

NUVEEN INSURED CALIFORNIA PREMIUM INCOME MUNICIPAL FUND 2 IN  
Form N-CSR  
May 06, 2011

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF  
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-7492

Nuveen Insured California Premium Income Municipal Fund 2, Inc.  
(Exact name of registrant as specified in charter)

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

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Nuveen Investments  
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(Name and address of agent for service)

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

Date of fiscal year end: February 28

Date of reporting period: February 28, 2011

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

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

ITEM 1. REPORTS TO STOCKHOLDERS.

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#### INVESTMENT ADVISER NAME CHANGE

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

#### NUVEEN INVESTMENTS COMPLETES STRATEGIC COMBINATION WITH FAF ADVISORS

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

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

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

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Table of Contents

|   |     |
|---|-----|
| Chairman’s Letter to Shareholders                       | 4   |
| Portfolio Manager’s Comments                            | 5   |
| Common Share Dividend and Share Price Information       | 14  |
| Performance Overviews                                   | 16  |
| Shareholder Meeting Report                              | 24  |
| Report of Independent Registered Public Accounting Firm | 27  |
| Portfolios of Investments                               | 28  |
| Statement of Assets and Liabilities                     | 73  |
| Statement of Operations                                 | 75  |
| Statement of Changes in Net Assets                      | 77  |
| Statement of Cash Flows                                 | 80  |
| Financial Highlights                                    | 82  |
| Notes to Financial Statements                           | 90  |
| Board Members & Officers                                | 109 |
| Annual Investment Management Agreement Approval Process | 114 |
| Board Approval of Sub-Advisory Arrangements             | 122 |
| Reinvest Automatically, Easily and Conveniently         | 123 |
| Glossary of Terms Used in this Report                   | 125 |
| Other Useful Information                                | 127 |

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Chairman's  
Letter to Shareholders

Dear Shareholders,

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

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

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

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

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

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

Sincerely,

Robert P. Bremner

Chairman of the Board

April 26, 2011

4 Nuveen Investments

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## Portfolio Manager's Comments

Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC)  
Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL)  
Nuveen California Premium Income Municipal Fund (NCU)  
Nuveen California Dividend Advantage Municipal Fund (NAC)  
Nuveen California Dividend Advantage Municipal Fund 2 (NVX)  
Nuveen California Dividend Advantage Municipal Fund 3 (NZH)  
Nuveen Insured California Dividend Advantage Municipal Fund (NKL)  
Nuveen Insured California Tax-Free Advantage Municipal Fund (NKX)

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

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

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

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

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

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





excludes food and energy) increased 1.1% over this period. The housing market continued to be the weak spot in the economy. For the twelve months ended January 2011 (most recent data available at the time this report was prepared), the average home price in the Standard & Poor's (S&P)/Case-Shiller index of 20 major metropolitan areas lost 3.1%, with 11 of the 20 metropolitan areas hitting their lowest levels since housing prices peaked in 2006.

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

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

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

California's economy is the largest in the United States and the eighth largest in the world on a stand-alone basis, according to the International Monetary Fund. The state continued to be burdened by serious budget problems, with persistent deficits and high spending outweighing its ability to generate revenues. That said, the state's revenue picture has begun to improve modestly. As of October 2010, California's General Fund revenues were above estimated levels by close to 1%, with the improvement driven by three main sources – higher corporate-tax, personal-income-tax and sales-tax collections. In October 2010 alone, tax receipts surpassed budget estimates by almost 5%. Toward year end, after a long political stalemate, the state's government finally enacted

a \$125 billion budget for the 2011 fiscal year, closing a gap of more than \$19 billion. This budget includes no new taxes, a variety of spending reductions, and the use of various one-time receipts, loans, and other solutions to rectify the budget shortfall. The state's unemployment rate was 12.2% in February 2011 – second-highest in the nation and well above the national average of 8.9% for the same month. At the end of the reporting period, California maintained credit ratings of A1, A- and A- from rating agencies Moody's Investor Services, Standard & Poor's (S&P) and Fitch, respectively. The supply of new tax-exempt bond issuance in California totaled more than \$58 billion during the twelve-month period ending February 28, 2010, a 21% year-over-year drop, compared to roughly flat issuance levels nationwide during the same time frame.

What key strategies were used to manage the California Funds during this reporting period?

As previously mentioned, the supply of new issuance of tax-exempt bonds declined nationally during this period, due largely to the issuance of taxable bonds under the Build America Bond program (which expired December 31, 2010). This program also significantly impacted the availability of tax-exempt bonds in California. Between March 1, 2010, and the end of the BAB program in December 2010, California issued more than \$20 billion in taxable Build America Bonds, ranking as the largest user of BABs among the 50 states. For this period, Build America Bonds accounted for approximately 35% of total municipal issuance in California, which was already down significantly from the twelve-month period ended February 28, 2010. Since interest payments from Build America Bonds represent taxable income, we did not view these bonds as good investment opportunities for these Funds.

For the insured California Funds, this situation was compounded by the continued decline in the issuance of AAA rated insured bonds. Over the period, new insured paper accounted for approximately 6% of national issuance, compared with 8% during the same period a year earlier and 18% two years ago. Even though the insured Funds may now invest up to 20% of their net assets in uninsured investment-grade credits rated BBB- or higher, the combination of tight municipal supply and little insured issuance meant that the insured Funds were, for the most part, less active than their non-insured counterparts during this period.

Despite the constrained issuance on tax-exempt municipal bonds, much of our investment activity was opportunistic. We continued to take a bottom-up approach to discovering undervalued sectors and individual credits with the potential to perform well over the long term. During this period, the Funds found value in school district bonds, especially zero coupon and convertible zero coupon bonds issued for various school districts. We also purchased health care credits, general obligation bonds issued by the state and local governments and redevelopment bonds.

Some of this investment activity resulted from opportunities created by the provisions of the Build America Bond program. For example, tax-exempt supply was more plentiful in the health care sector because, as 501(c)(3) (nonprofit) organizations, hospitals generally did not qualify for the Build America Bond program and continued to issue bonds in the

tax-exempt municipal market. Bonds with proceeds earmarked for refundings, working capital, and private activities also were not covered by the Build America Bond program, and this resulted in attractive opportunities in various other sectors of the market.

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

Cash for new purchases during this period was generated primarily by the proceeds from bond calls and maturing bonds, which we worked to redeploy to keep the Funds fully invested. In addition, the Funds sold selected short-dated pre-refunded bonds. During the last part of the period, as we undertook some structural changes, we sold older health care bonds with 5% coupons and shorter call dates in order to fund our purchases of current market health care credits with larger coupons and better call structures. Some of the Funds also sold corporate industrial development/pollution control revenue bonds where we believed we had extracted all of the price performance potential. These bonds attracted very good prices due to interest from crossover buyers.

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

How did the Funds perform?

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

8 Nuveen Investments

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## Average Annual Total Returns on Common Share Net Asset Value

For periods ended 2/28/11

|  | 1-Year |   | 5-Year |   | 10-Year |   |
|--|--------|---|--------|---|---------|---|
| <b>Uninsured Funds</b>   |        |   |        |   |         |   |
| NCU  | 0.63   | % | 2.78   | % | 5.17    | % |
| NAC  | -2.57  | % | 2.06   | % | 5.06    | % |
| NVX  | -0.64  | % | 3.05   | % | N/A     |   |
| NZH  | -1.40  | % | 1.55   | % | N/A     |   |
| <b>Standard &amp; Poor's (S&amp;P) California Municipal Bond Index<sup>1</sup></b>       |        |   |        |   |         |   |
| Standard & Poor's (S&P) California Municipal Bond Index <sup>1</sup>                     | 2.08   | % | 3.39   | % | 4.57    | % |
| <b>Standard &amp; Poor's (S&amp;P) National Municipal Bond Index<sup>2</sup></b>         |        |   |        |   |         |   |
| Standard & Poor's (S&P) National Municipal Bond Index <sup>2</sup>                       | 1.63   | % | 3.74   | % | 4.75    | % |
| <b>Lipper California Municipal Debt Funds Average<sup>3</sup></b>                        |        |   |        |   |         |   |
| Lipper California Municipal Debt Funds Average <sup>3</sup>                              | -1.08  | % | 1.18   | % | 4.34    | % |
| <b>Insured Funds</b>   |        |   |        |   |         |   |
| NPC  | -1.75  | % | 2.73   | % | 4.65    | % |
| NCL  | -0.72  | % | 2.64   | % | 4.64    | % |
| NKL  | -0.75  | % | 3.08   | % | N/A     |   |
| NKX  | -3.18  | % | 2.23   | % | N/A     |   |
| <b>Standard &amp; Poor's (S&amp;P) California Municipal Bond Index<sup>1</sup></b>       |        |   |        |   |         |   |
| Standard & Poor's (S&P) California Municipal Bond Index <sup>1</sup>                     | 2.08   | % | 3.39   | % | 4.57    | % |
| <b>Standard &amp; Poor's (S&amp;P) Insured National Municipal Bond Index<sup>4</sup></b> |        |   |        |   |         |   |
| Standard & Poor's (S&P) Insured National Municipal Bond Index <sup>4</sup>               | 1.24   | % | 3.60   | % | 4.75    | % |
| <b>Lipper Single-State Insured Municipal Debt Funds Average<sup>5</sup></b>              |        |   |        |   |         |   |
| Lipper Single-State Insured Municipal Debt Funds Average <sup>5</sup>                    | -0.05  | % | 3.31   | % | 5.11    | % |

For the twelve months ended February 28, 2011, the total returns on common share net asset value (NAV) for these California Funds underperformed the return for the Standard & Poor's (S&P) California Municipal Bond Index. The non-insured Funds also underperformed the Standard & Poor's (S&P) National Municipal Bond Index, while the insured Funds lagged the return on the Standard & Poor's (S&P) Insured National Municipal Bond Index. NCU and NVX exceeded the average return for the Lipper California Municipal Debt Funds Average, while NAC and NZH trailed this measure. All four of the insured Funds trailed the Lipper Single-State Insured Municipal Debt Funds Average.

Key management factors that influenced the Funds' returns during this period included sector allocation, credit exposure, and duration and yield curve positioning. The use of financial leverage also factored into the Funds' performance. Leverage is discussed in more detail on page ten.

The predominant factor in the performance of the California Funds during this period was each Fund's weighting in California state GOs. All of these Funds were underweight in varying degrees, particularly, NAC and NKX, to the tax-supported sector, especially California state GOs, relative to the California market. This underweighting was due to the fact that California state GOs comprise such a large portion (just over 25% as of February 2011) of the tax-supported sector in California that it is difficult to match the market weighting in our portfolios. During this period, due in part to their scarcity and security provisions, California state GOs outperformed the general municipal market by a significant margin. Consequently, the more underweight a Fund was in these credits, the more it hurt that Fund's relative performance.

Other sectors that outperformed the overall municipal market during this period included industrial development revenue (IDR) and housing. In general, the higher a Fund's allocation to IDRs, the greater the offset to the negative impact of that Fund's

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

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

- 1 The Standard & Poor's (S&P) California Municipal Bond Index is an unleveraged, market value-weighted index designed to measure the performance of the tax-exempt, investment-grade California municipal bond market. This index does not reflect any initial or ongoing expenses and is not available for direct investment.
- 2 The Standard & Poor's (S&P) National Municipal Bond Index is an unleveraged, market value-weighted index designed to measure the performance of the tax-exempt, investment-grade U.S. municipal bond market. This index does not reflect any initial or ongoing expenses and is not available for direct investment.
- 3 The Lipper California Municipal Debt Funds Average is calculated using the returns of all leveraged and unleveraged closed-end funds in this category for each period as follows: 1-year, 24 funds; 5-year, 24 funds; and 10-year, 12 funds. Lipper returns account for the effects of management fees and assume reinvestment of dividends, but do not reflect any applicable sales charges. The Lipper average is not available for direct investment.
- 4 The Standard & Poor's (S&P) Insured National Municipal Bond Index is a national unleveraged, market value-weighted index designed to measure the performance of the insured U.S. municipal bond market. This index does not reflect any initial or ongoing expenses and is not available for direct investment.
- 5 The Lipper Single-State Insured Municipal Debt Funds Average is calculated using the returns of all closed-end funds in this category for each period as follows: 1-year, 44 funds; 5-year, 44 funds; and 10-year, 24 funds. The performance of the Lipper Single-State Insured Municipal Debt Funds Average represents the overall average of returns for funds from eight different states with a wide variety of municipal market conditions. Lipper returns account for the effects of management fees and assume reinvestment of dividends, but do not reflect any applicable sales charges. The Lipper average is not available for direct investment.

underexposure to California state GOs. These Funds generally had relatively small allocations to housing bonds, which limited their participation in the outperformance of this sector.

In contrast, the health care, education and transportation sectors turned in relatively weak performance. The insured segment also failed to keep pace with the general municipal market return for the twelve months. Overall, NAC and NKX were the most negatively impacted by their sector exposures during this period. Our holdings in the “other revenue” sector, specifically tax increment financing district or redevelopment district bonds, also generally performed poorly during this period. Changes to the redevelopment district program, proposed as part of efforts to close gaps in the California state budget, caused concern among both investors and issuers of these bonds. This resulted in heavier supply of redevelopment district bonds in the market, which—in turn—caused the sector to trade off. The California Funds tended to be overweighted in this sector, and its underperformance detracted from their returns.

Credit exposure also played an important role in performance during these twelve months. During the market reversal of late 2010, as the demand for high-yield bonds decreased, prices on lower quality credits generally fell. For the period, bonds rated BBB typically underperformed those rated AAA or A. On the whole, it is our management style to overweight the BBB credit category in the uninsured Funds, and that generally detracted from their performance during this period. NZH, in particular, was hurt by the combination of overexposure to BBB bonds and underexposure to bonds rated A. NCL, NCU and NKL were helped by having the highest allocations to bonds rated A among these Funds.

During this period, municipal bonds with intermediate maturities, especially those in the long intermediate segment of the yield curve, generally outperformed other maturity groupings, with credits at both the shortest and longest ends of the curve posting the weakest returns. For the most part, the effect of the Funds’ duration and yield curve positioning was relatively neutral for performance during this period, especially when compared with the impact of sector allocation and credit exposure. Among these eight Funds, NCU and NKL had the most advantageous yield curve positioning, which had a positive effect on their performance, while NAC’s performance was hampered by its exposure to the underperforming areas of the yield curve.

During this period NCL also entered into forward interest rate swaps to broadly reduce the sensitivity of the Fund to movements in U.S. interest rates.

#### IMPACT OF THE FUNDS’ LEVERAGE STRATEGIES ON PERFORMANCE

One important factor impacting the returns of most of these Funds relative to the comparative indexes was the Funds’ use of structural leverage. The Funds use leverage because their managers believe that, over time, leveraging provides opportunities for additional income and total return for common shareholders. However, use of leverage also can expose common shareholders to additional volatility. For example, as the prices of securities held by a Fund decline, the negative impact of these valuation changes on common share net asset value and common shareholder total return is magnified by the use of leverage. Conversely, leverage may enhance common share

returns during periods when the prices of securities held by a Fund generally are rising. Leverage made a positive contribution to the performance of these Funds over this reporting period.

