,353,377	\$	11,178,501	\$	5,163,861	\$	12,355,210

		California Dividend Advantage 2 (NVX)		California Dividend Advantage 3 (NZH)		Insured California Dividend Advantage (NKL)		Insured California Tax-Free Advantage (NKX)
Cost of investments	\$	298,195,676	\$	467,128,297	\$	316,269,919	\$	114,664,577
Gross unrealized:								
Appreciation	\$	19,517,740	\$	21,846,093	\$	19,689,826	\$	5,704,641
Depreciation		(7,947,178)		(14,878,922)		(4,585,102)		(2,666,500)
Net unrealized appreciation (depreciation) of investments	\$	11,570,562	\$	6,967,171	\$	15,104,724	\$	3,038,141

The tax components of undistributed net tax-exempt income, net ordinary income and net long-term capital gains at February 28, 2010, the Funds' last tax year end, were as follows:

		Insured California Premium Income (NPC)		Insured California Premium Income 2 (NCL)		California Premium Income (NCU)		California Dividend Advantage (NAC)
Undistributed net tax-exempt income *	\$	1,674,185	\$	3,564,683	\$	1,427,246	\$	5,997,103
Undistributed net ordinary income **		—		24,968		5,784		47,938
Undistributed net long-term capital gains		189,500		—		—		—
		California		California		Insured		Insured

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	Dividend Advantage 2 (NVX)	Dividend Advantage 3 (NZH)	California Dividend Advantage (NKL)	California Tax-Free Advantage (NKX)
Undistributed net tax-exempt income *	\$ 4,247,557	\$ 6,317,898	\$ 4,081,372	\$ 1,124,400
Undistributed net ordinary income **	1,239	5,352	—	—
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 1, 2010, paid on March 1, 2010.

\*\* 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 Funds' last tax year ended February 28, 2010, was designated for purposes of the dividends paid deduction as follows:

	Insured California Premium Income (NPC)	Insured California Premium Income 2 (NCL)	California Premium Income (NCU)	California Dividend Advantage (NAC)
Distributions from net tax-exempt income	\$ 5,137,076	\$ 10,331,450	\$ 4,307,774	\$ 19,787,318
Distributions from net ordinary income **	78,012	18,216	—	209,009
Distributions from net long-term capital gains	47,538	201,208	—	178,190

	California Dividend Advantage 2 (NVX)	California Dividend Advantage 3 (NZH)	Insured California Dividend Advantage (NKL)	Insured California Tax-Free Advantage (NKX)
Distributions from net tax-exempt income	\$ 13,349,752	\$ 20,781,977	\$ 13,395,977	\$ 4,573,073
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, 2010, the Funds' last 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:

Expiration:	Insured California Premium Income 2 (NCL)	California Premium Income (NCU)	California Dividend Advantage (NAC)	California Dividend Advantage 2 (NVX)	California Dividend Advantage 3 (NZH)	Insured California Dividend Advantage (NKL)	Insured California Tax-Free Advantage (NKX)
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	240,670	590,949
February 28, 2018	5,325,933	881,108	731,149	1,921,563	10,646,251	1,227,051	530,894
Total	\$ 5,325,933	\$ 969,631	\$ 14,868,747	\$ 2,848,110	\$ 22,193,239	\$ 1,467,721	\$ 1,121,843

California Dividend Advantage 3 (NZH) elected to defer net realized losses from investments incurred from November 1, 2009 through February 28, 2010, the Fund's last tax year end, ("post-October losses") in accordance with federal income tax regulations. Post-October capital losses of \$307,631 are treated as having arisen on the first day of the current fiscal year.

7. Management Fees and Other Transactions with Affiliates

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

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The annual fund-level fee for each Fund, payable monthly, is calculated according to the following schedule:

Average Daily Net Assets*	Insured California Premium Income (NPC) Insured California Premium Income 2 (NCL) California Premium Income (NCU) Fund-Level Fee Rate
For the first \$125 million	.4500%
For the next \$125 million	.4375
For the next \$250 million	.4250
For the next \$500 million	.4125
For the next \$1 billion	.4000
For the next \$3 billion	.3875
For net assets over \$5 billion	.3750

Average Daily Net Assets*	California Dividend Advantage (NAC) California Dividend Advantage 2 (NVX) California Dividend Advantage 3 (NZH) Insured California Dividend Advantage (NKL) Insured California Tax-Free Advantage (NKX) Fund-Level Fee Rate
For the first \$125 million	.4500%
For the next \$125 million	.4375
For the next \$250 million	.4250
For the next \$500 million	.4125
For the next \$1 billion	.4000
For net assets over \$2 billion	.3750

The annual complex-level fee for each Fund, payable monthly, is calculated according to the following schedule:

Complex-Level Managed Asset Breakpoint Level*	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

\* The complex-level fee is calculated based upon the aggregate daily managed assets of all Nuveen funds, with such daily managed assets defined separately for each fund in its management agreement, but excluding assets attributable to investments in other Nuveen funds. For the complex-level and fund-level fees, daily net assets and managed assets include closed-end fund assets managed by the Adviser that are attributable to financial leverage. For these purposes, financial leverage includes the funds' use of preferred stock and borrowings and certain investments in the residual interest certificates (also called inverse floating rate securities) in tender option bond (TOB) trusts, including the portion of assets held by a TOB trust that has been effectively financed by the trust's issuance of floating rate securities, subject to an agreement by the Adviser to limit the amount of such assets for determining managed assets in certain circumstances. As of August 31, 2010, the complex-level fee rate was .1831%.

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.

As of July 31, 2009, the Adviser is no longer reimbursing California Dividend Advantage (NAC) for any portion of its fees or expenses.

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

Year Ending March 31,		Year Ending March 31,	
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, for fees and expenses in the amounts and for the time periods set forth below:

Year Ending September 30,		Year Ending 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.

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

Year Ending March 31,		Year Ending 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.

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, 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.

#### 8. New Accounting Standards

##### Fair Value Measurements

On January 21, 2010, Financial Accounting Standards Board issued changes to the authoritative guidance under U.S. GAAP for fair value measurements. The objective of which is to provide guidance on how investment assets and liabilities are to be valued and disclosed. Specifically, the amendment requires reporting entities disclose Level 3 activity for purchases, sales, issuances and settlements in the Level 3 roll-forward on a gross

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basis rather than as one net number. The effective date of the amendment is for interim and annual periods beginning after December 15, 2010. At this time, management is evaluating the implications of this guidance and the impact it will have to the financial statement amounts and footnote disclosures, if any.