#### RECENT DEVELOPMENTS REGARDING THE FUNDS' REDEMPTION OF AUCTION RATE PREFERRED SHARES

Shortly after their respective inception, each of the Funds issued auction rate preferred shares (ARPS) to create structural leverage. As noted in past shareholder reports, the ARPS issued by many closed-end funds, including these Funds, have been hampered by a lack of liquidity since February 2008. Since that time, more ARPS have been submitted for sale in each of their regularly scheduled auctions than there have been offers to buy. In fact, offers to buy have been almost completely non-existent since late February 2008. This means that these auctions have "failed to clear," and that many, or all, of the ARPS shareholders who wanted to sell their shares in these auctions were unable to do so. This lack of liquidity in ARPS did not lower the credit quality of these shares, and ARPS shareholders unable to sell their shares continued to receive distributions at the "maximum rate" applicable to failed auctions, as calculated in accordance with the pre-established terms of the ARPS. In the recent market, with short-term rates at multigenerational lows, those maximum rates also have been low.

One continuing implication for common shareholders from the auction failures is that each Fund's cost of leverage likely has been incrementally higher at times than it otherwise might have been had the auctions continued to be successful. As a result, each Fund's common share earnings likely have been incrementally lower at times than they otherwise might have been.

As noted in past shareholder reports, the Nuveen funds' Board of Directors/Trustees authorized several methods that can be used separately or in combination to refinance a portion of the Nuveen funds' outstanding ARPS. Some funds have utilized tender option bonds (TOBs), also known as inverse floating rate securities, for leverage purposes. The amount of TOBs that a fund may use varies according to the composition of each fund's portfolio. Some funds have a greater ability to use TOBs than others. Some funds have issued Variable Rate Demand Preferred (VRDP) Shares as well as Variable MuniFund Term Preferred (VMTP) Shares, which are a floating rate form of preferred stock with a mandatory term redemption. Some funds have issued MuniFund Term Preferred (MTP) Shares, a fixed rate form of preferred stock with a mandatory redemption period of three to five years.

While all these efforts have reduced the total amount of outstanding ARPS issued by the Nuveen funds, the funds cannot provide any assurance on when the remaining outstanding ARPS might be redeemed.

During 2010 and 2011, certain Nuveen leveraged closed-end funds (including NAC, NZH and NKX) received a demand letter from a law firm on behalf of purported holders of common shares of each such fund, alleging that Nuveen and the funds' officers and Board of Directors/Trustees breached their fiduciary duties related to the redemption at par of the funds' ARPS. In response, the Board established an ad hoc Demand Committee consisting of certain of its disinterested and independent Board members to investigate the claims. The Demand Committee retained independent counsel to assist

it in conducting an extensive investigation. Based upon its investigation, the Demand Committee found that it was not in the best interests of each fund or its shareholders to take the actions suggested in the demand letters, and recommended that the full Board reject the demands made in the demand letters. After reviewing the findings and recommendation of the Demand Committee, the full Board of each fund unanimously adopted the Demand Committee’s recommendation.

Subsequently, the funds that received demand letters (including NKX) were named in a consolidated complaint as nominal defendants in a putative shareholder derivative action captioned Martin Safier, et al. v. Nuveen Asset Management, et al. that was filed in the Circuit Court of Cook County, Illinois, Chancery Division (the “Cook County Chancery Court”) on February 18, 2011 (the “Complaint”). The Complaint, filed on behalf of purported holders of each fund’s common shares, also name Nuveen Fund Advisors, Inc. as a defendant, together with current and former Officers and interested Director/Trustees of each of the funds (together with the nominal defendants, collectively, the “Defendants”). The Complaint contains the same basic allegations contained in the demand letters. The suits seek a declaration that the Defendants have breached their fiduciary duties, an order directing the Defendants not to redeem any ARPS at their liquidation value using fund assets, indeterminate monetary damages in favor of the funds and an award of plaintiffs’ costs and disbursements in pursuing the action. Nuveen Fund Advisors, Inc. believes that the Complaint is without merit, and is defending vigorously against these charges.

As of February 28, 2011, the amount of ARPS redeemed by the Funds is shown in the accompanying table.

| Fund | Auction Rate Preferred Shares Redeemed | % of Original Auction Rate Preferred Share |   |
|------|--|--|---|
| NPC  | \$45,000,000                           | 100.0                                      | % |
| NCL  | \$95,000,000                           | 100.0                                      | % |
| NCU  | \$43,000,000                           | 100.0                                      | % |
| NAC  | \$39,475,000                           | 22.6                                       | % |
| NVX  | \$70,050,000                           | 63.7                                       | % |
| NZH  | \$117,500,000                          | 62.8                                       | % |
| NKL  | \$14,250,000                           | 12.1                                       | % |
| NKX  | \$45,000,000                           | 100.0                                      | % |

As noted in previous shareholder reports, NZH has issued and outstanding \$86.3 million MTP. During the twelve-month reporting period, NCU and NVX successfully completed the issuance of MTP, which trade on the New York Stock Exchange (NYSE) under the ticker symbols as noted in the following table. The net proceeds from this offering were used to refinance all, or a portion of, each Fund’s remaining outstanding ARPS at par.

| Fund | MTP Issued    | Series | Rate  | NYSE Ticker |
|------|---------------|--------|-------|-------------|
| NCU  | \$ 35,250,000 | 2015   | 2.00% | NCU PrC     |
| NVX  | \$ 55,000,000 | 2015   | 2.05% | NVX PrC     |

As noted in previous shareholder reports, NKX has issued and outstanding \$35.5 million of VRDP. During the twelve-month reporting period, NKX completed a private exchange offer in which all of its Series 1 VRDP Shares were exchanged for Series 2 VRDP Shares.





During this twelve-month reporting period, NPC and NCL issued \$42.7 million and \$74.0 million, respectively, of VRDP to redeem at par their remaining outstanding ARPS. As noted previously, VRDP is a newly-developed instrument that essentially replaces all or a portion of the ARPS used as leverage and potentially could be used to refinance all or a portion of the ARPS of other Funds. VRDP shares include a liquidity feature that allows holders of VRDP to have their shares purchased by a liquidity provider in the event that sell orders have not been matched with purchase orders and successfully settled in a remarketing. VRDP is offered only to qualified institutional buyers, defined pursuant to Rule 144A under the Securities Act of 1933.

Subsequent to the reporting period, NVX completed the issuance of an additional \$42.8 million of 2.35%, Series 2014 MTP. The newly issued MTP shares trade on the NYSE under the symbol “NVX Pr A.” The net proceeds from this offering were used to refinance the Fund’s remaining outstanding ARPS at par. Immediately following its MTP issuance, NVX noticed for redemption at par its remaining \$40.0 million ARPS outstanding using the MTP proceeds.

Subsequent to the reporting period, NZH completed the issuance of an additional \$27.0 million of 2.35%, Series 2014 MTP. The newly issued MTP shares trade on the NYSE under the symbol “NZH Pr A.” The net proceeds from this offering were used to refinance a portion of the Fund’s remaining outstanding ARPS at par. Immediately following its MTP issuance, NZH noticed for redemption at par \$26.3 million of its \$69.5 million ARPS outstanding using the MTP proceeds.

(Refer to Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies and Footnote 4 – Fund Shares for further details on MTP and VRDP Shares.)

At the time this report was prepared, all 84 of the Nuveen closed-end municipal funds that had issued ARPS have redeemed at par all or a portion of these shares. These redemptions bring the total amount of Nuveen’s municipal closed-end funds’ ARPS redemptions to approximately \$8.8 billion of the approximately \$11.0 billion originally outstanding.

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

## Common Share Dividend and Share Price Information

During the twelve months ended February 28, 2011, NPC, NCU, NAC, NVX, NKL and NKX each had one monthly dividend increase. The dividends of NCL and NZH remained stable throughout the reporting period.

Due to normal portfolio activity, common shareholders of NPC received a long-term capital gains distribution of \$0.0280 per share at the end of 2010.

All of the Funds in this report seek to pay stable dividends at rates that reflect each Fund's past results and projected future performance. During certain periods, each Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds the excess in reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if a Fund has cumulatively paid dividends in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. Each Fund will, over time, pay all of its net investment income as dividends to shareholders. As of February 28, 2011, all of the Funds in this report had positive UNII balances for both tax purposes and financial reporting purposes.

## COMMON SHARE REPURCHASES AND SHARE PRICE INFORMATION

As of February 28, 2011, and the since inception of the Funds' repurchase program, the following Funds have cumulatively repurchased and retired common shares as shown in the accompanying table. Since the inception of the Fund's repurchase program, NAC and NKX have not redeemed any of their outstanding common shares.

| Fund | Common<br>Shares<br>Repurchased<br>and Retired | % of<br>Outstanding<br>Common Shares |
|------|--|--------------------------------------|
| NPC  | 17,700   | 0.3 %                                |
| NCL  | 55,700   | 0.4 %                                |
| NCU  | 44,500   | 0.8 %                                |
| NAC  | -  | -                                    |
| NVX  | 50,700   | 0.3 %                                |
| NZH  | 12,900   | 0.1 %                                |
| NKL  | 32,700   | 0.2 %                                |
| NKX  | -  | -                                    |

During the twelve-month reporting period, the following Funds repurchased and retired their common shares at a weighted average price and a weighted average discount per common share as shown in the accompanying table.

| Fund | Common Shares<br>Repurchased and<br>Retired | Weighted Average<br>Price Per Share<br>Repurchased and<br>Retired | Weighted Average<br>Discount Per Share<br>Repurchased and<br>Retired |
|------|---|---|--|
| NCL  | 1,200                                       | \$ 12.14  | 13.47 %  |
| NCU  | 2,400                                       | \$ 11.82  | 14.53 %  |

As of February 28, 2011, the Funds' common share prices were trading at (-) discounts to their common share NAVs as shown in the accompanying table.

| Fund | 2/28/11 (-)<br>Discount | Twelve-Month<br>Average<br>(-)Discount |
|------|-------------------------|--|
| NPC  | (-)2.71 %               | (-)6.24 %                              |
| NCL  | (-)4.67 %               | (-)4.89 %                              |
| NCU  | (-)5.25 %               | (-)6.11 %                              |
| NAC  | (-)3.79 %               | (-)4.85 %                              |
| NVX  | (-)4.75 %               | (-)3.73 %                              |
| NZH  | (-)3.79 %               | (-)2.06 %                              |
| NKL  | (-)4.96 %               | (-)3.69 %                              |
| NKX  | (-)8.11 %               | (-)5.51 %                              |

NPC Nuveen Insured California  
 Performance Premium Income  
 OVERVIEW Municipal Fund, Inc.  
 as of February 28, 2011

Fund Snapshot

|  |    |        |
|--|----|--------|
| Common Share Price                             | \$ | 13.26  |
| Common Share Net Asset Value (NAV)             | \$ | 13.63  |
| Premium/(Discount) to NAV                      |    | -2.71% |
| Market Yield                                   |    | 6.56%  |
| Taxable-Equivalent Yield <sup>1</sup>          |    | 10.05% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 87,827 |

Average Annual Total Return  
 (Inception 11/19/92)

|         | On Share Price |   | On NAV |   |
|---------|----------------|---|--------|---|
| 1-Year  | 6.29           | % | -1.75  | % |
| 5-Year  | 2.20           | % | 2.73   | % |
| 10-Year | 5.00           | % | 4.65   | % |

Portfolio Composition<sup>4</sup>

(as a % of total investments)

|                        |       |
|------------------------|-------|
| Tax Obligation/Limited | 32.8% |
| Tax Obligation/General | 24.1% |
| U.S. Guaranteed        | 19.4% |
| Water and Sewer        | 12.3% |
| Other                  | 11.4% |

Insurers<sup>4</sup>

(as a % of total Insured investments)

|                   |       |
|-------------------|-------|
| NPFG <sup>5</sup> | 31.8% |
| AGM               | 25.6% |
| AMBAC             | 20.1% |
| FGIC              | 13.9% |
| AGC               | 6.6%  |
| SYNCORA GTY       | 2.0%  |

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

- 1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 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. At the end of the reporting period, 80% of the Fund's total investments are invested in Insured securities.

Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

- 4 Holdings are subject to change.
  - 5 MBIA's public finance subsidiary.
  - 6 The Fund paid shareholders a capital gains distribution in November 2010 of \$0.0280 per share.
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- 16 Nuveen Investments
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NCL Nuveen Insured California  
 Performance Premium Income  
 OVERVIEW Municipal Fund 2, Inc.  
 as of February 28, 2011

Fund Snapshot

|  |    |         |
|--|----|---------|
| Common Share Price                             | \$ | 12.45   |
| Common Share Net Asset Value (NAV)             | \$ | 13.06   |
| Premium/(Discount) to NAV                      |    | -4.67%  |
| Market Yield                                   |    | 6.94%   |
| Taxable-Equivalent Yield <sup>1</sup>          |    | 10.63%  |
| Net Assets Applicable to Common Shares (\$000) | \$ | 165,359 |

Average Annual Total Return  
 (Inception 3/18/93)

|         | On Share Price |   | On NAV |   |
|---------|----------------|---|--------|---|
| 1-Year  | 4.38           | % | -0.72  | % |
| 5-Year  | 2.06           | % | 2.64   | % |
| 10-Year | 4.56           | % | 4.64   | % |

Portfolio Composition<sup>4,6</sup>  
 (as a % of total investments)

|                        |       |
|------------------------|-------|
| Tax Obligation/Limited | 40.7% |
| Tax Obligation/General | 21.7% |
| Water and Sewer        | 14.5% |
| Utilities              | 5.7%  |
| Transportation         | 5.1%  |
| Other                  | 12.3% |

Insurers<sup>4,6</sup>  
 (as a % of total Insured investments)

|                   |       |
|-------------------|-------|
| AMBAC             | 29.5% |
| AGM               | 21.4% |
| FGIC              | 18.7% |
| NPFG <sup>5</sup> | 18.7% |
| AGC               | 11.1% |
| SYNCORA GTY       | 0.6%  |

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

- 1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 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. At the

end of the reporting period, 91% of the Fund's total investments are invested in Insured securities.

- 3 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- 4 Holdings are subject to change.
- 5 MBIA's public finance subsidiary.
- 6 Excluding investments in derivatives.

Nuveen Investments

17

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NCU Nuveen California  
 Performance Premium Income  
 OVERVIEW Municipal Fund  
 as of February 28, 2011

Fund Snapshot

|  |          |   |
|--|----------|---|
| Common Share Price                             | \$12.28  |   |
| Common Share Net Asset Value (NAV)             | \$12.96  |   |
| Premium/(Discount) to NAV                      | -5.25    | % |
| Market Yield                                   | 7.08     | % |
| Taxable-Equivalent Yield <sup>1</sup>          | 10.84    | % |
| Net Assets Applicable to Common Shares (\$000) | \$74,275 |   |

Average Annual Total Return  
 (Inception 6/18/93)

|         | On Share Price |   | On NAV |   |
|---------|----------------|---|--------|---|
| 1-Year  | 8.34           | % | 0.63   | % |
| 5-Year  | 3.01           | % | 2.78   | % |
| 10-Year | 4.77           | % | 5.17   | % |

Portfolio Composition<sup>3</sup>

(as a % of total investments)

|                        |       |
|------------------------|-------|
| Tax Obligation/Limited | 30.1% |
| Health Care            | 18.8% |
| Tax Obligation/General | 18.6% |
| U.S. Guaranteed        | 8.9%  |
| Utilities              | 5.4%  |
| Water and Sewer        | 4.5%  |
| Other                  | 13.7% |

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

- 1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- 3 Holdings are subject to change.

18 Nuveen Investments

NAC Nuveen California  
 Performance Dividend Advantage  
 OVERVIEW Municipal Fund  
 as of February 28, 2011

Fund Snapshot

|  |    |         |
|--|----|---------|
| Common Share Price                             | \$ | 12.20   |
| Common Share Net Asset Value (NAV)             | \$ | 12.68   |
| Premium/(Discount) to NAV                      |    | -3.79%  |
| Market Yield                                   |    | 7.33%   |
| Taxable-Equivalent Yield <sup>1</sup>          |    | 11.23%  |
| Net Assets Applicable to Common Shares (\$000) | \$ | 297,629 |

Average Annual Total Return  
 (Inception 5/26/99)

|         | On Share Price |   | On NAV |   |
|---------|----------------|---|--------|---|
| 1-Year  | 3.54           | % | -2.57  | % |
| 5-Year  | 1.33           | % | 2.06   | % |
| 10-Year | 5.08           | % | 5.06   | % |

Portfolio Composition<sup>3</sup>

(as a % of total investments)

|                                   |      |   |
|-----------------------------------|------|---|
| Tax Obligation/Limited            | 23.9 | % |
| Health Care                       | 18.5 | % |
| Tax Obligation/General            | 14.6 | % |
| U.S. Guaranteed                   | 12.0 | % |
| Transportation                    | 9.2  | % |
| Water and Sewer                   | 5.9  | % |
| Education and Civic Organizations | 4.5  | % |
| Other                             | 11.4 | % |

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

- 1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- 3 Holdings are subject to change.

NVX Nuveen California  
 Performance Dividend Advantage  
 OVERVIEW Municipal Fund 2  
 as of February 28, 2011

## Fund Snapshot

|  |    |         |
|--|----|---------|
| Common Share Price                             | \$ | 12.83   |
| Common Share Net Asset Value (NAV)             | \$ | 13.47   |
| Premium/(Discount) to NAV                      |    | -4.75%  |
| Market Yield                                   |    | 7.48%   |
| Taxable-Equivalent Yield <sup>1</sup>          |    | 11.45%  |
| Net Assets Applicable to Common Shares (\$000) | \$ | 198,675 |

Average Annual Total Return  
(Inception 3/27/01)

|                 | On Share Price |   | On NAV |   |
|-----------------|----------------|---|--------|---|
| 1-Year          | 1.37           | % | -0.64  | % |
| 5-Year          | 3.16           | % | 3.05   | % |
| Since Inception | 4.69           | % | 5.31   | % |

Portfolio Composition<sup>3</sup>

(as a % of total investments)

|                                   |       |
|-----------------------------------|-------|
| Health Care                       | 17.0% |
| U.S. Guaranteed                   | 16.6% |
| Tax Obligation/General            | 14.2% |
| Tax Obligation/Limited            | 10.8% |
| Transportation                    | 8.6%  |
| Water and Sewer                   | 7.5%  |
| Utilities                         | 6.3%  |
| Education and Civic Organizations | 6.0%  |
| Other                             | 13.0% |

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

- 1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- 3 Holdings are subject to change.

20 Nuveen Investments



NZH Nuveen California  
 Performance Dividend Advantage  
 OVERVIEW Municipal Fund 3  
 as of February 28, 2011

## Fund Snapshot

|  |    |         |
|--|----|---------|
| Common Share Price                             | \$ | 11.67   |
| Common Share Net Asset Value (NAV)             | \$ | 12.13   |
| Premium/(Discount) to NAV                      |    | -3.79%  |
| Market Yield                                   |    | 7.71%   |
| Taxable-Equivalent Yield <sup>1</sup>          |    | 11.81%  |
| Net Assets Applicable to Common Shares (\$000) | \$ | 292,563 |

Average Annual Total Return  
(Inception 9/25/01)

|                 | On Share Price |   | On NAV |   |
|-----------------|----------------|---|--------|---|
| 1-Year          | -1.21          | % | -1.40  | % |
| 5-Year          | 1.67           | % | 1.55   | % |
| Since Inception | 3.59           | % | 4.20   | % |

Portfolio Composition<sup>3</sup>  
(as a % of total investments)

|                        |       |
|------------------------|-------|
| Tax Obligation/Limited | 28.4% |
| Health Care            | 20.7% |
| U.S. Guaranteed        | 14.1% |
| Tax Obligation/General | 8.6%  |
| Consumer Staples       | 5.1%  |
| Transportation         | 4.9%  |
| Water and Sewer        | 4.1%  |
| Other                  | 14.1% |

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

- 1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- 3 Holdings are subject to change.



NKL Nuveen Insured California  
 Performance Dividend Advantage  
 OVERVIEW Municipal Fund  
 as of February 28, 2011

## Fund Snapshot

|  |    |         |
|--|----|---------|
| Common Share Price                             | \$ | 13.02   |
| Common Share Net Asset Value (NAV)             | \$ | 13.70   |
| Premium/(Discount) to NAV                      |    | -4.96%  |
| Market Yield                                   |    | 7.24%   |
| Taxable-Equivalent Yield <sup>1</sup>          |    | 11.09%  |
| Net Assets Applicable to Common Shares (\$000) | \$ | 208,950 |

Average Annual Total Return  
(Inception 3/25/02)

|                 | On Share Price |   | On NAV |   |
|-----------------|----------------|---|--------|---|
| 1-Year          | 1.81           | % | -0.75  | % |
| 5-Year          | 2.83           | % | 3.08   | % |
| Since Inception | 4.65           | % | 5.48   | % |

Portfolio Composition<sup>4</sup>

(as a % of total investments)

|                        |       |
|------------------------|-------|
| Tax Obligation/Limited | 31.5% |
| Tax Obligation/General | 19.9% |
| U.S. Guaranteed        | 12.3% |
| Utilities              | 10.3% |
| Water and Sewer        | 9.6%  |
| Health Care            | 4.2%  |
| Other                  | 12.2% |

Insurers<sup>4</sup>

(as a % of total Insured investments)

|                   |       |
|-------------------|-------|
| AGM               | 26.2% |
| AMBAC             | 25.3% |
| NFPG <sup>5</sup> | 21.8% |
| FGIC              | 18.0% |
| SYNCORA GTY       | 6.3%  |
| Other             | 2.4%  |

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

- 1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 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. At the end of the reporting period, 82% of the Fund's total investments are invested in Insured securities.

- 3 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
  - 4 Holdings are subject to change.
  - 5 MBIA's public finance subsidiary.
- 22 Nuveen Investments
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NKX Nuveen Insured California  
 Performance Tax-Free Advantage  
 OVERVIEW Municipal Fund  
 as of February 28, 2011

## Fund Snapshot

|  |    |        |
|--|----|--------|
| Common Share Price                             | \$ | 11.78  |
| Common Share Net Asset Value (NAV)             | \$ | 12.82  |
| Premium/(Discount) to NAV                      |    | -8.11% |
| Market Yield                                   |    | 6.83%  |
| Taxable-Equivalent Yield <sup>1</sup>          |    | 10.46% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 75,493 |

Average Annual Total Return  
(Inception 11/21/02)

|                 | On Share Price |   | On NAV |   |
|-----------------|----------------|---|--------|---|
| 1-Year          | -2.71          | % | -3.18  | % |
| 5-Year          | 1.54           | % | 2.23   | % |
| Since Inception | 2.82           | % | 4.24   | % |

Portfolio Composition<sup>4</sup>

(as a % of total investments)

|                        |       |
|------------------------|-------|
| Tax Obligation/Limited | 31.0% |
| Health Care            | 17.1% |
| U.S. Guaranteed        | 13.9% |
| Tax Obligation/General | 12.7% |
| Water and Sewer        | 8.3%  |
| Transportation         | 5.5%  |
| Long-Term Care         | 5.2%  |
| Other                  | 6.3%  |

Insurers<sup>4</sup>

(as a % of total Insured investments)

|                   |       |
|-------------------|-------|
| AMBAC             | 46.3% |
| NPFG <sup>5</sup> | 20.1% |
| AGM               | 11.8% |
| AGC               | 8.5%  |
| BHAC              | 5.3%  |
| SYNCORA GTY       | 4.5%  |
| FGIC              | 3.5%  |

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

- 1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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. At the end of the reporting period, 77% of the Fund’s total investments are invested in Insured securities.

- 3 Ratings shown are the highest of Standard & Poor’s Group, Moody’s Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- 4 Holdings are subject to change.
- 5 MBIA’s public finance subsidiary.

Nuveen Investments

23

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## NPC Shareholder Meeting Report (Unaudited)

NCL

NCU

The annual meeting of shareholders was held in the offices of Nuveen Investments on November 16, 2010; at this meeting the shareholders were asked to vote on the election of Board Members. The meeting for NCU was subsequently adjourned to January 6, 2011.

|   | NPC  |   | NCL  |   | NCU  |   |
|---|--|---|--|---|--|---|
|   | Common and Preferred shares voting together as a class | Preferred shares voting together as a class | Common and Preferred shares voting together as a class | Preferred shares voting together as a class | Common and Preferred shares voting together as a class | Preferred shares voting together as a class |
| Approval of the Board Members was reached as follows: |  |   |  |   |  |   |
| John P. Amboian                                       |  |   |  |   |  |   |
| For   | 5,650,329  | —   | 11,293,238   | —   | —  | —   |
| Withhold  | 193,455  | —   | 381,470  | —   | —  | —   |
| Total   | 5,843,784  | —   | 11,674,708   | —   | —  | —   |
| Robert P. Bremner                                     |  |   |  |   |  |   |
| For   | 5,645,734  | —   | 11,285,270   | —   | —  | —   |
| Withhold  | 198,050  | —   | 389,438  | —   | —  | —   |
| Total   | 5,843,784  | —   | 11,674,708   | —   | —  | —   |
| Jack B. Evans   |  |   |  |   |  |   |
| For   | 5,650,760  | —   | 11,288,116   | —   | —  | —   |
| Withhold  | 193,024  | —   | 386,592  | —   | —  | —   |
| Total   | 5,843,784  | —   | 11,674,708   | —   | —  | —   |
| William C. Hunter                                     |  |   |  |   |  |   |
| For   | —  | 427   | —  | 1,062                                       | —  | 820   |
| Withhold  | —  | —   | —  | 77  | —  | 9   |
| Total   | —  | 427   | —  | 1,139                                       | —  | 829   |
| David J. Kundert                                      |  |   |  |   |  |   |
| For   | 5,641,515  | —   | 11,296,638   | —   | —  | —   |
| Withhold  | 202,269  | —   | 378,070  | —   | —  | —   |
| Total   | 5,843,784  | —   | 11,674,708   | —   | —  | —   |
| William J. Schneider                                  |  |   |  |   |  |   |
| For   | —  | 427   | —  | 1,062                                       | —  | 820   |
| Withhold  | —  | —   | —  | 77  | —  | 9   |
| Total   | —  | 427   | —  | 1,139                                       | —  | 829   |
| Judith M. Stockdale                                   |  |   |  |   |  |   |
| For   | 5,647,286  | —   | 11,282,620   | —   | 5,245,663  | —   |
| Withhold  | 196,498  | —   | 392,088  | —   | 207,556  | —   |
| Total   | 5,843,784  | —   | 11,674,708   | —   | 5,453,219  | —   |
| Carole E. Stone                                       |  |   |  |   |  |   |
| For   | 5,651,473  | —   | 11,283,374   | —   | 5,250,890  | —   |
| Withhold  | 192,311  | —   | 391,334  | —   | 202,329  | —   |

|                 |           |   |            |   |           |   |
|-----------------|-----------|---|------------|---|-----------|---|
| Total           | 5,843,784 | — | 11,674,708 | — | 5,453,219 | — |
| Terence J. Toth |           |   |            |   |           |   |
| For             | 5,649,729 | — | 11,296,638 | — | —         | — |
| Withhold        | 194,055   | — | 378,070    | — | —         | — |
| Total           | 5,843,784 | — | 11,674,708 | — | —         | — |

24 Nuveen Investments

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NAC  
NVX  
NZH

|   | NAC  |   | NVX  |   | NZH  |   |
|---|--|---|--|---|--|---|
|   | Common and Preferred shares voting together as a class | Preferred shares voting together as a class | Common and Preferred shares voting together as a class | Preferred shares voting together as a class | Common and Preferred shares voting together as a class | Preferred shares voting together as a class |
| Approval of the Board Members was reached as follows: |  |   |  |   |  |   |
| John P. Amboian                                       |  |   |  |   |  |   |
| For   | —  | —   | —  | —   | —  | —   |
| Withhold  | —  | —   | —  | —   | —  | —   |
| Total   | —  | —   | —  | —   | —  | —   |
| Robert P. Bremner                                     |  |   |  |   |  |   |
| For   | —  | —   | —  | —   | —  | —   |
| Withhold  | —  | —   | —  | —   | —  | —   |
| Total   | —  | —   | —  | —   | —  | —   |
| Jack B. Evans   |  |   |  |   |  |   |
| For   | —  | —   | —  | —   | —  | —   |
| Withhold  | —  | —   | —  | —   | —  | —   |
| Total   | —  | —   | —  | —   | —  | —   |
| William C. Hunter                                     |  |   |  |   |  |   |
| For   | —  | 1,930                                       | —  | 2,042                                       | —  | 7,531,100                                   |
| Withhold  | —  | 58  | —  | 399   | —  | 77,674                                      |
| Total   | —  | 1,988                                       | —  | 2,441                                       | —  | 7,608,774                                   |
| David J. Kundert                                      |  |   |  |   |  |   |
| For   | —  | —   | —  | —   | —  | —   |
| Withhold  | —  | —   | —  | —   | —  | —   |
| Total   | —  | —   | —  | —   | —  | —   |
| William J. Schneider                                  |  |   |  |   |  |   |
| For   | —  | 1,915                                       | —  | 2,042                                       | —  | 7,531,100                                   |
| Withhold  | —  | 73  | —  | 399   | —  | 77,674                                      |
| Total   | —  | 1,988                                       | —  | 2,441                                       | —  | 7,608,774                                   |
| Judith M. Stockdale                                   |  |   |  |   |  |   |
| For   | 21,577,697   | —   | 13,290,555   | —   | 29,273,472   | —   |
| Withhold  | 702,714  | —   | 392,863  | —   | 718,005  | —   |
| Total   | 22,280,411   | —   | 13,683,418   | —   | 29,991,477   | —   |
| Carole E. Stone                                       |  |   |  |   |  |   |
| For   | 21,601,337   | —   | 13,287,631   | —   | 29,429,217   | —   |
| Withhold  | 679,074  | —   | 395,787  | —   | 562,260  | —   |
| Total   | 22,280,411   | —   | 13,683,418   | —   | 29,991,477   | —   |
| Terence J. Toth                                       |  |   |  |   |  |   |
| For   | —  | —   | —  | —   | —  | —   |

|          |   |   |   |   |   |   |
|----------|---|---|---|---|---|---|
| Withhold | — | — | — | — | — | — |
| Total    | — | — | — | — | — | — |