9. Subsequent Events

MTP Shares

During September 2010, California Premium Income (NCU) successfully completed the issuance of \$35.25 million of 2.00%, Series 2015 MTP Shares. The newly-issued MTP Shares trade on the NYSE under the symbol "NCU Pr C."

ARPS Noticed for Redemption

During September 2010, California Premium Income (NCU) noticed for redemption all \$34.375 million of its ARPS, at liquidation value, using the proceeds from the issuance of MTP Shares as described above.

Other Matters

During July 2010, lawsuits pursuing claims made in the demand letter alleging that Insured California Tax-Free Advantage's (NKX) Board of Trustees breached their fiduciary duties related to the redemption at par of its ARPS had been filed on behalf of shareholders of Insured California Tax-Free Advantage (NKX), against the Adviser, the Nuveen holding company, the majority owner of the holding company, the lone interested trustee, and current and former officers of Insured California Tax-Free Advantage (NKX). Nuveen and the other named defendants believe these lawsuits to be without merit, and all named parties intend to defend themselves vigorously. Insured California Tax-Free Advantage (NKX) believes that these lawsuits will not have a material effect on it or on the Adviser's ability to serve as investment adviser to it.

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Financial  
Highlights (Unaudited)

Selected data for a Common share outstanding throughout each period:

Beginning Common Share Net Asset Value	Net Investment Income	Investment Operations Distributions				Less Distributions				Discount from Common Shares Repurchased and Retired	Ending Common Share Net Asset Value	Ending Market Value
		Realized/Unrealized Gain (Loss)	Auction Rate Preferred Shareholder	Auction Rate Preferred Shareholder	Capital Gains Preferred Shareholder	Net Investment Income to Common Shareholder	Capital Gains to Common Shareholder	Capital Gains to Common Shareholder	Capital Gains to Common Shareholder			
Insured California Premium Income (NPC)												
Year Ended 2/28:												
2011(g)	\$ 14.74	\$ .45	\$ .66	\$ —	** \$ —	\$ 1.11	\$ (.42)	\$ —	\$ (.42)	\$ —	\$ 15.43	\$ 14.86
2010	14.03	.96	.55	(.03)	(.02)	1.46	(.75)	—	(.75)	—**	14.74	13.30
2009(f)	14.93	.47	(.74)	(.11)	(.02)	(.40)	(.36)	(.14)	(.50)	—**	14.03	12.04
Year Ended 8/31:												
2008	15.04	.95	(.10)	(.22)	—	** .63	(.73)	(.01)	(.74)	—	14.93	13.89
2007	15.58	.90	(.40)	(.21)	(.02)	.27	(.73)	(.08)	(.81)	—	15.04	14.96
2006	16.21	.92	(.38)	(.18)	(.02)	.34	(.83)	(.14)	(.97)	—	15.58	15.08
2005	16.23	.95	.22	(.10)	(.01)	1.06	(.92)	(.16)	(1.08)	—	16.21	15.90
Insured California Premium Income 2 (NCL)												
Year Ended 2/28:												
2011(g)	13.99	.46	.88	(.01)	—	1.33	(.43)	—	(.43)	—	14.89	14.32
2010	12.85	.98	.99	(.03)	(.02)	1.92	(.78)	—	(.78)	—**	13.99	12.72
2009(f)	14.13	.44	(1.12)	(.10)	(.02)	(.80)	(.34)	(.14)	(.48)	—**	12.85	10.89
Year Ended 8/31:												
2008	14.50	.95	(.44)	(.24)	—	.27	(.64)	—	(.64)	—	14.13	12.66
2007	14.99	.89	(.46)	(.25)	—	.18	(.67)	—	(.67)	—	14.50	13.71
2006	15.33	.90	(.28)	(.20)	—	.42	(.76)	—	(.76)	—	14.99	14.19
2005	15.12	.91	.29	(.11)	—	1.09	(.88)	—	(.88)	—	15.33	15.05

	Auction Rate Preferred Shares at End of Period			Variable Rate Demand Preferred Shares at End of Period		
	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share
Insured California Premium Income (NPC)						
Year Ended 2/28:						
2011(g)	\$ —	\$ —	\$ —	\$ 42,700	\$ 100,000	\$ 332,784
2010	45,000	25,000	77,746	—	—	—
2009(f)	45,000	25,000	75,295	—	—	—
Year Ended 8/31:						

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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	—	—	—
Insured California Premium Income 2 (NCL)						
Year Ended 2/28:						
2011(g)	73,325	25,000	89,319	—	—	—
2010	79,825	25,000	80,487	—	—	—
2009(f)	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	—	—	—

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Total Returns			Ratios/Supplemental Data Ratios to Average Net Assets Applicable to Common Shares(c)(d)			
Based on Market Value(b)	Based on Common Share Net Asset Value(b)	Ending Net Assets Applicable to Common Shares (000)	Expenses Including Interest(e)	Expenses Excluding Interest	Net Investment Income	Portfolio Turnover Rate
15.18%	7.69% \$	99,399	1.66%*	1.51%*	6.00%*	4%
17.13	10.66	94,944	1.19	1.19	6.68	10
(9.25)	(2.43)	90,531	1.27*	1.27*	6.88*	1
(2.21)	4.23	96,462	1.19	1.19	6.24	17
4.61	1.70	97,176	1.22	1.16	5.84	9
1.00	2.23	100,581	1.16	1.16	5.89	9
7.58	6.74	104,510	1.14	1.14	5.85	9
16.16	9.69	188,649	1.21*	1.14*	6.47*	18
24.41	15.35	177,169	1.27	1.18	7.25	7
(9.95)	(5.40)	162,831	1.53*	1.24*	7.15*	9
(3.06)	1.86	179,734	1.23	1.21	6.56	12
1.26	1.18	184,343	1.24	1.18	6.00	19
(.63)	2.91	190,571	1.20	1.20	6.05	14
5.10	7.42	194,895	1.17	1.17	6.03	7

(a) The amounts shown are based on Common share equivalents.

(b) 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.

(c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders; Net Investment Income ratios reflect income earned and expenses incurred on assets attributable to

Auction Rate Preferred shares and/or Variable Rate Demand Preferred shares, where applicable.