Nuveen Investments

25

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NKL Shareholder Meeting Report (continued) (Unaudited)  
 NKX

|   | NKL  |   | NKX  |   |
|---|--|---|--|---|
|   | Common and Preferred shares voting together as a class | Preferred shares voting together as a class | Common and Preferred shares voting together as a class | Preferred shares voting together as a class |
| Approval of the Board Members was reached as follows: |  |   |  |   |
| <b>John P. Amboian</b>                                |  |   |  |   |
| For   | —  | —   | —  | —   |
| Withhold  | —  | —   | —  | —   |
| Total   | —  | —   | —  | —   |
| <b>Robert P. Bremner</b>                              |  |   |  |   |
| For   | —  | —   | —  | —   |
| Withhold  | —  | —   | —  | —   |
| Total   | —  | —   | —  | —   |
| <b>Jack B. Evans</b>                                  |  |   |  |   |
| For   | —  | —   | —  | —   |
| Withhold  | —  | —   | —  | —   |
| Total   | —  | —   | —  | —   |
| <b>William C. Hunter</b>                              |  |   |  |   |
| For   | —  | 1,778                                       | —  | 177   |
| Withhold  | —  | 3   | —  | —   |
| Total   | —  | 1,781                                       | —  | 177   |
| <b>David J. Kundert</b>                               |  |   |  |   |
| For   | —  | —   | —  | —   |
| Withhold  | —  | —   | —  | —   |
| Total   | —  | —   | —  | —   |
| <b>William J. Schneider</b>                           |  |   |  |   |
| For   | —  | 1,778                                       | —  | 177   |
| Withhold  | —  | 3   | —  | —   |
| Total   | —  | 1,781                                       | —  | 177   |
| <b>Judith M. Stockdale</b>                            |  |   |  |   |
| For   | 13,887,275   | —   | 5,318,645  | —   |
| Withhold  | 512,893  | —   | 124,243  | —   |
| Total   | 14,400,168   | —   | 5,442,888  | —   |
| <b>Carole E. Stone</b>                                |  |   |  |   |
| For   | 13,887,275   | —   | 5,318,645  | —   |
| Withhold  | 512,893  | —   | 124,243  | —   |
| Total   | 14,400,168   | —   | 5,442,888  | —   |
| <b>Terence J. Toth</b>                                |  |   |  |   |
| For   | —  | —   | —  | —   |
| Withhold  | —  | —   | —  | —   |
| Total   | —  | —   | —  | —   |





Report of Independent  
Registered Public Accounting Firm

The Board of Directors/Trustees and Shareholders  
Nuveen Insured California Premium Income Municipal Fund, Inc.  
Nuveen Insured California Premium Income Municipal Fund 2, Inc.  
Nuveen California Premium Income Municipal Fund  
Nuveen California Dividend Advantage Municipal Fund  
Nuveen California Dividend Advantage Municipal Fund 2  
Nuveen California Dividend Advantage Municipal Fund 3  
Nuveen Insured California Dividend Advantage Municipal Fund  
Nuveen Insured California Tax-Free Advantage Municipal Fund

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Nuveen Insured California Premium Income Municipal Fund, Inc., Nuveen Insured California Premium Income Municipal Fund 2, Inc., Nuveen California Premium Income Municipal Fund, Nuveen California Dividend Advantage Municipal Fund, Nuveen California Dividend Advantage Municipal Fund 2, Nuveen California Dividend Advantage Municipal Fund 3, Nuveen Insured California Dividend Advantage Municipal Fund and Nuveen Insured California Tax-Free Advantage Municipal Fund (the "Funds") as of February 28, 2011, and the related statements of operations and cash flows (Nuveen Insured California Premium Income Municipal Fund, Inc., Nuveen Insured California Premium Income Municipal Fund 2, Inc., Nuveen California Premium Income Municipal Fund, Nuveen California Dividend Advantage Municipal Fund 2, Nuveen California Dividend Advantage Municipal Fund 3, and Nuveen Insured California Tax-Free Advantage Municipal Fund only) for the year then ended, the statements of changes in net assets for the periods indicated therein, and the financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Funds' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of February 28, 2011, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of Nuveen Insured California Premium Income Municipal Fund, Inc., Nuveen Insured California Premium Income Municipal Fund 2, Inc., Nuveen California Premium Income Municipal Fund, Nuveen California Dividend Advantage Municipal Fund, Nuveen California Dividend Advantage Municipal Fund 2, Nuveen California Dividend Advantage Municipal Fund 3, Nuveen Insured California Dividend Advantage Municipal Fund and Nuveen Insured California Tax-Free Advantage Municipal Fund at February 28, 2011, and the results of their operations and cash flows (Nuveen Insured California Premium Income Municipal Fund, Inc., Nuveen Insured California Premium Income Municipal Fund 2, Inc., Nuveen California Premium Income Municipal Fund, Nuveen California Dividend Advantage Municipal Fund 2, Nuveen California Dividend Advantage Municipal Fund 3, and

Nuveen Insured California Tax-Free Advantage Municipal Fund only) for the year then ended, the changes in their net assets for the periods indicated therein, and the financial highlights for each of the periods indicated therein in conformity with U.S. generally accepted accounting principles.

Chicago, Illinois  
April 27, 2011

Nuveen Investments

27

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NPC  
February 28, 2011

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

| Principal Amount (000) | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value      |
|------------------------|---|------------------------------|-------------|------------|
|                        | Education and Civic Organizations – 4.8% (3.3% of Total Investments)  |                              |             |            |
| \$ 750                 | California Educational Facilities Authority, Student Loan Revenue Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 – NPFPG Insured (Alternative Minimum Tax)    | 3/11 at 100.00               | Baa1        | \$ 749,963 |
| 1,500                  | California State University, Systemwide Revenue Bonds, Series 2005A, 5.000%, 11/01/25 – AMBAC Insured   | 5/15 at 100.00               | Aa2         | 1,502,700  |
| 2,000                  | California State University, Systemwide Revenue Bonds, Series 2005C, 5.000%, 11/01/27 – NPFPG Insured   | 11/15 at 100.00              | Aa2         | 1,970,960  |
| 4,250                  | Total Education and Civic Organizations   |                              |             | 4,223,623  |
|                        | Health Care – 7.2% (4.9% of Total Investments)  |                              |             |            |
| 3,000                  | California Health Facilities Financing Authority, Insured Revenue Bonds, Sutter Health, Series 1998A, 5.375%, 8/15/30 – NPFPG Insured                                 | 8/11 at 100.00               | AA–         | 2,869,170  |
| 724                    | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 18.488%, 7/01/47 – AGM Insured (IF)                    | 7/18 at 100.00               | AA+         | 532,343    |
| 1,500                  | California Statewide Community Development Authority, Certificates of Participation, Sutter Health Obligated Group, Series 1999, 5.500%, 8/15/19 – AGM Insured        | 8/11 at 100.00               | AA+         | 1,505,460  |
| 1,480                  | Santa Clara County Financing Authority, California, Insured Revenue Bonds, El Camino Hospital, Series 2007A, 5.750%, 2/01/41 – AMBAC Insured                          | 8/17 at 100.00               | A+          | 1,411,994  |
| 6,704                  | Total Health Care   |                              |             | 6,318,967  |
|                        | Housing/Single Family – 0.1% (0.1% of Total Investments)  |                              |             |            |
| 110                    | 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           | 111,735    |
|                        | Long-Term Care – 1.5% (1.0% of Total Investments)   |                              |             |            |
| 1,250                  | California Health Facilities Financing Authority, Insured Revenue Bonds, Community Program for Persons with Developmental Disabilities, Series 2011A, 6.250%, 2/01/26 | No Opt. Call                 | A–          | 1,278,575  |
|                        | Tax Obligation/General – 35.2% (24.1% of Total Investments)   |                              |             |            |

|       |  |                |     |           |
|-------|--|----------------|-----|-----------|
|       | Bonita Unified School District, San Diego County, California, General Obligation Bonds, Series 2004A:  |                |     |           |
| 1,890 | 5.250%, 8/01/23 – NPF  | 8/14 at 100.00 | AA– | 2,005,233 |
| 1,250 | 5.250%, 8/01/25 – NPF  | 8/14 at 100.00 | AA– | 1,302,638 |
|       | El Segundo Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2004:                                   |                |     |           |
| 2,580 | 5.250%, 9/01/21 – FGIC   | 9/14 at 100.00 | AA– | 2,745,455 |
| 1,775 | 5.250%, 9/01/22 – FGIC   | 9/14 at 100.00 | AA– | 1,893,748 |
| 1,130 | Fontana Unified School District, San Bernardino County, California, General Obligation Bonds, Trust 2668, 9.469%, 2/01/16 – AGM Insured (IF) | No Opt. Call   | AA+ | 1,135,401 |
| 1,225 | Fresno Unified School District, Fresno County, California, General Obligation Refunding Bonds, Series 1998A, 6.550%, 8/01/20 – NPF           | 2/13 at 103.00 | Aa3 | 1,360,975 |
| 1,180 | Jurupa Unified School District, Riverside County, California, General Obligation Bonds, Series 2004, 5.000%, 8/01/21 – FGIC                  | 8/13 at 100.00 | A+  | 1,202,137 |
| 3,000 | Pomona Unified School District, Los Angeles County, California, General Obligation Refunding Bonds, Series 1997A, 6.500%, 8/01/19 – NPF      | 8/11 at 103.00 | A   | 3,149,610 |
| 160   | Roseville Joint Union High School District, Placer County, California, General Obligation Bonds, Series 2006B, 5.000%, 8/01/27 – FGIC        | 8/15 at 100.00 | AA– | 160,845   |
| 3,000 | Sacramento City Unified School District, Sacramento County, California, General Obligation Bonds, Series 2005, 5.000%, 7/01/27 – NPF         | 7/15 at 100.00 | Aa2 | 3,007,350 |

| Principal Amount (000) | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value        |
|------------------------|---|------------------------------|-------------|--------------|
|                        | Tax Obligation/General (continued)  |                              |             |              |
|                        | San Diego Unified School District, San Diego County, California, General Obligation Bonds, Election of 1998, Series 2001C:  |                              |             |              |
| \$ 1,335               | 5.000%, 7/01/21 – AGM Insured   | 7/11 at 102.00               | AA+         | \$ 1,380,257 |
| 3,500                  | 5.000%, 7/01/22 – AGM Insured   | 7/11 at 102.00               | AA+         | 3,618,650    |
| 4,895                  | 5.000%, 7/01/23 – AGM Insured   | 7/11 at 102.00               | AA+         | 5,060,941    |
| 3,000                  | San Jacinto Unified School District, Riverside County, California, General Obligation Bonds, Series 2007, 5.250%, 8/01/32 – AGM Insured                                 | No Opt. Call                 | AA+         | 2,915,340    |
| 29,920                 | Total Tax Obligation/General  |                              |             | 30,938,580   |
|                        | Tax Obligation/Limited – 48.0% (32.8% of Total Investments)   |                              |             |              |
| 1,000                  | Brea and Olinda Unified School District, Orange County, California, Certificates of Participation Refunding, Series 2002A, 5.125%, 8/01/26 – AGM Insured                | 8/11 at 101.00               | AA+         | 1,001,790    |
|                        | California Infrastructure Economic Development Bank, Revenue Bonds, North County Center for Self-Sufficiency Corporation, Series 2004:                                  |                              |             |              |
| 1,215                  | 5.000%, 12/01/19 – AMBAC Insured  | 12/13 at 100.00              | AA          | 1,257,185    |
| 1,615                  | 5.000%, 12/01/21 – AMBAC Insured  | 12/13 at 100.00              | AA          | 1,654,309    |
| 195                    | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District, Series 2005, 5.000%, 9/01/24 – FGIC Insured            | 9/15 at 100.00               | BBB         | 179,121      |
| 595                    | Chino Redevelopment Agency, California, Merged Chino Redevelopment Project Area Tax Allocation Bonds, Series 2006, 5.000%, 9/01/38 – AMBAC Insured                      | 9/16 at 101.00               | A-          | 461,006      |
| 3,190                  | Chula Vista Public Financing Authority, California, Pooled Community Facility District Assessment Revenue Bonds, Series 2005A, 4.500%, 9/01/27 – NPFPG Insured          | 9/15 at 100.00               | Baa1        | 2,610,186    |
| 1,900                  | Corona-Norco Unified School District, Riverside County, California, Special Tax Bonds, Community Facilities District 98-1, Series 2002, 5.100%, 9/01/25 – AMBAC Insured | 9/12 at 100.00               | N/R         | 1,746,233    |
| 5,000                  | El Monte, California, Senior Lien Certificates of Participation, Department of Public Services Facility Phase II, Series 2001, 5.250%, 1/01/34 – AMBAC Insured          | 7/11 at 100.00               | A2          | 4,551,000    |
| 3,180                  | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Revenue Bonds, Tender Option                                      | 6/15 at 100.00               | AA+         | 2,100,390    |

Bonds Trust 4686, 9.229%, 6/01/45 – AGC Insured  
(IF)

|       |   |                 |     |           |
|-------|---|-----------------|-----|-----------|
| 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 | 447,608   |
| 435   | Indian Wells Redevelopment Agency, California, Tax Allocation Bonds, Consolidated Whitewater Project Area, Series 2003A, 5.000%, 9/01/20 – AMBAC Insured      | 9/13 at 100.00  | A   | 429,754   |
| 345   | Los Angeles Community Redevelopment Agency, California, Lease Revenue Bonds, Manchester Social Services Project, Series 2005, 5.000%, 9/01/37 – AMBAC Insured | 9/15 at 100.00  | A1  | 278,698   |
| 895   | Los Angeles Community Redevelopment Agency, California, Tax Allocation Bonds, Bunker Hill Project, Series 2004A, 5.000%, 12/01/20 – AGM Insured               | 12/14 at 100.00 | AA+ | 932,867   |
| 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+  | 1,318,080 |
| 3,150 | Moreno Valley Community Redevelopment Agency, California, Tax Allocation Bonds, Series 2007A, 5.000%, 8/01/38 – AMBAC Insured                                 | 8/17 at 100.00  | A–  | 2,441,219 |
| 7,000 | Rancho Cucamonga Redevelopment Agency, California, Housing Set-Aside Tax Allocation Bonds, Series 2007A, 5.000%, 9/01/34 – NPFGE Insured                      | 9/17 at 100.00  | A+  | 5,611,620 |
| 165   | 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–  | 130,380   |
| 205   | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 – AMBAC Insured  | 8/13 at 100.00  | AA– | 197,743   |

Nuveen Investments

29

NPC  
February 28, 2011

Nuveen Insured California Premium Income Municipal Fund, Inc. (continued)  
Portfolio of Investments

| Principal Amount (000) | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value        |
|------------------------|---|------------------------------|-------------|--------------|
|                        | Tax Obligation/Limited (continued)  |                              |             |              |
| \$ 5,150               | San Jacinto Unified School District, Riverside County, California, Certificates of Participation, Series 2010, 5.375%, 9/01/40 – AGC Insured                              | 9/20 at 100.00               | AA+         | \$ 4,632,116 |
| 1,500                  | San Jose Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 8/01/28 – NPFPG Insured                                       | 8/15 at 100.00               | A2          | 1,232,010    |
| 3,565                  | Sweetwater Union High School District Public Financing Authority, California, Special Tax Revenue Bonds, Series 2005A, 5.000%, 9/01/25 – AGM Insured                      | 9/15 at 100.00               | AA+         | 3,469,957    |
| 3,250                  | Tustin Community Redevelopment Agency, California, Tax Allocation Housing Bonds Series 2010, 5.250%, 9/01/39 – AGM Insured  | 9/20 at 100.00               | AA+         | 3,058,153    |
| 2,805                  | Yucaipa-Calimesa Joint Unified School District, San Bernardino County, California, General Obligation Refunding Bonds, Series 2001A, 5.000%, 10/01/31 – NPFPG Insured     | 10/11 at 100.00              | A2          | 2,435,441    |
| 48,555                 | Total Tax Obligation/Limited Transportation – 2.7% (1.9% of Total Investments)  |                              |             | 42,176,866   |
| 2,400                  | San Diego Unified Port District, California, Revenue Bonds, Series 2004B, 5.000%, 9/01/29 – NPFPG Insured   | 9/14 at 100.00               | A+          | 2,365,800    |
|                        | U.S. Guaranteed – 28.5% (19.4% of Total Investments) (4)  |                              |             |              |
| 6,000                  | Huntington Park Redevelopment Agency, California, Single Family Residential Mortgage Revenue Refunding Bonds, Series 1986A, 8.000%, 12/01/19 (ETM)                        | No Opt. Call                 | AAA         | 8,417,157    |
| 5,135                  | Palmdale Community Redevelopment Agency, California, Single Family Restructured Mortgage Revenue Bonds, Series 1986A, 8.000%, 3/01/16 (Alternative Minimum Tax) (ETM)     | No Opt. Call                 | AAA         | 6,447,095    |
| 6,220                  | Riverside County, California, GNMA Mortgage-Backed Securities Program Single Family Mortgage Revenue Bonds, Series 1987B, 9.000%, 5/01/21 (Alternative Minimum Tax) (ETM) | No Opt. Call                 | AAA         | 8,305,255    |
| 1,485                  | San Jose, California, Single Family Mortgage Revenue Bonds, Series 1985A, 9.500%, 10/01/13 (ETM)  | No Opt. Call                 | Aaa         | 1,813,556    |
| 18,840                 | Total U.S. Guaranteed   |                              |             | 24,983,063   |

|       |  |                |     |           |
|-------|--|----------------|-----|-----------|
|       | Utilities – 0.3% (0.2% of Total Investments)   |                |     |           |
| 345   | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 – SYNCORA GTY Insured                    | 9/15 at 100.00 | N/R | 287,575   |
|       | Water and Sewer – 18.0% (12.3% of Total Investments)   |                |     |           |
| 2,200 | Atwater Public Financing Authority, California, Wastewater Revenue Bonds, Tender Option Bond Trust 3145, 18.296%, 5/01/40 – AGM Insured (IF) | 5/19 at 100.00 | AA+ | 1,536,656 |
| 5,255 | El Dorado Irrigation District, California, Water and Sewer Certificates of Participation, Series 2003A, 5.000%, 3/01/20 – FGIC Insured       | 3/13 at 100.00 | A1  | 5,393,732 |
| 1,230 | El Dorado Irrigation District, California, Water and Sewer Certificates of Participation, Series 2004A, 5.000%, 3/01/21 – FGIC Insured       | 3/14 at 100.00 | A1  | 1,257,773 |
| 235   | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 – NPFPG Insured                    | 4/16 at 100.00 | AA– | 217,596   |
| 5,000 | Indio Water Authority, California, Water Revenue Bonds, Series 2006, 5.000%, 4/01/31 – AMBAC Insured   | 4/16 at 100.00 | A+  | 4,666,350 |

30 Nuveen Investments



| Principal Amount (000) | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value         |
|------------------------|---|------------------------------|-------------|---------------|
|                        | Water and Sewer (continued)   |                              |             |               |
| \$ 220                 | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 – NPMFG Insured  | 6/16 at 100.00               | AA–         | \$ 209,352    |
| 1,500                  | Placerville Public Financing Authority, California, Wastewater System Refinancing and Improvement Project Revenue Bonds, Series 2006, 5.000%, 9/01/34 – SYNCORA GTY Insured | 9/16 at 100.00               | N/R         | 1,134,060     |
| 1,345                  | West Basin Municipal Water District, California, Revenue Certificates of Participation, Series 2003A, 5.000%, 8/01/20 – NPMFG Insured                                       | 8/13 at 100.00               | Aa2         | 1,430,811     |
| 16,985                 | Total Water and Sewer   |                              |             | 15,846,330    |
| \$ 129,359             | Total Investments (cost \$131,627,729) – 146.3%   |                              |             | 128,531,114   |
|                        | Variable Rate Demand Preferred Shares, at Liquidation Value – (48.6)% (5)   |                              |             | (42,700,000)  |
|                        | Other Assets Less Liabilities – 2.3%  |                              |             | 1,995,907     |
|                        | Net Assets Applicable to Common Shares – 100%   |                              |             | \$ 87,827,021 |

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 (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
  - (3) Ratings (not covered by the report of independent registered public accounting firm): Using the 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.
  - (5) Variable Rate Demand Preferred Shares, at Liquidation Value as a percentage of Total Investments is 33.2%.
- N/R Not rated.  
(ETM) Escrowed to maturity.  
(IF) Inverse floating rate investment.

See accompanying notes to financial statements.

NCL  
February 28, 2011

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

| Principal Amount (000) | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value      |
|------------------------|--|------------------------------|-------------|------------|
|                        | Education and Civic Organizations – 5.4% (3.5% of Total Investments)   |                              |             |            |
| \$ 585                 | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2000, 5.875%, 11/01/20 – NPF Insured                               | 5/11 at 100.00               | A2          | \$ 587,001 |
| 750                    | California Educational Facilities Authority, Student Loan Revenue Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 – NPF Insured (Alternative Minimum Tax) | 3/11 at 100.00               | Baa1        | 749,963    |
| 1,500                  | California State University, Systemwide Revenue Bonds, Series 2005A, 5.000%, 11/01/25 – AMBAC Insured  | 5/15 at 100.00               | Aa2         | 1,502,700  |
| 6,000                  | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2003A, 5.000%, 5/15/27 – AMBAC Insured (UB)  | 5/13 at 100.00               | Aa1         | 6,038,880  |
| 8,835                  | Total Education and Civic Organizations  |                              |             | 8,878,544  |
|                        | Health Care – 4.7% (3.1% of Total Investments)   |                              |             |            |
| 1,410                  | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 18.488%, 7/01/47 – AGM Insured (IF)               | 7/18 at 100.00               | AA+         | 1,036,745  |
| 4,690                  | Santa Clara County Financing Authority, California, Insured Revenue Bonds, El Camino Hospital, Series 2007A, 5.750%, 2/01/41 – AMBAC Insured                     | 8/17 at 100.00               | A+          | 4,474,495  |
| 2,000                  | The Regents of the University of California, Medical Center Pooled Revenue Bonds, Series 2007A, 4.500%, 5/15/37 – NPF Insured                                    | 5/15 at 101.00               | Aa2         | 1,624,060  |
| 650                    | University of California, Hospital Revenue Bonds, UCLA Medical Center, Series 2004A, 5.500%, 5/15/18 – AMBAC Insured   | 5/12 at 101.00               | N/R         | 665,802    |
| 8,750                  | Total Health Care  |                              |             | 7,801,102  |
|                        | Housing/Single Family – 1.0% (0.6% of Total Investments)   |                              |             |            |
| 215                    | 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           | 218,391    |
| 1,350                  | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2006K, 5.500%, 2/01/42 – AMBAC Insured (Alternative Minimum Tax)                          | 2/16 at 100.00               | Aaa         | 1,372,383  |
| 1,565                  | Total Housing/Single Family  |                              |             | 1,590,774  |

|   |   |                |     |           |
|---|---|----------------|-----|-----------|
| Long-Term Care – 1.4% (0.9% of Total Investments)   |   |                |     |           |
| 1,575   | California Health Facilities Financing Authority, Insured Revenue Bonds, California-Nevada Methodist Homes, Series 2006, 5.000%, 7/01/36                              | 7/16 at 100.00 | A–  | 1,330,481 |
| 1,000   | California Health Facilities Financing Authority, Insured Revenue Bonds, Community Program for Persons with Developmental Disabilities, Series 2011A, 6.250%, 2/01/26 | No Opt. Call   | A–  | 1,022,860 |
| 2,575   | Total Long-Term Care  |                |     | 2,353,341 |
| Tax Obligation/General – 33.2% (21.7% of Total Investments)   |   |                |     |           |
| 1,425   | Bassett Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2006B, 5.250%, 8/01/30 – FGIC Insured                               | 8/16 at 100.00 | A–  | 1,429,603 |
| 3,000   | California State, General Obligation Bonds, Series 2006, 4.500%, 9/01/36 – AGM Insured  | 9/16 at 100.00 | AA+ | 2,506,650 |
| 6,000   | California State, General Obligation Bonds, Various Purpose Series 2010, 6.000%, 3/01/33  | 3/20 at 100.00 | A1  | 6,308,700 |
| 4,200   | Coast Community College District, Orange County, California, General Obligation Bonds, Series 2006C, 0.000%, 8/01/31 – AGM Insured                                    | 8/18 at 100.00 | AA+ | 3,392,004 |
| 2,500   | Corona-Norco Unified School District, Riverside County, California, General Obligation Bonds, Election 2006 Series 2009B, 5.375%, 2/01/34 – AGC Insured               | 8/18 at 100.00 | AA+ | 2,480,350 |
| East Side Union High School District, Santa Clara County, California, General Obligation Bonds, 2008 Election Series 2010B: |   |                |     |           |
| 3,490   | 5.000%, 8/01/27 – AGC Insured   | 8/19 at 100.00 | AA+ | 3,441,803 |
| 3,545   | 5.000%, 8/01/28 – AGC Insured   | 8/19 at 100.00 | AA+ | 3,466,230 |
| 3,110   | 5.000%, 8/01/29 – AGC Insured   | 8/19 at 100.00 | AA+ | 3,006,313 |
| 2,210   | Fontana Unified School District, San Bernardino County, California, General Obligation Bonds, Trust 2668, 9.469%, 2/01/16 – AGM Insured (IF)                          | No Opt. Call   | AA+ | 2,220,564 |

| Principal Amount (000) | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value        |
|------------------------|---|------------------------------|-------------|--------------|
|                        | Tax Obligation/General (continued)  |                              |             |              |
| \$ 1,255               | Los Angeles Community College District, Los Angeles County, California, General Obligation Bonds, Series 2005A, 5.000%, 8/01/24 – AGM Insured             | 8/15 at 100.00               | AA+         | \$ 1,281,242 |
| 4,000                  | Los Angeles Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2007A, 4.500%, 7/01/24 – AGM Insured                | 7/17 at 100.00               | AA+         | 3,886,360    |
|                        | Los Rios Community College District, Sacramento, El Dorado and Yolo Counties, California, General Obligation Bonds, Series 2006C:                         |                              |             |              |
| 2,110                  | 5.000%, 8/01/21 – AGM Insured (UB)  | 8/14 at 102.00               | AA+         | 2,201,891    |
| 3,250                  | 5.000%, 8/01/22 – AGM Insured (UB)  | 8/14 at 102.00               | AA+         | 3,511,723    |
| 3,395                  | 5.000%, 8/01/23 – AGM Insured (UB)  | 8/14 at 102.00               | AA+         | 3,645,551    |
| 1,270                  | Merced City School District, Merced County, California, General Obligation Bonds, Series 2004, 5.000%, 8/01/22 – FGIC Insured                             | 8/13 at 100.00               | A           | 1,307,630    |
| 305                    | Roseville Joint Union High School District, Placer County, California, General Obligation Bonds, Series 2006B, 5.000%, 8/01/27 – FGIC Insured             | 8/15 at 100.00               | AA–         | 306,610      |
| 2,500                  | Sacramento City Unified School District, Sacramento County, California, General Obligation Bonds, Series 2005, 5.000%, 7/01/27 – NPMFG Insured            | 7/15 at 100.00               | Aa2         | 2,506,125    |
| 1,125                  | San Diego Unified School District, San Diego County, California, General Obligation Bonds, Election of 1998, Series 1999A, 0.000%, 7/01/21 – FGIC Insured | No Opt. Call                 | Aa1         | 649,046      |
| 2,000                  | San Francisco Community College District, California, General Obligation Bonds, Series 2002A, 5.000%, 6/15/26 – FGIC Insured                              | 6/11 at 101.00               | Aa2         | 1,964,200    |
| 2,000                  | San Jacinto Unified School District, Riverside County, California, General Obligation Bonds, Series 2007, 5.250%, 8/01/32 – AGM Insured                   | No Opt. Call                 | AA+         | 1,943,560    |
| 1,000                  | San Ramon Valley Unified School District, Contra Costa County, California, General Obligation Bonds, Series 2004, 5.000%, 8/01/24 – AGM Insured           | 8/14 at 100.00               | AA+         | 1,029,550    |
| 2,445                  | Washington Unified School District, Yolo County, California, General Obligation Bonds, Series 2004A, 5.000%, 8/01/21 – FGIC Insured                       | 8/13 at 100.00               | A+          | 2,514,682    |
| 56,135                 | Total Tax Obligation/General  |                              |             | 55,000,387   |
|                        | Tax Obligation/Limited – 62.5% (40.7% of Total Investments)   |                              |             |              |
|                        | Anaheim Public Finance Authority, California, Subordinate Lease Revenue Bonds, Public Improvement Project, Series 1997C:                                  |                              |             |              |

|       |  |                 |      |           |
|-------|--|-----------------|------|-----------|
| 5,130 | 0.000%, 9/01/18 – AGM Insured  | No Opt. Call    | AA+  | 3,607,673 |
| 8,000 | 0.000%, 9/01/21 – AGM Insured  | No Opt. Call    | AA+  | 4,308,400 |
| 2,235 | Antioch Public Financing Authority, California, Lease Revenue Refunding Bonds, Municipal Facilities Project, Refunding Series 2002A, 5.500%, 1/01/32 – NPPFG Insured | 5/11 at 100.00  | A    | 2,207,532 |
|       | California Infrastructure Economic Development Bank, Revenue Bonds, North County Center for Self-Sufficiency Corporation, Series 2004:                               |                 |      |           |
| 1,535 | 5.000%, 12/01/20 – AMBAC Insured   | 12/13 at 100.00 | AA   | 1,580,973 |
| 1,780 | 5.000%, 12/01/23 – AMBAC Insured   | 12/13 at 100.00 | AA   | 1,802,268 |
| 3,725 | California State Public Works Board, Lease Revenue Bonds, Department of Corrections & Rehabilitation, Series 2005J, 5.000%, 1/01/17 – AMBAC Insured                  | 1/16 at 100.00  | A2   | 3,940,231 |
| 4,000 | California State Public Works Board, Lease Revenue Bonds, Various Capital Projects, Series 2009G-1, 5.750%, 10/01/30   | 10/19 at 100.00 | A2   | 3,951,160 |
| 380   | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District, Series 2005, 5.000%, 9/01/24 – FGIC Insured         | 9/15 at 100.00  | BBB  | 349,057   |
| 7,000 | Chula Vista Public Financing Authority, California, Pooled Community Facility District Assessment Revenue Bonds, Series 2005A, 4.500%, 9/01/27 – NPPFG Insured       | 9/15 at 100.00  | Baa1 | 5,727,680 |
| 1,430 | Cloverdale Community Development Agency, California, Tax Allocation Refunding Bonds, Cloverdale Redevelopment Project Series 2006, 5.000%, 8/01/36 – AMBAC Insured   | No Opt. Call    | A–   | 1,119,819 |
| 5,225 | El Monte, California, Senior Lien Certificates of Participation, Department of Public Services Facility Phase II, Series 2001, 5.000%, 1/01/21 – AMBAC Insured       | 7/11 at 100.00  | A2   | 5,227,613 |
| 8,280 | Fontana Public Financing Authority, California, Tax Allocation Revenue Bonds, North Fontana Redevelopment Project, Series 2005A, 5.000%, 10/01/32 – AMBAC Insured    | 10/15 at 100.00 | A    | 6,836,382 |