- (d) Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable.
  - (e) The expense ratios reflect, among other things, payments to Variable Rate Demand Preferred shareholders and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, both as described in Footnote 1 – General Information and Significant Accounting Policies, Variable Rate Demand Preferred Shares and Inverse Floating Rate Securities, respectively.
  - (f) For the six months ended February 28, 2009.
  - (g) For the six months ended August 31, 2010.
- \* Annualized.  
\*\* Rounds to less than \$.01 per share.

See accompanying notes to financial statements.

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Financial  
Highlights (Unaudited)(continued)

Selected data for a Common share outstanding throughout each period:

	Investment Operations					Less Distributions						
	Beginning Common Share Net Asset Value	Net Investment Income	Unrealized Gain (Loss)	Distributions from Net Investment Income to Preferred Shareholders	Distributions from Capital Gains to Preferred Shareholders	Total	Net Investment Income to Common Shareholders	Capital Gains to Common Shareholders	Total	Discount from Common Shares Repurchased and Retired	Ending Share Net Asset Value	Ending Market Value
<b>California Premium Income (NCU)</b>												
Year Ended 2/28:												
2011(g)	\$ 13.71	\$ .49	\$ .80	\$ (.01)	\$ —	\$ 1.28	\$ (.43)	\$ —	\$ (.43)	\$ —	\$ 14.56	\$ 14.13
2010	12.37	.95	1.13	(.03)	—	2.05	(.72)	—	(.72)	.01	13.71	12.11
2009(f)	13.67	.43	(1.29)	(.10)	—**	(.96)	(.33)	(.01)	(.34)	—**	12.37	10.06
Year Ended 8/31:												
2008	14.06	.92	(.43)	(.24)	—	.25	(.64)	—	(.64)	—	13.67	12.58
2007	14.63	.90	(.52)	(.24)	(.01)	.13	(.67)	(.03)	(.70)	—	14.06	13.03
2006	15.03	.89	(.30)	(.21)	—	.38	(.77)	(.01)	(.78)	—	14.63	14.01
2005	14.51	.90	.60	(.12)	—	1.38	(.86)	—	(.86)	—	15.03	14.37
<b>California Dividend Advantage (NAC)</b>												
Year Ended 2/28:												
2011(g)	13.88	.49	.62	(.01)	—	1.10	(.44)	—	(.44)	—	14.54	14.40
2010	12.10	1.01	1.63	(.03)	(.02)	2.59	(.81)	—	(.81)	—	13.88	12.60
2009(f)	14.43	.49	(2.07)	(.09)	(.02)	(1.69)	(.38)	(.26)	(.64)	—	12.10	10.82
Year Ended 8/31:												
2008	14.93	1.02	(.50)	(.23)	(.01)	.28	(.74)	(.04)	(.78)	—	14.43	13.44
2007	15.59	1.00	(.56)	(.24)	(.01)	.19	(.80)	(.05)	(.85)	—	14.93	14.34
2006	15.98	1.01	(.25)	(.21)	—	.55	(.91)	(.03)	(.94)	—	15.59	15.97
2005	15.59	1.04	.50	(.12)	—	1.42	(.98)	(.05)	(1.03)	—	15.98	16.07

Auction Rate Preferred Shares  
at End of Period

	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share
<b>California Premium Income (NCU)</b>			
Year Ended 2/28:			
2011(g)	\$ 34,375	\$ 25,000	\$ 85,717
2010	34,375	25,000	82,150
2009(f)	40,875	25,000	68,584
Year Ended 8/31:			

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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
California Dividend Advantage (NAC)			
Year Ended 2/28:			
2011(g)	135,525	25,000	87,980
2010	135,525	25,000	85,098
2009(f)	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

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Total Returns	Ratios/Supplemental Data								
	Based on Common Share Net Asset Value(b)	Ending Net Assets Applicable to Common Shares (000)	Ratios to Average Net Assets Applicable to Common Shares Before Reimbursement(c)			Ratios to Average Net Assets Applicable to Common Shares After Reimbursement(c)(d)			Portfolio Turnover Rate
Expenses Including Interest(e)			Expenses Excluding Interest	Net Investment Income	Expenses Including Interest(e)	Expenses Excluding Interest	Net Investment Income		
20.51%	9.48%	\$ 83,486	1.23%*	1.17%*	6.93%*	N/A	N/A	N/A	4%
28.13	17.06	78,581	1.30	1.24	7.18	N/A	N/A	N/A	10
(17.22)	(6.92)	71,260	1.57*	1.37*	7.06*	N/A	N/A	N/A	14
1.51	1.81	78,966	1.34	1.23	6.56	N/A	N/A	N/A	5
(2.21)	.82	81,200	1.29	1.21	6.14	N/A	N/A	N/A	11
3.14	2.72	84,467	1.23	1.23	6.09	N/A	N/A	N/A	20
11.76	9.75	86,785	1.21	1.21	6.08	N/A	N/A	N/A	13
18.05	8.06	341,415	1.17*	1.10*	6.96*	1.17%*	1.10%*	6.96%*	15
24.62	21.97	325,791	1.21	1.13	7.63	1.18	1.10	7.66	4
(14.14)	(11.45)	284,221	1.31*	1.17*	7.92*	1.24*	1.10*	7.99*	14
(.84)	1.85	338,732	1.26	1.15	6.77	1.11	1.00	6.92	19
(5.19)	1.16	350,523	1.17	1.12	6.24	.95	.90	6.46	20
5.47	3.63	365,516	1.13	1.13	6.22	.84	.84	6.50	13
14.62	9.41	374,265	1.12	1.12	6.22	.75	.75	6.59	4

(a) The amounts shown are based on Common share equivalents.

(b) 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.

- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders; Net Investment Income ratios reflect income earned and expenses incurred on assets attributable to Auction Rate Preferred shares.
  - (d) After expense reimbursement from the Adviser, where applicable. Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable. As of July 31, 2009, the Adviser is no longer reimbursing California Dividend Advantage (NAC) for any fees or expenses.
  - (e) The expense ratios reflect, among other things, the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, as described in Footnote 1 – General Information and Significant Accounting Policies, Inverse Floating Rate Securities.
  - (f) For the six months ended February 28, 2009.
  - (g) For the six months ended August 31, 2010.
- \* Annualized.  
\*\* Rounds to less than \$.01 per share.  
N/A Fund does not have a contractual reimbursement agreement with the Adviser.

See accompanying notes to financial statements.