NCL  
February 28, 2011

Nuveen Insured California Premium Income Municipal Fund 2, Inc. (continued)  
Portfolio of Investments

| Principal Amount (000) | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value        |
|------------------------|---|------------------------------|-------------|--------------|
|                        | Tax Obligation/Limited (continued)  |                              |             |              |
|                        | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A:  |                              |             |              |
| \$ 7,250               | 5.000%, 6/01/35 – FGIC Insured  | 6/15 at 100.00               | AA+         | \$ 6,328,960 |
| 7,500                  | 5.000%, 6/01/45 – AGC Insured   | 6/15 at 100.00               | AA+         | 6,226,875    |
| 6,215                  | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Revenue Bonds, Tender Option Bonds Trust 4686, 9.229%, 6/01/45 – AGC Insured (IF) | 6/15 at 100.00               | AA+         | 4,105,008    |
| 2,000                  | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Revenue Bonds, Tender Option Bonds Trust 2040, 10.395%, 6/01/45 – FGIC Insured (IF)            | 6/15 at 100.00               | A2          | 810,080      |
| 875                    | 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         | 559,510      |
| 1,700                  | Hesperia Unified School District, San Bernardino County, California, Certificates of Participation, Capital Improvement, Series 2007, 5.000%, 2/01/41 – AMBAC Insured                   | 2/17 at 100.00               | A–          | 1,353,302    |
| 5,000                  | La Quinta Redevelopment Agency, California, Tax Allocation Refunding Bonds, Redevelopment Project Area 1, Series 1998, 5.200%, 9/01/28 – AMBAC Insured                                  | 3/11 at 100.00               | A+          | 4,644,250    |
| 2,185                  | Los Angeles Community Redevelopment Agency, California, Lease Revenue Bonds, Manchester Social Services Project, Series 2005, 5.000%, 9/01/37 – AMBAC Insured                           | 9/15 at 100.00               | A1          | 1,765,087    |
| 1,000                  | Los Angeles Community Redevelopment Agency, California, Tax Allocation Bonds, Bunker Hill Project, Series 2004A, 5.000%, 12/01/20 – AGM Insured   | 12/14 at 100.00              | AA+         | 1,042,310    |
| 4,000                  | Los Angeles, California, Certificates of Participation, Municipal Improvement Corporation, Series 2003AW, 5.000%, 6/01/33 – AMBAC Insured   | 6/13 at 100.00               | A+          | 3,788,920    |
| 3,000                  | Los Angeles, California, Municipal Improvement Corporation, Lease Revenue Bonds, Police Headquarters, Series 2006A, 4.750%, 1/01/31 – FGIC Insured                                      | 1/17 at 100.00               | A+          | 2,636,160    |

|         |  |                 |      |             |
|---------|--|-----------------|------|-------------|
| 6,120   | Moreno Valley Community Redevelopment Agency, California, Tax Allocation Bonds, Series 2007A, 5.000%, 8/01/38 – AMBAC Insured  | 8/17 at 100.00  | A–   | 4,742,939   |
| 2,810   | Oakland Joint Powers Financing Authority, California, Lease Revenue Bonds, Administration Building Projects, Series 2008B, 5.000%, 8/01/21 – AGC Insured                           | 8/18 at 100.00  | AA+  | 2,932,544   |
| 1,000   | Palm Springs Financing Authority, California, Lease Revenue Bonds, Convention Center Project, Refunding Series 2004A, 5.500%, 11/01/35 – NPF Insured                               | 11/14 at 102.00 | A    | 935,340     |
| 4,140   | Plumas County, California, Certificates of Participation, Capital Improvement Program, Series 2003A, 5.000%, 6/01/28 – AMBAC Insured   | 6/13 at 101.00  | A–   | 3,758,375   |
| 390     | Poway Redevelopment Agency, California, Tax Allocation Refunding Bonds, Paguay Redevelopment Project, Series 2000, 5.750%, 6/15/33 – NPF Insured                                   | 12/12 at 100.00 | Baa1 | 362,033     |
| 325     | 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–   | 256,809     |
| 1,000   | Rocklin Unified School District, Placer County, California, Special Tax Bonds, Community Facilities District 1, Series 2004, 5.000%, 9/01/25 – NPF Insured                         | 9/13 at 100.00  | A–   | 901,770     |
| 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  | 1,907,450   |
| 405     | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 – AMBAC Insured   | 8/13 at 100.00  | AA–  | 390,663     |
| 4,655   | San Bernardino Joint Powers Financing Authority, California, Certificates of Participation Refunding, Police Station Financing Project, Series 1999, 5.500%, 9/01/20 – NPF Insured | 3/11 at 101.00  | Baa1 | 4,666,079   |
| 1,500   | 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  | A2   | 1,232,010   |
| 5,510   | Sweetwater Union High School District Public Financing Authority, California, Special Tax Revenue Bonds, Series 2005A, 5.000%, 9/01/28 – AGM Insured                               | 9/15 at 100.00  | AA+  | 5,235,437   |
| 1,205   | Tustin Community Redevelopment Agency, California, Tax Allocation Housing Bonds Series 2010, 5.000%, 9/01/30 – AGM Insured   | No Opt. Call    | AA+  | 1,154,306   |
| 1,020   | Washington Unified School District, Yolo County, California, Certificates of Participation, Series 2007, 5.125%, 8/01/37 – AMBAC Insured   | 8/17 at 100.00  | A    | 928,730     |
| 122,025 | Total Tax Obligation/Limited   |                 |      | 103,323,735 |





| Principal Amount (000) | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value        |
|------------------------|--|------------------------------|-------------|--------------|
|                        | Transportation – 7.7% (5.1% of Total Investments)  |                              |             |              |
| \$ 6,500               | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 0.000%, 1/15/18 – NPMG Insured  | 7/11 at 70.31                | Baa1        | \$ 3,957,005 |
| 4,000                  | Orange County Transportation Authority, California, Toll Road Revenue Bonds, 91 Express Lanes Project, Series 2003A, 5.000%, 8/15/18 – AMBAC Insured   | 8/13 at 100.00               | A1          | 4,237,560    |
| 5,000                  | San Francisco Airports Commission, California, Revenue Refunding Bonds, San Francisco International Airport, Second Series 2001, Issue 27A, 5.250%, 5/01/31 – NPMG Insured (Alternative Minimum Tax) | 5/11 at 100.00               | A1          | 4,583,300    |
| 15,500                 | Total Transportation   |                              |             | 12,777,865   |
|                        | U.S. Guaranteed – 6.5% (4.2% of Total Investments) (4)   |                              |             |              |
| 1,705                  | Central Unified School District, Fresno County, California, General Obligation Bonds, Series 1993, 5.625%, 3/01/18 – AMBAC Insured (ETM)   | 3/11 at 100.00               | AAA         | 1,743,226    |
|                        | Manteca Unified School District, San Joaquin County, California, General Obligation Bonds, Series 2004:  |                              |             |              |
| 1,000                  | 5.250%, 8/01/21 (Pre-refunded 8/01/14) – AGM Insured   | 8/14 at 100.00               | AA+ (4)     | 1,142,780    |
| 1,000                  | 5.250%, 8/01/22 (Pre-refunded 8/01/14) – AGM Insured   | 8/14 at 100.00               | AA+ (4)     | 1,142,780    |
| 4,320                  | Riverside County, California, GNMA Mortgage-Backed Securities Program Single Family Mortgage Revenue Bonds, Series 1987B, 8.625%, 5/01/16 (Alternative Minimum Tax) (ETM)                            | No Opt. Call                 | AAA         | 5,689,224    |
| 905                    | University of California, Hospital Revenue Bonds, UCLA Medical Center, Series 2004A, 5.500%, 5/15/18 (Pre-refunded 5/15/12) – AMBAC Insured  | 5/12 at 101.00               | N/R (4)     | 968,006      |
| 8,930                  | Total U.S. Guaranteed  |                              |             | 10,686,016   |
|                        | Utilities – 8.7% (5.7% of Total Investments)   |                              |             |              |
| 670                    | 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         | 558,479      |
| 100                    | Sacramento City Financing Authority, California, Capital Improvement Revenue Bonds, Solid Waste and Redevelopment Projects, Series 1999, 5.800%, 12/01/19 – AMBAC Insured                            | 6/11 at 101.00               | N/R         | 100,144      |
| 1,950                  | Salinas Valley Solid Waste Authority, California, Revenue Bonds, Series 2002, 5.250%, 8/01/27 – AMBAC Insured (Alternative Minimum Tax)  | 8/12 at 100.00               | A+          | 1,763,502    |

| Santa Clara, California, Subordinate Electric Revenue Bonds, Series 2003A: |   |                 |     |  |            |
|--|---|-----------------|-----|--|------------|
| 2,800  | 5.000%, 7/01/24 – NPMG Insured  | 7/13 at 100.00  | A1  |  | 2,858,716  |
| 5,000  | 5.000%, 7/01/28 – NPMG Insured  | 7/13 at 100.00  | A1  |  | 5,058,000  |
| 4,000  | Southern California Public Power Authority, California, Milford Wind Corridor Phase I Revenue Bonds, Series 2010-1, 5.000%, 7/01/28                           | No Opt. Call    | AA– |  | 4,062,600  |
| 14,520   | Total Utilities   |                 |     |  | 14,401,441 |
| Water and Sewer – 22.3% (14.5% of Total Investments)                       |   |                 |     |  |            |
| 1,100  | Atwater Public Financing Authority, California, Wastewater Revenue Bonds, Tender Option Bond Trust 3145, 18.296%, 5/01/40 – AGM Insured (IF)                  | 5/19 at 100.00  | AA+ |  | 768,328    |
| 2,000  | El Dorado Irrigation District, California, Water and Sewer Certificates of Participation, Series 2004A, 5.000%, 3/01/21 – FGIC Insured                        | 3/14 at 100.00  | A1  |  | 2,045,160  |
| 750  | Fortuna Public Finance Authority, California, Water Revenue Bonds, Series 2006, 5.000%, 10/01/36 – AGM Insured  | 10/16 at 100.00 | AA+ |  | 690,585    |
| 460  | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 – NPMG Insured                                      | 4/16 at 100.00  | AA– |  | 425,932    |
| 2,700  | Los Angeles County Sanitation Districts Financing Authority, California, Senior Revenue Bonds, Capital Projects, Series 2003A, 5.000%, 10/01/21 – AGM Insured | 10/13 at 100.00 | AA+ |  | 2,868,021  |
| 2,000  | Los Angeles, California, Wastewater System Revenue Bonds, Series 2005A, 4.500%, 6/01/29 – NPMG Insured  | 6/15 at 100.00  | AA  |  | 1,895,960  |

Nuveen Investments

35

NCL  
February 28, 2011

Nuveen Insured California Premium Income Municipal Fund 2, Inc. (continued)  
Portfolio of Investments

| Principal Amount (000) | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value          |
|------------------------|--|------------------------------|-------------|----------------|
|                        | Water and Sewer (continued)  |                              |             |                |
| \$ 430                 | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 – NPFPG Insured         | 6/16 at 100.00               | AA-         | \$ 409,188     |
| 12,000                 | Orange County Sanitation District, California, Certificates of Participation, Series 2003, 5.000%, 2/01/33 – FGIC Insured (UB)         | 8/13 at 100.00               | AAA         | 12,006,360     |
| 1,520                  | San Buenaventura, California, Water Revenue Certificates of Participation, Series 2004, 5.000%, 10/01/25 – AMBAC Insured               | 10/14 at 100.00              | AA          | 1,529,105      |
| 1,000                  | San Diego County Water Authority, California, Water Revenue Certificates of Participation, Series 2008A, 5.000%, 5/01/38 – AGM Insured | 5/18 at 100.00               | AA+         | 953,530        |
| 3,675                  | San Dieguito Water District, California, Water Revenue Bonds, Refunding Series 2004, 5.000%, 10/01/23 – FGIC Insured                   | 10/14 at 100.00              | AA+         | 3,817,884      |
|                        | Santa Clara Valley Water District, California, Certificates of Participation, Series 2004A:  |                              |             |                |
| 1,400                  | 5.000%, 2/01/19 – FGIC Insured   | 2/14 at 100.00               | AA+         | 1,467,088      |
| 445                    | 5.000%, 2/01/20 – FGIC Insured   | 2/14 at 100.00               | AA+         | 462,791        |
| 465                    | 5.000%, 2/01/21 – FGIC Insured   | 2/14 at 100.00               | AA+         | 480,373        |
| 2,500                  | West Basin Municipal Water District, California, Revenue Certificates of Participation, Series 2003A, 5.000%, 8/01/30 – NPFPG Insured  | 8/13 at 100.00               | Aa2         | 2,501,025      |
|                        | Yorba Linda Water District, California, Certificates of Participation, Highland Reservoir Renovation, Series 2003:                     |                              |             |                |
| 2,010                  | 5.000%, 10/01/28 – FGIC Insured  | 10/13 at 100.00              | AAA         | 2,016,693      |
| 2,530                  | 5.000%, 10/01/33 – FGIC Insured  | 10/13 at 100.00              | AAA         | 2,502,873      |
| 36,985                 | Total Water and Sewer  |                              |             | 36,840,896     |
| \$ 275,820             | Total Investments (cost \$266,167,428) – 153.4%  |                              |             | 253,654,101    |
|                        | Floating Rate Obligations – (10.8)%  |                              |             | (17,880,000)   |
|                        | Variable Rate Demand Preferred Shares, at Liquidation Value – (44.8)% (5)  |                              |             | (74,000,000)   |
|                        | Other Assets Less Liabilities – 2.2% (6)   |                              |             | 3,585,116      |
|                        | Net Assets Applicable to Common Shares – 100%  |                              |             | \$ 165,359,217 |



Investments in Derivatives

Forward Swaps outstanding at February 28, 2011:

| Counterparty   | Notional Amount | Fund Pay/Receive Floating Rate | Floating Rate Index | Fixed Rate (Annualized) | Fixed Rate Payment Frequency | Effective Date (7) | Termination Date | Unrealized Appreciation (Depreciation) |
|----------------|-----------------|--------------------------------|---------------------|-------------------------|------------------------------|--------------------|------------------|--|
| Morgan Stanley | \$ 5,750,000    | Receive                        | 3-Month USD-LIBOR   | 4.431                   | % Semi-Annually              | 2/17/12            | 2/17/30          | \$ (15,872 )                           |

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 (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the 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 29.2%.
- (6) Other Assets Less Liabilities includes the Value and/or the Unrealized Appreciation (Depreciation) of derivative instruments as listed within Investments in Derivatives.
- (7) Effective date represents the date on which both the Fund and Counterparty commence interest payment accruals on each forward swap contract.

N/R Not rated.

(ETM) Escrowed to maturity.

(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.

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

See accompanying notes to financial statements.



NCU  
February 28, 2011

Nuveen California Premium Income Municipal Fund  
Portfolio of Investments

| Principal Amount (000) | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value        |
|------------------------|---|------------------------------|-------------|--------------|
|                        | Consumer Staples – 6.7% (4.3% of Total Investments)   |                              |             |              |
| \$ 1,500               | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Alameda County Tobacco Asset Securitization Corporation, Series 2002, 5.750%, 6/01/29 | 6/12 at 100.00               | Baa3        | \$ 1,364,190 |
| 215                    | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Sonoma County Tobacco Securitization Corporation, Series 2005, 4.250%, 6/01/21        | 6/15 at 100.00               | BBB         | 197,714      |
| 2,920                  | California Statewide Financing Authority, Tobacco Settlement Asset-Backed Bonds, Pooled Tobacco Securitization Program, Series 2002A, 5.625%, 5/01/29                         | 5/12 at 100.00               | Baa3        | 2,618,014    |
| 1,350                  | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2007A-2, 0.000%, 6/01/37   | 6/22 at 100.00               | Baa3        | 773,618      |
| 5,985                  | Total Consumer Staples  |                              |             | 4,953,536    |
|                        | Education and Civic Organizations – 6.0% (3.9% of Total Investments)  |                              |             |              |
| 70                     | California Educational Facilities Authority, Revenue Bonds, University of Redlands, Series 2005A, 5.000%, 10/01/35  | 10/15 at 100.00              | A3          | 58,962       |
|                        | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2006:   |                              |             |              |
| 45                     | 5.000%, 11/01/21  | 11/15 at 100.00              | A2          | 46,695       |
| 60                     | 5.000%, 11/01/25  | 11/15 at 100.00              | A2          | 60,356       |
| 1,112                  | California State Public Works Board, Lease Revenue Bonds, University of California Regents, Tender Option Bond Trust 1065, 9.166%, 3/01/33 (IF)                               | 3/18 at 100.00               | Aa2         | 979,160      |
| 2,000                  | California State University, Systemwide Revenue Bonds, Series 2005C, 5.000%, 11/01/27 – NCFG Insured  | 11/15 at 100.00              | Aa2         | 1,970,960    |
| 1,245                  | University of California, General Revenue Bonds, Series 2003A, 5.125%, 5/15/17 – AMBAC Insured (UB)   | 5/13 at 100.00               | Aa1         | 1,339,060    |
| 4,532                  | Total Education and Civic Organizations   |                              |             | 4,455,193    |
|                        | Energy – 0.6% (0.4% of Total Investments)   |                              |             |              |
| 500                    |   | 1/15 at 100.00               | Baa3        | 419,980      |

|       |   |                 |      |           |
|-------|---|-----------------|------|-----------|
|       | Virgin Islands Public Finance Authority, Revenue Bonds, Refinery Project Hovensa LLC, Series 2007, 4.700%, 7/01/22 (Alternative Minimum Tax)                      |                 |      |           |
|       | Health Care – 28.7% (18.8% of Total Investments)  |                 |      |           |
| 3,435 | California Health Facilities Financing Authority, Hospital Revenue Bonds, Downey Community Hospital, Series 1993, 5.750%, 5/15/15 (5)                             | 5/11 at 100.00  | N/R  | 2,746,970 |
| 155   | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 4/01/37   | 4/16 at 100.00  | A+   | 130,738   |
| 3,525 | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2007A, 5.250%, 11/15/46 (UB)   | 11/16 at 100.00 | AA–  | 3,026,812 |
| 1,500 | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31                                 | 8/11 at 102.00  | A+   | 1,441,515 |
| 685   | California Municipal Financing Authority, Certificates of Participation, Community Hospitals of Central California, Series 2007, 5.250%, 2/01/46                  | 2/17 at 100.00  | Baa2 | 553,021   |
| 377   | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 18.488%, 7/01/47 – AGM Insured (IF)                | 7/18 at 100.00  | AA+  | 276,833   |
| 1,000 | California Statewide Community Development Authority, Insured Health Facility Revenue Bonds, Henry Mayo Newhall Memorial Hospital, Series 2007A, 5.000%, 10/01/37 | 10/17 at 100.00 | A–   | 818,870   |
| 1,740 | California Statewide Community Development Authority, Revenue Bonds, Daughters of Charity Health System, Series 2005A, 5.250%, 7/01/30                            | 7/15 at 100.00  | BBB  | 1,507,501 |
| 490   | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41                                       | 3/16 at 100.00  | A+   | 410,336   |
| 730   | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2001C, 5.250%, 8/01/31                                      | 8/16 at 100.00  | A+   | 661,212   |
| 3,000 | California Statewide Community Development Authority, Revenue Bonds, Methodist Hospital Project, Series 2009, 6.750%, 2/01/38                                     | 8/19 at 100.00  | Aa2  | 3,262,620 |



| Principal Amount (000) | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value        |
|------------------------|--|------------------------------|-------------|--------------|
|                        | Health Care (continued)  |                              |             |              |
| \$ 2,100               | California Statewide Community Development Authority, Revenue Bonds, Sherman Oaks Health System, Series 1998A, 5.000%, 8/01/22 – AMBAC Insured                       | No Opt. Call                 | A1          | \$ 2,088,912 |
| 1,690                  | California Statewide Community Development Authority, Revenue Bonds, Sutter Health, Series 2005A, 5.000%, 11/15/43   | 11/15 at 100.00              | AA–         | 1,429,858    |
| 760                    | Loma Linda, California, Hospital Revenue Bonds, Loma Linda University Medical Center, Series 2008A, 8.250%, 12/01/38   | 12/17 at 100.00              | BBB         | 819,219      |
| 1,450                  | Palomar Pomerado Health Care District, California, Certificates of Participation, Series 2010, 6.000%, 11/01/41  | 11/20 at 100.00              | Baa3        | 1,289,340    |
| 1,000                  | The Regents of the University of California, Medical Center Pooled Revenue Bonds, Series 2009E, 5.000%, 5/15/38  | 5/17 at 101.00               | Aa2         | 895,470      |
| 23,637                 | Total Health Care  |                              |             | 21,359,227   |
|                        | Housing/Multifamily – 0.6% (0.4% of Total Investments)   |                              |             |              |
| 500                    | California Municipal Finance Authority, Mobile Home Park Revenue Bonds, Caritas Projects Series 2010A, 6.400%, 8/15/45   | 8/20 at 100.00               | BBB–        | 455,610      |
|                        | Housing/Single Family – 3.2% (2.1% of Total Investments)   |                              |             |              |
| 2,500                  | California Housing Finance Agency, California, Home Mortgage Revenue Bonds, Series 2008L, 5.500%, 8/01/38  | 2/18 at 100.00               | A           | 2,301,300    |
| 100                    | 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           | 101,577      |
| 2,600                  | Total Housing/Single Family  |                              |             | 2,402,877    |
|                        | Industrials – 0.7% (0.4% of Total Investments)   |                              |             |              |
| 500                    | California Pollution Control Financing Authority, Solid Waste Disposal Revenue Bonds, Waste Management Inc., Series 2002A, 5.000%, 1/01/22 (Alternative Minimum Tax) | 1/16 at 102.00               | BBB         | 502,295      |
|                        | Tax Obligation/General – 28.4% (18.6% of Total Investments)  |                              |             |              |
|                        | California State, General Obligation Bonds, Various Purpose Series 2009:   |                              |             |              |
| 1,300                  | 5.500%, 11/01/39   | 11/19 at 100.00              | A1          | 1,291,537    |
| 2,350                  | 6.000%, 11/01/39   | 11/19 at 100.00              | A1          | 2,430,817    |
| 1,500                  | California, General Obligation Bonds, Series 2003, 5.000%, 2/01/31 – NPMFG Insured   | 2/13 at 100.00               | A1          | 1,447,650    |

|        |   |                |     |            |
|--------|---|----------------|-----|------------|
| 4,000  | California, General Obligation Veterans Welfare Bonds, Series 1999BR, 5.300%, 12/01/29 (Alternative Minimum Tax)                                      | 6/11 at 100.00 | AA  | 3,805,680  |
| 6,000  | Hartnell Community College District, California, General Obligation Bonds, Series 2006B, 5.000%, 6/01/29 – AGM Insured (UB)                           | 6/16 at 100.00 | AA+ | 5,911,260  |
| 2,755  | Pomona Unified School District, Los Angeles County, California, General Obligation Refunding Bonds, Series 1997A, 6.150%, 8/01/15 – NPFG Insured      | 8/11 at 103.00 | A   | 2,892,364  |
| 15     | Riverside Community College District, California, General Obligation Bonds, Series 2004A, 5.250%, 8/01/22 – NPFG Insured                              | 8/14 at 100.00 | AA  | 16,276     |
| 135    | Roseville Joint Union High School District, Placer County, California, General Obligation Bonds, Series 2006B, 5.000%, 8/01/27 – FGIC Insured         | 8/15 at 100.00 | AA– | 135,713    |
| 1,355  | San Jose-Evergreen Community College District, Santa Clara County, California, General Obligation Bonds, Series 2005A, 5.000%, 9/01/25 – NPFG Insured | 9/15 at 100.00 | Aa1 | 1,374,526  |
| 8,345  | Yosemite Community College District, California, General Obligation Bonds, Capital Appreciation, Election 2004, Series 2010D, 0.000%, 8/01/42         | No Opt. Call   | Aa2 | 1,827,388  |
| 27,755 | Total Tax Obligation/General  |                |     | 21,133,211 |

Nuveen Investments

39

NCU  
February 28, 2011

Nuveen California Premium Income Municipal Fund (continued)  
Portfolio of Investments

| Principal Amount (000) | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value      |
|------------------------|--|------------------------------|-------------|------------|
|                        | Tax Obligation/Limited – 46.1% (30.1% of Total Investments)  |                              |             |            |
| \$ 1,000               | Bell Community Redevelopment Agency, California, Tax Allocation Bonds, Bell Project Area, Series 2003, 5.625%, 10/01/33 – RAAI Insured   | 10/13 at 100.00              | N/R         | \$ 774,500 |
|                        | California Infrastructure Economic Development Bank, Revenue Bonds, North County Center for Self-Sufficiency Corporation, Series 2004:   |                              |             |            |
| 1,695                  | 5.000%, 12/01/22 – AMBAC Insured   | 12/13 at 100.00              | AA          | 1,725,442  |
| 1,865                  | 5.000%, 12/01/24 – AMBAC Insured   | 12/13 at 100.00              | AA          | 1,880,480  |
| 5,920                  | California State Public Works Board, Lease Revenue Bonds, Department of Veterans Affairs, Southern California Veterans Home – Chula Vista Facility, Series 1999A, 5.600%, 11/01/19 – AMBAC Insured | 5/11 at 100.50               | A2          | 5,965,110  |
| 1,000                  | California State Public Works Board, Lease Revenue Bonds, Various Capital Projects, Series 2009G-1, 5.750%, 10/01/30   | 10/19 at 100.00              | A2          | 987,790    |
| 2,000                  | California State Public Works Board, Lease Revenue Bonds, Various Capital Projects, Series 2009I-1, 6.375%, 11/01/34   | 11/19 at 100.00              | A2          | 2,054,020  |
| 535                    | California, Economic Recovery Revenue Bonds, Series 2004A, 5.000%, 7/01/15   | 7/14 at 100.00               | Aa3         | 583,262    |
| 165                    | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District, Series 2005, 5.000%, 9/01/24 – FGIC Insured                                       | 9/15 at 100.00               | BBB         | 151,564    |
| 500                    | Chino Redevelopment Agency, California, Merged Chino Redevelopment Project Area Tax Allocation Bonds, Series 2006, 5.000%, 9/01/38 – AMBAC Insured   | 9/16 at 101.00               | A–          | 387,400    |
|                        | Irvine, California, Unified School District, Community Facilities District Special Tax Bonds, Series 2006A:  |                              |             |            |
| 75                     | 5.000%, 9/01/26  | 9/16 at 100.00               | N/R         | 66,183     |
| 175                    | 5.125%, 9/01/36  | 9/16 at 100.00               | N/R         | 144,095    |
| 3,500                  | Livermore Redevelopment Agency, California, Tax Allocation Revenue Bonds, Livermore Redevelopment Project Area, Series 2001A, 5.000%, 8/01/26 – NPFG Insured                                       | 8/11 at 100.00               | BBB+        | 3,110,450  |

|        |   |                 |      |            |
|--------|---|-----------------|------|------------|
| 310    | Los Angeles Community Redevelopment Agency, California, Lease Revenue Bonds, Manchester Social Services Project, Series 2005, 5.000%, 9/01/37 – AMBAC Insured | 9/15 at 100.00  | A1   | 250,424    |
| 2,000  | Los Angeles, California, Municipal Improvement Corporation, Lease Revenue Bonds, Police Headquarters, Series 2006A, 4.750%, 1/01/31 – FGIC Insured            | 1/17 at 100.00  | A+   | 1,757,440  |
| 3,230  | Murrieta Redevelopment Agency, California, Tax Allocation Bonds, Series 2005, 5.000%, 8/01/35 – NPFPG Insured   | 8/15 at 100.00  | A–   | 2,553,057  |
| 155    | 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–   | 122,478    |
| 190    | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 – AMBAC Insured  | 8/13 at 100.00  | AA–  | 183,274    |
| 1,500  | Sacramento City Financing Authority, California, Lease Revenue Refunding Bonds, Series 1993A, 5.400%, 11/01/20 – NPFPG Insured                                | No Opt. Call    | A1   | 1,549,545  |
| 3,000  | Sacramento City Financing Authority, California, Lease Revenue Refunding Bonds, Series 1993B, 5.400%, 11/01/20  | No Opt. Call    | A1   | 3,099,090  |
| 2,000  | San Francisco City and County, California, Certificates of Participation, Multiple Capital Improvement Projects, Series 2009A, 5.200%, 4/01/26                | 4/19 at 100.00  | AA–  | 2,020,420  |
|        | San Marcos Public Facilities Authority, California, Revenue Refunding Bonds, Series 1998:   |                 |      |            |
| 1,500  | 5.800%, 9/01/18   | 3/11 at 100.00  | Baa3 | 1,509,135  |
| 1,000  | 5.800%, 9/01/27   | 3/11 at 100.00  | Baa3 | 965,530    |
| 325    | San Mateo Union High School District, San Mateo County, California, Certificates of Participation, Phase 1, Series 2007A, 5.000%, 12/15/30 – AMBAC Insured    | 12/17 at 100.00 | AA–  | 292,653    |
| 2,050  | Santa Barbara County, California, Certificates of Participation, Series 2001, 5.250%, 12/01/19 – AMBAC Insured  | 12/11 at 102.00 | AA+  | 2,148,851  |
| 35,690 | Total Tax Obligation/Limited  |                 |      | 34,282,193 |

40 Nuveen Investments

| Principal Amount (000) | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value      |
|------------------------|--|------------------------------|-------------|------------|
|                        | Transportation – 3.4% (2.2% of Total Investments)  |                              |             |            |
| \$ 780                 | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2006F, 5.000%, 4/01/31 (UB)   | 4/16 at 100.00               | AA          | \$ 782,223 |
| 220                    | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2008, Trust 3211, 13.393%, 10/01/32 (IF)                              | 4/18 at 100.00               | AA          | 207,530    |
| 2,000                  | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Bonds, Series 1995A, 5.000%, 1/01/35  | 7/11 at 100.00               | BBB–        | 1,526,900  |
| 3,000                  | Total Transportation   |                              |             | 2,516,653  |
|                        | U.S. Guaranteed – 13.7% (8.9% of Total Investments) (4)  |                              |             |            |
| 2,000                  | 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         | 2,128,220  |
| 3,000                  | California Infrastructure Economic Development Bank, First Lien Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2003A, 5.000%, 7/01/22 – AGM Insured (ETM) | No Opt. Call                 | AAA         | 3,463,770  |
| 370                    | California, Economic Recovery Revenue Bonds, Series 2004A, 5.000%, 7/01/15 (Pre-refunded 7/01/14)  | 7/14 at 100.00               | AAA         | 418,711    |
| 3,495                  | Orange County Sanitation District, California, Certificates of Participation, Series 2003, 5.250%, 2/01/21 (Pre-refunded 8/01/13) – FGIC Insured                     | 8/13 at 100.00               | AAA         | 3,872,320  |
| 255                    | University of California, General Revenue Bonds, Series 2003A, 5.125%, 5/15/17 (Pre-refunded 5/15/13) – AMBAC Insured (UB)   | 5/13 at 100.00               | Aa1 (4)     | 278,353    |
| 9,120                  | Total U.S. Guaranteed  |                              |             | 10,161,374 |
|                        | Utilities – 8.3% (5.4% of Total Investments)   |                              |             |            |
| 890                    | Long Beach Bond Finance Authority, California, Natural Gas Purchase Revenue Bonds, Series 2007A, 5.500%, 11/15/37  | No Opt. Call                 | A           | 802,041    |
| 275                    | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2003A-2, 5.000%, 7/01/21 – NPPG Insured                                    | 7/13 at 100.00               | AA–         | 290,758    |
| 295                    | 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         | 245,897    |
| 4,580                  | Sacramento Municipal Utility District, California, Electric Revenue Refunding Bonds, Series 2002Q, 5.250%, 8/15/20 – AGM Insured                                     | 8/12 at 100.00               | AA+         | 4,797,184  |
| 6,040                  | Total Utilities  |                              |             | 6,135,880  |
|                        | Water and Sewer – 6.9% (4.5% of Total Investments)   |                              |             |            |
| 1,125                  |  | 6/14 at 100.00               | AA+         | 1,149,491  |