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Financial  
Highlights (Unaudited) (continued)

Selected data for a Common share outstanding throughout each period:

Beginning Common Share Net Asset Value	Investment Income Realized/ Unrealized Gain (Loss)	Investment Operations Distributions from			Less Distributions			Ending Common Share Net Asset Value	Ending Market Value			
		Net to Auction Rate Preferred Shareholders(a)	Capital to Auction Rate Preferred Shareholders(a)	Net Investment Income to Common Shareholders	Discount from Common Shares Repurchased and Retired							
California Dividend Advantage 2 (NVX)												
Year Ended 2/28:												
2011(g)	\$ 14.49	\$ .53	\$ .55	\$ (.01)	\$ —	\$ 1.07	\$ (.48)	\$ —	\$ (.48)	\$ —	\$ 15.08	\$ 14.83
2010	12.91	1.07	1.43	(.04)	—	2.46	(.88)	—	(.88)	—**	14.49	13.56
2009(f)	14.39	.51	(1.47)	(.11)	(.01)	(1.08)	(.36)	(.04)	(.40)	—**	12.91	10.51
Year Ended 8/31:												
2008	14.69	1.01	(.37 )	(.25)	—	.39	(.69)	—	(.69)	—	14.39	12.67
2007	15.36	.96	(.62 )	(.25)	—	.09	(.76)	—	(.76)	—	14.69	13.73
2006	15.63	.97	(.19 )	(.21)	—	.57	(.84)	—	(.84)	—	15.36	14.95
2005	14.97	.98	.71	(.12)	—	1.57	(.91)	—	(.91)	—	15.63	15.19
California Dividend Advantage 3 (NZH)												
Year Ended 2/28:												
2011(g)	13.18	.44	.54	(.01)	—	.97	(.45)	—	(.45)	—	13.70	13.69
2010	11.53	.98	1.53	(.03)	—	2.48	(.83)	—	(.83)	—	13.18	12.67
2009(f)	13.62	.50	(2.13)	(.09)	—	(1.72)	(.37)	—	(.37)	—**	11.53	10.23
Year Ended 8/31:												
2008	14.25	1.03	(.70 )	(.25)	—	.08	(.71)	—	(.71)	—	13.62	12.87
2007	15.03	.98	(.73 )	(.27)	—	(.02 )	(.76)	—	(.76)	—	14.25	13.52
2006	15.31	.97	(.20 )	(.22)	—	.55	(.83)	—	(.83)	—	15.03	14.84
2005	14.65	.97	.68	(.13)	—	1.52	(.86)	—	(.86)	—	15.31	14.49

Auction Rate Preferred Shares at End of Period	Asset Aggregate	Asset Aggregate	MuniFund Term Preferred Shares at End of Period	Ending Average	Asset	Auction Rate Preferred Shares and MuniFund Term Preferred Shares at End of Period	
Aggregate	Liquidation	Asset	Aggregate	Liquidation	Ending	Average	Asset

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	Amount Outstanding (000)	Value Per Share	Coverage Per Share	Amount Outstanding (000)	Value Per Share	Market Value Per Share	Market Value Per Share	Coverage Per Share	Asset Coverage Per \$1 Liquidation Preference
California Dividend Advantage 2 (NVX)									
Year Ended 2/28:									
2011(g)	\$ 93,775	\$ 25,000	\$ 84,297	\$ —	—	—	—	—	—
2010	93,775	25,000	81,968	—	—	—	—	—	—
2009(f)	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	—	—	—	—	—	—
California Dividend Advantage 3 (NZH)									
Year Ended 2/28:									
2011(g)	69,500	25,000	78,035	86,250	10.00	10.28	10.14	31.21	3.12
2010	69,500	25,000	76,021	86,250	10.00	10.11	10.09^	30.41	3.04
2009(f)	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	—	—	—	—	—	—

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Total Returns		Ratios/Supplemental Data								
		Ratios to Average Net Assets Applicable to Common Shares			Ratios to Average Net Assets Applicable to Common Shares					
Based on Market Value		Based on Common Share Net Asset Value	Ending Net Assets Applicable to Common Shares	Before Reimbursement(c)			After Reimbursement(c)(d)			Portfolio Turnover Rate
(a)	(b)	(b)	(000)	Expenses Including Interest(e)	Expenses Excluding Interest	Net Investment Income	Expenses Including Interest(e)	Expenses Excluding Interest	Net Investment Income	
13.10 %	7.51 %	\$ 222,421	1.14 %*	1.11 %*	7.11 %*	1.06 %*	1.02 %*	7.19 %*	3 %	
38.29	19.52	213,687	1.20	1.16	7.58	1.04	1.01	7.74	4	
(13.83)	(7.40 )	190,824	1.37 *	1.32 *	7.85 *	1.14 *	1.09 *	8.08 *	7	
(2.80 )	2.76	212,890	1.25	1.16	6.56	.99	.90	6.83	20	
(3.39 )	.46	217,332	1.25	1.17	5.97	.91	.83	6.31	21	
4.19	3.82	227,160	1.16	1.16	5.94	.74	.74	6.35	9	
14.98	10.80	231,140	1.16	1.16	5.94	.71	.71	6.39	3	
11.79	7.51	330,409	2.04 *	1.20 *	6.48 *	1.89 *	1.05 *	6.64 *	11	
32.93	22.17	317,860	1.36	1.17	7.68	1.16	.97	7.88	6	
(17.58)	(12.54)	278,056	1.39 *	1.27 *	8.50 *	1.13 *	1.01 *	8.75 *	9	
.46	.60	328,659	1.21	1.19	6.96	.90	.88	7.27	23	
(4.12 )	(.32 )	343,806	1.22	1.16	6.16	.83	.78	6.54	23	
8.50	3.81	362,473	1.16	1.16	6.08	.71	.71	6.53	10	
15.75	10.69	369,262	1.17	1.17	6.05	.71	.71	6.50	5	

(a) The amounts shown are based on Common share equivalents.

(b) 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.

(c)

Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders; Net Investment Income ratios reflect income earned and expenses incurred on assets attributable to Auction Rate Preferred shares and/or MuniFund Term Preferred shares, where applicable. (d) After expense reimbursement from the Adviser, where applicable. Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable.

- (e) The expense ratios reflect, among other things, payments to MuniFund Term Preferred shareholders and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, both as described in Footnote 1 – General Information and Significant Accounting Policies, MuniFund Term Preferred Shares and Inverse Floating Rate Securities, respectively.
- (f) For the six months ended February 28, 2009.
- (g) For the six months ended August 31, 2010.
- \* Annualized.
- \*\* Rounds to less than \$.01 per share.
- ^ For the period December 21, 2009 (first issuance dates of shares) through February 28, 2010.

See accompanying notes to financial statements.

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Financial  
Highlights (Unaudited) (continued)

Selected data for a Common share outstanding throughout each period:

Beginning Common Share Net Asset Value	Investment Net Income	Investment Operations Distributions			Less Distributions			Ending Common Share Net Asset Value	Ending Market Value			
		Realized/ Net Gain (Loss)	Auction Rate Preferred Shares	Capital to Auction Rate Preferred Shares	Net Investment Income to Common Share- holders	Discount from Common Shares Repurchased and Retired						
Insured California Dividend Advantage (NKL)												
Year Ended 2/28:												
2011(g)	\$ 14.71	\$.52	\$.59	\$ (.01)	\$ —	\$ 1.10	\$ (.46)	\$ —	\$ (.46)	\$ —	\$ 15.35	\$ 15.14
2010	13.52	1.06	1.01	(.04)	—	2.03	(.84)	—	(.84)	—**	14.71	13.66
2009(f)	14.61	.50	(1.07)	(.10)	(.01)	(.68)	(.37)	(.04)	(.41)	—**	13.52	11.16
Year Ended 8/31:												
2008	14.91	1.03	(.33)	(.25)	(.01)	.44	(.72)	(.02)	(.74)	—	14.61	13.50
2007	15.50	1.01	(.57)	(.26)	— **	.18	(.77)	— **	(.77)	—	14.91	14.24
2006	15.81	1.01	(.25)	(.22)	—	.54	(.85)	—	(.85)	—	15.50	15.70
2005	15.35	1.01	.52	(.12)	—	1.41	(.90)	(.05)	(.95)	—	15.81	15.00
Insured California Tax-Free Advantage (NKX)												
Year Ended 2/28:												
2011(g)	14.03	.39	.57	—	—	.96	(.40)	—	(.40)	—	14.59	14.12
2010	12.85	.85	1.09	—	—	1.94	(.76)	—	(.76)	—	14.03	12.87
2009(f)	14.19	.39	(1.32)	— **	(.01)	(.94)	(.35)	(.05)	(.40)	—	12.85	11.75
Year Ended 8/31:												
2008	14.47	.97	(.30)	(.24)	—	.43	(.71)	—	(.71)	—	14.19	13.78
2007	14.92	.96	(.46)	(.24)	—	.26	(.71)	—	(.71)	—	14.47	14.47
2006	15.17	.95	(.25)	(.21)	—	.49	(.74)	—	(.74)	—	14.92	14.27
2005	14.62	.96	.57	(.13)	—	1.40	(.85)	—	(.85)	—	15.17	14.38

	Auction Rate Preferred Shares at End of Period			Variable Rate Demand Preferred Shares at End of Period		
	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share
Insured California Dividend Advantage (NKL)						
Year Ended 2/28:						
2011(g)	\$ 103,750	\$ 25,000	\$ 81,436	\$ —	\$ —	\$ —
2010	108,250	25,000	76,802	—	—	—
2009(f)	108,250	25,000	72,683	—	—	—
Year Ended 8/31:						

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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	—	—	—
Insured California Tax-Free Advantage (NKX)						
Year Ended 2/28:						
2011(g)	—	—	—	35,500	100,000	341,883
2010	—	—	—	35,500	100,000	332,616
2009(f)	—	—	—	35,500	100,000	313,131
Year Ended 8/31:						
2008	—	—	—	35,500	100,000	335,299
2007	45,000	25,000	72,302	—	—	—
2006	45,000	25,000	73,764	—	—	—
2005	45,000	25,000	74,595	—	—	—

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Total Returns		Ratios/Supplemental Data									
		Ratios to Average Net Assets Applicable to Common Shares Before Reimbursement(c)					Ratios to Average Net Assets Applicable to Common Shares After Reimbursement(c)(d)				
Based on Market Value(b)	Based on Common Share Net Asset Value(b)	Ending Net Assets Applicable to Common Shares (000)	Expenses		Net Investment Income	Expenses		Net Investment Income	Portfolio Turnover Rate		
			Including Interest(e)	Excluding Interest		Including Interest(e)	Excluding Interest				
14.40 %	7.62 %	\$234,211	1.14 %*	1.12 %*	6.76 %*	.97 %*	.95 %*	6.92 %*	6	%	
30.55	15.42	224,301	1.19	1.16	7.21	.95	.93	7.45	1		
(14.22)	(4.50 )	206,467	1.32 *	1.23 *	7.36 *	1.01 *	.92 *	7.67 *	3		
(.03 )	2.98	223,356	1.19	1.19	6.52	.84	.84	6.87	6		
(4.64 )	1.13	227,923	1.21	1.16	6.12	.79	.74	6.54	12		
10.72	3.62	236,525	1.17	1.17	6.12	.71	.71	6.58	3		
9.00	9.46	241,254	1.16	1.16	6.06	.72	.72	6.50	4		
13.00	6.96	85,868	2.17 *	1.98 *	5.39 *	2.06 *	1.86 *	5.51 *	8		
16.39	15.49	82,579	1.68	1.46	6.11	1.47	1.25	6.32	—	***	
(11.55)	(6.42 )	75,661	2.57 *	1.54 *	5.89 *	2.27 *	1.24 *	6.19 *	3		
.12	2.97	83,531	1.33	1.26	6.28	.94	.86	6.67	28		
6.35	1.69	85,144	1.27	1.21	5.95	.79	.73	6.43	15		
4.56	3.43	87,775	1.22	1.22	5.97	.74	.74	6.45	4		
7.46	9.84	89,272	1.21	1.21	5.95	.74	.74	6.42	3		

(a) The amounts shown are based on Common share equivalents.

(b) 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.

(c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders; Net Investment Income ratios reflect income earned and expenses incurred on assets attributable to

Auction Rate Preferred shares and/or Variable Rate Demand Preferred shares, where applicable.

- (d) After expense reimbursement from the Adviser, where applicable. Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable.
  - (e) The expense ratios reflect, among other things, payments to Variable Rate Demand Preferred shareholders and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, both as described in Footnote 1 – General Information and Significant Accounting Policies, Variable Rate Demand Preferred Shares and Inverse Floating Rate Securities, respectively.
  - (f) For the six months ended February 28, 2009.
  - (g) For the six months ended August 31, 2010.
- \* Annualized.  
\*\* Rounds to less than \$.01 per share.  
\*\*\* Calculates to less than 1%.

See accompanying notes to financial statements.

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Annual Investment Management  
Agreement Approval Process (Unaudited)

The Investment Company Act of 1940, as amended (the “1940 Act”), provides, in substance, that each investment advisory agreement between a fund and its investment adviser will continue in effect from year to year only if its continuance is approved at least annually by the fund’s board members, including by a vote of a majority of the board members who are not parties to the advisory agreement or “interested persons” of any parties (the “Independent Board Members”), cast in person at a meeting called for the purpose of considering such approval. In connection with such approvals, the fund’s board members must request and evaluate, and the investment adviser is required to furnish, such information as may be reasonably necessary to evaluate the terms of the advisory agreement. Accordingly, at a meeting held on May 25-26, 2010 (the “May Meeting”), the Boards of Trustees or Directors (as the case may be) (each a “Board” and each Trustee or Director, a “Board Member”) of the Funds, including a majority of the Independent Board Members, considered and approved the continuation of the advisory agreements (each an “Advisory Agreement”) between each Fund and Nuveen Asset Management (the “Adviser”) for an additional one-year period. In preparation for their considerations at the May Meeting, the Board also held a separate meeting on April 21-22, 2010 (the “April Meeting”). Accordingly, the factors considered and determinations made regarding the renewals by the Independent Board Members include those made at the April Meeting.

In addition, in evaluating the Advisory Agreements, the Independent Board Members reviewed a broad range of information relating to the Funds and the Adviser, including absolute and comparative performance, fee and expense information for the Funds (as described in more detail below), the profitability of Nuveen for its advisory activities (which includes its wholly owned subsidiaries), and other information regarding the organization, personnel, and services provided by the Adviser. The Independent Board Members also met quarterly as well as at other times as the need arose during the year and took into account the information provided at such meetings and the knowledge gained therefrom. Prior to approving the renewal of the Advisory Agreements, the Independent Board Members reviewed the foregoing information with their independent legal counsel and with management, reviewed materials from independent legal counsel describing applicable law and their duties in reviewing advisory contracts, and met with independent legal counsel in private sessions without management present. The Independent Board Members considered the legal advice provided by independent legal counsel and relied upon their knowledge of the Adviser, its services and the Funds resulting from their meetings and other interactions throughout the year and their own business judgment in determining the factors to be considered in evaluating the

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Advisory Agreements. Each Board Member may have accorded different weight to the various factors in reaching his or her conclusions with respect to a Fund's Advisory Agreement. The Independent Board Members did not identify any single factor as all-important or controlling. The Independent Board Members' considerations were instead based on a comprehensive consideration of all the information presented. The principal factors considered by the Board and its conclusions are described below.

#### A. Nature, Extent and Quality of Services

In considering renewal of the Advisory Agreements, the Independent Board Members considered the nature, extent and quality of the Adviser's services, including advisory services and administrative services. The Independent Board Members reviewed materials outlining, among other things, the Adviser's organization and business; the types of services that the Adviser or its affiliates provide and are expected to provide to the Funds; the performance record of the applicable Fund (as described in further detail below); and any initiatives Nuveen had taken for the applicable fund product line, including continued activities to refinance auction rate preferred securities, manage leverage during periods of market turbulence and implement an enhanced leverage management process, modify investment mandates in light of market conditions and seek shareholder approval as necessary, maintain the fund share repurchase program and maintain shareholder communications to keep shareholders apprised of Nuveen's efforts in refinancing preferred shares. In addition to the foregoing, the Independent Board Members also noted the additional services that the Adviser or its affiliates provide to closed-end funds, including, in particular, Nuveen's continued commitment to supporting the secondary market for the common shares of its closed-end funds through a variety of programs designed to raise investor and analyst awareness and understanding of closed-end funds. These efforts include maintaining an investor relations program to provide timely information and education to financial advisers and investors; providing marketing for the closed-end funds; maintaining and enhancing a closed-end fund website; participating in conferences and having direct communications with analysts and financial advisors.

As part of their review, the Independent Board Members also evaluated the background, experience and track record of the Adviser's investment personnel. In this regard, the Independent Board Members considered any changes in the personnel, and the impact on the level of services provided to the Funds, if any. The Independent Board Members also reviewed information regarding portfolio manager compensation arrangements to evaluate the Adviser's ability to attract and retain high quality investment personnel, preserve stability, and reward performance but not provide an incentive for taking undue risks.

In addition to advisory services, the Independent Board Members considered the quality of administrative services provided by the Adviser and its affiliates including product management, fund administration, oversight of service providers, shareholder services,

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Annual Investment Management Agreement  
Approval Process (Unaudited) (continued)

administration of Board relations, regulatory and portfolio compliance and legal support. Given the importance of compliance, the Independent Board Members also considered the Adviser's compliance program, including the report of the chief compliance officer regarding the Funds' compliance policies and procedures.

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

B. The Investment Performance of the Funds and the Adviser

The Board considered the performance results of each Fund over various time periods. The Board reviewed, among other things, each Fund's historic investment performance as well as information comparing the Fund's performance information with that of other funds (the "Performance Peer Group") based on data provided by an independent provider of mutual fund data and with recognized and/or customized benchmarks. In this regard, the Board reviewed each Fund's total return information compared to its Performance Peer Group for the quarter, one-, three-and five-year periods ending December 31, 2009 and for the same periods ending March 31, 2010 (or for the periods available for Funds that did not exist during part of the foregoing time frame). In addition, the Board reviewed each Fund's total return information compared to recognized and/or customized benchmarks for the quarter, one-and three-year periods ending December 31, 2009 and for the same periods ending March 31, 2010 (or for the periods available for Funds that did not exist during part of the foregoing time frame). Moreover, the Board reviewed the peer ranking of the Nuveen municipal funds advised by the Adviser in the aggregate. The Independent Board Members also reviewed historic premium and discount levels. This information supplemented the Fund performance information provided to the Board at each of its quarterly meetings.

In reviewing peer comparison information, the Independent Board Members recognized that the Performance Peer Group of certain funds may not adequately represent the objectives and strategies of the funds, thereby limiting the usefulness of comparing a fund's performance with that of its Performance Peer Group. In this regard, the Independent Board Members considered that the Performance Peer Groups of certain funds (including the Nuveen Insured California Premium Income Municipal Fund, Inc., Nuveen Insured California Premium Income Municipal Fund 2, Inc., Nuveen Insured California Dividend Advantage Municipal Fund and Nuveen Insured California Tax-Free Advantage Municipal Fund) were classified as having significant differences from such funds based on considerations such as special fund objectives, potential investable universe and the composition of the peer set (e.g., the number and size of competing funds and number of competing managers).

Based on their review, the Independent Board Members determined that each Fund's investment performance over time had been satisfactory. The Independent Board Members noted that the Nuveen California Dividend Advantage Municipal Fund

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generally demonstrated favorable performance in comparison to peers, performing in the top two quartiles in the one-, three-and five-year periods ending March 31, 2010. The Independent Board Members noted that the Nuveen Insured California Premium Income Municipal Fund, Inc., Nuveen Insured California Premium Income Municipal Fund 2, Inc., Nuveen Insured California Dividend Advantage Municipal Fund and Nuveen Insured California Tax-Free Advantage Municipal Fund underperformed their benchmarks in the three-year period but outperformed their benchmarks in the one-year period. The performance of the Nuveen California Premium Income Municipal Fund over time was satisfactory compared to peers, falling within the second or third quartile over various periods. While the Nuveen California Dividend Advantage Municipal Fund 2 lagged its peers somewhat in the short-term one-year period, it demonstrated more favorable performance in the longer three-and five-year periods. Although the performance of the Nuveen California Dividend Advantage Municipal Fund 3 lagged its peers somewhat in the longer periods, the performance had improved in the one-year period, performing in the first or second quartile.

### C. Fees, Expenses and Profitability

#### 1. Fees and Expenses

The Board evaluated the management fees and expenses of each Fund reviewing, among other things, such Fund's gross management fees, net management fees and net expense ratios in absolute terms as well as compared to the fee and expenses of a comparable universe of funds based on data provided by an independent fund data provider (the "Peer Universe") and in certain cases, to a more focused subset of funds in the Peer Universe (the "Peer Group") and any expense limitations.

The Independent Board Members further reviewed the methodology regarding the construction of the applicable Peer Universe and/or Peer Group. In reviewing the comparisons of fee and expense information, the Independent Board Members took into account that in certain instances various factors such as: the asset level of a fund relative to peers; the limited size and particular composition of the Peer Universe or Peer Group; the investment objectives of the peers; expense anomalies; changes in the funds comprising the Peer Universe or Peer Group from year to year; levels of reimbursement; the timing of information used; the differences in the type and use of leverage; and differences in the states reflected in the Peer Universe or Peer Group may impact the comparative data, thereby limiting the ability to make a meaningful comparison with peers, including, in particular, the Nuveen Insured California Dividend Advantage Municipal Fund and Nuveen Insured California Tax-Free Advantage Municipal Fund.

In reviewing the fee schedule for a Fund, the Independent Board Members also considered the fund-level and complex-wide breakpoint schedules (described in further detail below) and any fee waivers and reimbursements provided by Nuveen (applicable, in particular, for certain closed-end funds launched since 1999). Except

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Annual Investment Management Agreement  
Approval Process (Unaudited) (continued)

as set forth in the following sentence, the Independent Board Members noted that the Funds had net management fees and/or net expense ratios below, at or near (within 5 basis point or less) the peer averages of their Peer Group or Peer Universe. Although the net management fees of the Nuveen Insured California Dividend Advantage Municipal Fund were above the peer average and the available peer set was limited, the net expense ratio was below or near the peer average. In addition, although the Nuveen Insured California Premium Income Municipal Fund, Inc., Nuveen Insured California Premium Income Municipal Fund 2, Inc., Nuveen California Premium Income Municipal Fund and Nuveen Insured California Tax-Free Advantage Municipal Fund had net advisory fees and net expense ratios above the peer average, the Board members recognized the limited peers available for comparison.

Based on their review of the fee and expense information provided, the Independent Board Members determined that each Fund's management fees were reasonable in light of the nature, extent and quality of services provided to the Fund.

2. Comparisons with the Fees of Other Clients

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

3. Profitability of Nuveen

In conjunction with its review of fees, the Independent Board Members also considered the profitability of Nuveen for its advisory activities (which incorporated Nuveen's wholly-owned affiliated sub-advisers) and its financial condition. The Independent Board Members reviewed the revenues and expenses of Nuveen's advisory activities for the last two years, the allocation methodology used in preparing the profitability data and an analysis of the key drivers behind the changes in revenues and expenses that impacted profitability in 2009. The Independent Board Members noted this information supplemented the profitability information

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requested and received during the year to help keep them apprised of developments affecting profitability (such as changes in fee waivers and expense reimbursement commitments). In this regard, the Independent Board Members noted that they had also appointed an Independent Board Member as a point person to review and keep them apprised of changes to the profitability analysis and/or methodologies during the year. The Independent Board Members also considered Nuveen's revenues for advisory activities, expenses, and profit margin compared to that of various unaffiliated management firms with similar amounts of assets under management and relatively comparable asset composition prepared by Nuveen.

In reviewing profitability, the Independent Board Members recognized the subjective nature of determining profitability which may be affected by numerous factors including the allocation of expenses. Further, the Independent Board Members recognized the difficulties in making comparisons as the profitability of other advisers generally is not publicly available and the profitability information that is available for certain advisers or management firms may not be representative of the industry and may be affected by, among other things, the adviser's particular business mix, capital costs, types of funds managed and expense allocations. Notwithstanding the foregoing, the Independent Board Members reviewed Nuveen's methodology and assumptions for allocating expenses across product lines to determine profitability. In reviewing profitability, the Independent Board Members recognized Nuveen's investment in its fund business. Based on their review, the Independent Board Members concluded that Nuveen's level of profitability for its advisory activities was reasonable in light of the services provided.

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

#### D. Economies of Scale and Whether Fee Levels Reflect These Economies of Scale

With respect to economies of scale, the Independent Board Members have recognized the potential benefits resulting from the costs of a fund being spread over a larger asset base, although economies of scale are difficult to measure and predict with precision, particularly on a fund-by-fund basis. One method to help ensure the shareholders share in these benefits is to include breakpoints in the advisory fee schedule. Generally, management fees for funds in the Nuveen complex are comprised of a fund-level

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Approval Process (Unaudited) (continued)

component and a complex-level component, subject to certain exceptions. Accordingly, the Independent Board Members reviewed and considered the applicable fund-level breakpoints in the advisory fee schedules that reduce advisory fees as asset levels increase. Further, the Independent Board Members noted that although closed-end funds may from time-to-time make additional share offerings, the growth of their assets will occur primarily through the appreciation of such funds' investment portfolio.

In addition to fund-level advisory fee breakpoints, the Board also considered the Funds' complex-wide fee arrangement. Pursuant to the complex-wide fee arrangement, the fees of the funds in the Nuveen complex are generally reduced as the assets in the fund complex reach certain levels. The complex-wide fee arrangement seeks to provide the benefits of economies of scale to fund shareholders when total fund complex assets increase, even if assets of a particular fund are unchanged or have decreased. The approach reflects the notion that some of Nuveen's costs are attributable to services provided to all its funds in the complex and therefore all funds benefit if these costs are spread over a larger asset base.

Based on their review, the Independent Board Members concluded that the breakpoint schedules and complex-wide fee arrangement were acceptable and reflect economies of scale to be shared with shareholders when assets under management increase.

E. Indirect Benefits

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

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

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

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F. Other Considerations

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

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Reinvest Automatically  
Easily and Conveniently

Nuveen makes reinvesting easy. A phone call is all it takes to set up your reinvestment account.

Nuveen Closed-End Funds Dividend Reinvestment Plan

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

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

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

Easy and convenient

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

How shares are purchased

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

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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.

#### Flexible

You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change.

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

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

Call today to start reinvesting dividends and/or distributions

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

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Glossary of Terms  
Used in this Report

**Auction Rate Bond:** An auction rate bond is a security whose interest payments are adjusted periodically through an auction process, which process typically also serves as a means for buying and selling the bond. Auctions that fail to attract enough buyers for all the shares offered for sale are deemed to have “failed,” with current holders receiving a formula-based interest rate until the next scheduled auction.

**Average Annual Total Return:** This is a commonly used method to express an investment’s performance over a particular, usually multi-year time period. It expresses the return that would have been necessary each year to equal the investment’s actual cumulative performance (including change in NAV or market price and reinvested dividends and capital gains distributions, if any) over the time period being considered.

**Average Effective Maturity:** The average of the number of years to maturity of the bonds in a Fund’s portfolio, computed by weighting each bond’s time to maturity (the date the security comes due) by the market value of the security. This figure does not account for the likelihood of prepayments or the exercise of call provisions unless an escrow account has been established to redeem the bond before maturity. The market value weighting for an investment in an inverse floating rate security is the value of the portfolio’s residual interest in the inverse floating rate trust, and does not include the value of the floating rate securities issued by the trust.

**Inverse Floaters:** Inverse floating rate securities, also known as inverse floaters, 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.

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**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.

**Pre-refunding:** Pre-refunding, also known as advanced refundings or refinancings, is a procedure used by state and local governments to refinance municipal bonds to lower interest expenses. The issuer sells new bonds with a lower yield and uses the proceeds to buy U.S. Treasury securities, the interest from which is used to make payments on the higher-yielding bonds. Because of this collateral, pre-refunding generally raises a bond's credit rating and thus its value.

**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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Notes

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Other Useful Information

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

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 most recent twelve-month period ended June 30, and (iii) a description of the policies and procedures that the Funds used to determine how to vote proxies relating to portfolio securities without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at [www.nuveen.com](http://www.nuveen.com).

Explanation of Responses:

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

CEO Certification Disclosure

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

Each Fund has filed with the SEC 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 and/or auction rate preferred stock in the future at such times and in such amounts as is deemed advisable. During the period covered by this report, the Funds repurchased and/or redeemed shares of their common and/or auction rate preferred stock as shown in the accompanying table.

Fund	Common Shares Repurchased	Preferred Shares Redeemed
NPC	—	1,800
NCL	—	260
NCU	—	—
NAC	—	—
NVX	—	—
NZH	—	—
NKL	—	180
NKX	—	—

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

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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 through continued adherence to proven, long-term investing principles. Today, we offer a range of high quality equity and fixed-income solutions designed to be integral components of a well-diversified core portfolio.

Focused on meeting investor 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. We market our growing range of specialized investment solutions under the high-quality brands of HydePark, NWQ, Nuveen, Santa Barbara, Symphony, Tradewinds and Winslow Capital. In total, Nuveen Investments managed more than \$160 billion of assets on September 30, 2010.

Find out how we can help you.

To learn more about the products and services of Nuveen Investments may be able to help you meet your financial goals, talk to your financial advisor, or call us at (800) 257-8787. Please read the information provided carefully before you invest. Investors should consider the investment objective and policies, risk considerations, charges and expenses of any investment carefully. Where applicable, be sure to obtain a prospectus, which contains this and other relevant information. To obtain 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](http://www.nuveen.com/cef)

Nuveen makes things e-simple.

It only takes a minute to sign up for e-Reports. Once enrolled, you'll receive an e-mail as soon as your Nuveen Investments Fund information is ready—no more waiting for delivery by regular mail. Just click on the link within the e-mail to see the report and save it on your computer if you wish.

Free e-Reports right to your e-mail!

[www.investordelivery.com](http://www.investordelivery.com)

If you receive your Nuveen Fund distributions and statements from your financial advisor or brokerage account.

OR

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

If you receive your Nuveen Fund distributions and statements directly from Nuveen.

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Nuveen Investments, LLC  
333 West Wacker Drive  
Chicago, IL 60606  
[www.nuveen.com](http://www.nuveen.com)

ESA-B-0810D

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ITEM 2. CODE OF ETHICS.

Not applicable to this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable to this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable to this filing.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable to this filing.

ITEM 6. SCHEDULE OF INVESTMENTS.

(a) See Portfolio of Investments in Item 1.

(b) Not applicable.

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

Not applicable to this filing.

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

Not applicable to this filing.

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

Not applicable.

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

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

ITEM 11. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (17

CFR 240.13a-15(b) or 240.15d-15(b)).

- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

File the exhibits listed below as part of this Form.

- (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 to this filing.
- (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: See 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: See Ex-99.906 CERT attached hereto.
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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: November 8, 2010

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

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

Date: November 8, 2010

By (Signature and Title) /s/ Stephen D. Foy  
Stephen D. Foy  
Vice President and Controller  
(principal financial officer)

Date: November 8, 2010