Burbank, California, Wastewater System Revenue  
 Bonds, Series 2004A, 5.000%, 6/01/23 – AMBAC  
 Insured

|     |   |                |     |         |
|-----|---|----------------|-----|---------|
| 205 | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 – NCFG Insured            | 4/16 at 100.00 | AA- | 189,818 |
| 670 | Metropolitan Water District of Southern California, Waterworks Revenue Bonds, Tender Option Bond Trust 09-8B, 17.258%, 7/01/35 (IF) | 7/19 at 100.00 | AAA | 692,566 |

Nuveen Investments

41

NCU  
February 28, 2011

Nuveen California Premium Income Municipal Fund (continued)  
Portfolio of Investments

| Principal Amount (000) | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value         |
|------------------------|--|------------------------------|-------------|---------------|
|                        | Water and Sewer (continued)  |                              |             |               |
| \$ 1,500               | Orange County Water District, California, Revenue Certificates of Participation, Tender Option Bond Trust 11782-1, 17.636%, 2/15/35 (IF) | 8/20 at 100.00               | AAA         | \$ 1,389,420  |
| 1,795                  | Woodbridge Irrigation District, California, Certificates of Participation, Water Systems Project, Series 2003, 5.500%, 7/01/33           | 7/13 at 100.00               | A+          | 1,672,669     |
| 5,295                  | Total Water and Sewer  |                              |             | 5,093,964     |
| \$ 125,154             | Total Investments (cost \$117,924,375) – 153.3%  |                              |             | 113,871,993   |
|                        | Floating Rate Obligations – (9.0)%   |                              |             | (6,650,000)   |
|                        | MuniFund Term Preferred Shares, at Liquidation Value – (47.5)% (6)   |                              |             | (35,250,000)  |
|                        | Other Assets Less Liabilities – 3.2%   |                              |             | 2,303,486     |
|                        | Net Assets Applicable to Common Shares – 100%  |                              |             | \$ 74,275,479 |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
  - (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
  - (3) Ratings (not covered by the report of independent registered public accounting firm): Using the 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.
  - (5) For fair value measurement disclosure purposes, investment categorized as Level 3. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Investment Valuation for more information.
  - (6) MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 31.0%.
- N/R Not rated.
- (ETM) Escrowed to maturity.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. 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.





NAC  
February 28, 2011

Nuveen California Dividend Advantage Municipal Fund  
Portfolio of Investments

| Principal Amount (000) | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value      |
|------------------------|---|------------------------------|-------------|------------|
|                        | Consumer Staples – 6.7% (4.3% of Total Investments)   |                              |             |            |
| \$ 905                 | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Sonoma County Tobacco Securitization Corporation, Series 2005, 4.250%, 6/01/21  | 6/15 at 100.00               | BBB         | \$ 832,238 |
| 7,500                  | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2007A-1, 5.750%, 6/01/47                                     | 6/17 at 100.00               | Baa3        | 5,008,200  |
| 24,265                 | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2007A-2, 0.000%, 6/01/37                                     | 6/22 at 100.00               | Baa3        | 13,905,058 |
| 32,670                 | Total Consumer Staples  |                              |             | 19,745,496 |
|                        | Education and Civic Organizations – 7.0% (4.5% of Total Investments)  |                              |             |            |
| 290                    | California Educational Facilities Authority, Revenue Bonds, University of Redlands, Series 2005A, 5.000%, 10/01/35  | 10/15 at 100.00              | A3          | 244,273    |
| 10,000                 | California Educational Facilities Authority, Revenue Bonds, University of Southern California, Series 2007A, 4.500%, 10/01/33 (UB)                                      | 10/17 at 100.00              | AA+         | 9,193,900  |
|                        | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2006:   |                              |             |            |
| 200                    | 5.000%, 11/01/21  | 11/15 at 100.00              | A2          | 207,532    |
| 265                    | 5.000%, 11/01/25  | 11/15 at 100.00              | A2          | 266,571    |
| 4,685                  | California State Public Works Board, Lease Revenue Bonds, University of California Regents, Tender Option Bond Trust 1065, 9.166%, 3/01/33 (IF)                         | 3/18 at 100.00               | Aa2         | 4,125,330  |
| 610                    | California Statewide Community Development Authority, Revenue Bonds, Notre Dame de Namur University, Series 2003, 6.500%, 10/01/23                                      | 10/13 at 100.00              | N/R         | 567,831    |
| 3,000                  | Long Beach Bond Financing Authority, California, Lease Revenue Refunding Bonds, Long Beach Aquarium of the South Pacific, Series 2001, 5.500%, 11/01/17 – AMBAC Insured | 11/11 at 100.00              | BBB         | 3,022,020  |
| 2,900                  | University of California, General Revenue Bonds, Series 2003A, 5.125%, 5/15/17 – AMBAC Insured (UB)   | 5/13 at 100.00               | Aa1         | 3,119,095  |
| 21,950                 | Total Education and Civic Organizations   |                              |             | 20,746,552 |

| Health Care – 28.5% (18.5% of Total Investments) |  |                 |     |            |
|--|--|-----------------|-----|------------|
| 2,160  | California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A, 5.000%, 3/01/15 | 3/13 at 100.00  | A   | 2,242,771  |
| 660  | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 4/01/37                      | 4/16 at 100.00  | A+  | 556,690    |
| 14,895   | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2007A, 5.250%, 11/15/46 (UB)                          | 11/16 at 100.00 | AA– | 12,789,890 |
| 6,530  | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2011B, 6.000%, 8/15/42                                | 8/20 at 100.00  | AA– | 6,511,455  |
| 1,120  | California Statewide Communities Development Authority, Revenue Bonds, Adventist Health System West, Series 2005A, 5.000%, 3/01/35           | 3/15 at 100.00  | A   | 983,640    |
| 5,500  | California Statewide Communities Development Authority, Revenue Bonds, Sutter Health, Series 2011A, 6.000%, 8/15/42                          | 8/20 at 100.00  | AA– | 5,484,380  |
|  | California Statewide Communities Development Authority, Revenue Bonds, ValleyCare Health System, Series 2007A:                               |                 |     |            |
| 810  | 4.800%, 7/15/17  | No Opt. Call    | N/R | 802,070    |
| 3,325  | 5.125%, 7/15/31  | 7/17 at 100.00  | N/R | 2,718,487  |
| 1,760  | California Statewide Community Development Authority, Revenue Bonds, Daughters of Charity Health System, Series 2005A, 5.250%, 7/01/24       | 7/15 at 100.00  | BBB | 1,621,594  |
| 10,140   | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41                  | 3/16 at 100.00  | A+  | 8,491,439  |
| 3,095  | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2001C, 5.250%, 8/01/31                 | 8/16 at 100.00  | A+  | 2,803,358  |

Nuveen Investments

43

NAC Nuveen California Dividend Advantage Municipal Fund (continued)  
**Portfolio of Investments** February 28, 2011

| Principal<br>Amount (000) | Description (1)  | Optional Call<br>Provisions (2) | Ratings (3) | Value        |
|---------------------------|--|---------------------------------|-------------|--------------|
|                           | Health Care (continued)  |                                 |             |              |
| \$ 9,980                  | 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+         | \$ 9,175,412 |
| 2,250                     | California Statewide Community Development Authority, Revenue Bonds, Methodist Hospital Project, Series 2009, 6.750%, 2/01/38                      | 8/19 at 100.00                  | Aa2         | 2,446,965    |
| 1,586                     | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 18.488%, 7/01/47 – AGM Insured (IF) | 7/18 at 100.00                  | AA+         | 1,166,154    |
| 10,500                    | Duarte, California, Certificates of Participation, City of Hope National Medical Center, Series 1999A, 5.250%, 4/01/31                             | 4/11 at 100.00                  | A+          | 10,047,345   |
| 1,000                     | Loma Linda, California, Hospital Revenue Bonds, Loma Linda University Medical Center, Series 2005A, 5.000%, 12/01/23                               | 12/15 at 100.00                 | BBB         | 857,160      |
| 2,860                     | Loma Linda, California, Hospital Revenue Bonds, Loma Linda University Medical Center, Series 2008A, 8.250%, 12/01/38                               | 12/17 at 100.00                 | BBB         | 3,082,851    |
| 1,000                     | Madera County, California, Certificates of Participation, Children’s Hospital Central California, Series 2010, 5.375%, 3/15/36                     | 3/20 at 100.00                  | A           | 906,310      |
| 1,725                     | Newport Beach, California, Revenue Bonds, Hoag Memorial Hospital Presybyterian, Series 2011A, 6.000%, 12/01/40                                     | 12/21 at 100.00                 | AA          | 1,754,912    |
| 675                       | Oak Valley Hospital District, Stanislaus County, California, Revenue Bonds, Series 2010A, 6.500%, 11/01/29   | 11/20 at 100.00                 | BBB–        | 635,364      |
| 5,450                     | Palomar Pomerado Health Care District, California, Certificates of Participation, Series 2010, 6.000%, 11/01/41                                    | 11/20 at 100.00                 | Baa3        | 4,846,140    |
| 2,570                     | Rancho Mirage Joint Powers Financing Authority, California, Revenue Bonds, Eisenhower Medical Center, Series 2007A, 5.000%, 7/01/38                | 7/17 at 100.00                  | Baa1        | 2,074,324    |
| 3,000                     | Santa Clara County Financing Authority, California, Insured Revenue Bonds, El Camino Hospital, Series 2007A, 5.750%, 2/01/41 – AMBAC Insured       | 8/17 at 100.00                  | A+          | 2,862,150    |
| 92,591                    | Total Health Care  |                                 |             | 84,860,861   |
|                           | Housing/Multifamily – 3.0% (1.9% of Total Investments)   |                                 |             |              |

|       |  |                |      |           |
|-------|--|----------------|------|-----------|
| 2,010 | California Municipal Finance Authority, Mobile Home Park Revenue Bonds, Caritas Projects Series 2010A, 6.400%, 8/15/45   | 8/20 at 100.00 | BBB- | 1,831,552 |
| 4,785 | Contra Costa County, California, Multifamily Housing Revenue Bonds, Delta View Apartments Project, Series 1999C, 6.750%, 12/01/30 (Alternative Minimum Tax)              | 6/11 at 100.00 | N/R  | 4,100,601 |
| 320   | Independent Cities Lease Finance Authority, California, Mobile Home Park Revenue Bonds, San Juan Mobile Estates, Series 2006B, 5.850%, 5/15/41                           | 5/16 at 100.00 | N/R  | 263,350   |
| 1,725 | Rohnert Park Finance Authority, California, Senior Lien Revenue Bonds, Rancho Feliz Mobile Home Park, Series 2003A, 5.750%, 9/15/38                                      | 9/13 at 100.00 | A+   | 1,591,071 |
| 1,120 | Rohnert Park Finance Authority, California, Subordinate Lien Revenue Bonds, Rancho Feliz Mobile Home Park, Series 2003B, 6.625%, 9/15/38                                 | 9/13 at 100.00 | N/R  | 1,077,138 |
| 9,960 | Total Housing/Multifamily<br>Housing/Single Family – 0.5% (0.3% of Total Investments)  |                |      | 8,863,712 |
| 410   | 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    | 416,466   |
| 2,395 | California Housing Finance Agency, Home Mortgage Revenue Bonds, Tender Option Bond Trust 3206, 8.530%, 2/01/24 (Alternative Minimum Tax) (IF)                            | 2/17 at 100.00 | A    | 1,123,902 |
| 2,805 | Total Housing/Single Family<br>Industrials – 0.4% (0.2% of Total Investments)  |                |      | 1,540,368 |
| 5,120 | California Statewide Communities Development Authority, Revenue Bonds, EnerTech Regional Biosolids Project, Series 2007A, 5.500%, 12/01/33 (Alternative Minimum Tax) (4) | No Opt. Call   | CCC+ | 1,144,627 |

| Principal Amount (000) | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value        |
|------------------------|---|------------------------------|-------------|--------------|
|                        | Long-Term Care – 2.6% (1.7% of Total Investments)   |                              |             |              |
| \$ 1,000               | California Municipal Finance Authority, Revenue Bonds, Harbor Regional Center Project, Series 2009, 8.000%, 11/01/29  | 11/19 at 100.00              | Baa1        | \$ 1,067,400 |
| 8,500                  | Riverside County Public Financing Authority, California, Certificates of Participation, Air Force Village West, Series 1999, 5.800%, 5/15/29                        | 5/11 at 100.00               | BB–         | 6,676,495    |
| 9,500                  | Total Long-Term Care  |                              |             | 7,743,895    |
|                        | Tax Obligation/General – 22.4% (14.6% of Total Investments)   |                              |             |              |
| 10,000                 | California State, General Obligation Bonds, Various Purpose Series 2009, 6.000%, 11/01/39   | 11/19 at 100.00              | A1          | 10,343,900   |
|                        | California State, General Obligation Bonds, Various Purpose Series 2010:  |                              |             |              |
| 5,000                  | 6.000%, 3/01/33   | 3/20 at 100.00               | A1          | 5,257,250    |
| 8,000                  | 5.500%, 3/01/40   | 3/20 at 100.00               | A1          | 7,948,320    |
| 4,435                  | California, General Obligation Refunding Bonds, Series 2002, 6.000%, 4/01/16 – AMBAC Insured  | No Opt. Call                 | A1          | 5,133,158    |
| 38,365                 | Chabot-Las Positas Community College District, California, General Obligation Bonds, Series 2006C, 0.000%, 8/01/41 – AMBAC Insured                                  | 8/16 at 28.46                | Aa1         | 4,577,712    |
| 3,425                  | Coast Community College District, Orange County, California, General Obligation Bonds, Series 2006C, 0.000%, 8/01/31 – AGM Insured                                  | 8/18 at 100.00               | AA+         | 2,766,099    |
| 5,150                  | Hacienda La Puente Unified School District Facilities Financing Authority, California, General Obligation Revenue Bonds, Series 2007, 5.000%, 8/01/26 – AGM Insured | No Opt. Call                 | AA+         | 5,431,087    |
| 5,210                  | Oak Valley Hospital District, Stanislaus County, California, General Obligation Bonds, Series 2005, 5.000%, 7/01/35 – FGIC Insured                                  | 7/14 at 101.00               | A1          | 4,553,175    |
| 575                    | Roseville Joint Union High School District, Placer County, California, General Obligation Bonds, Series 2006B, 5.000%, 8/01/27 – FGIC Insured                       | 8/15 at 100.00               | AA–         | 578,036      |
| 5,000                  | San Diego Unified School District, San Diego County, California, General Obligation Bonds, Series 2003E, 5.250%, 7/01/20 – AGM Insured                              | 7/13 at 101.00               | AA+         | 5,512,900    |
| 3,605                  | West Contra Costa Unified School District, Contra Costa County, California, General Obligation Bonds, Series 2003B, 5.000%, 8/01/21 – AGM Insured                   | 8/11 at 101.00               | AA+         | 3,694,007    |
| 50,070                 | Yosemite Community College District, California, General Obligation Bonds, Capital Appreciation, Election 2004, Series 2010D, 0.000%, 8/01/42                       | No Opt. Call                 | Aa2         | 10,964,329   |
| 138,835                | Total Tax Obligation/General  |                              |             | 66,759,973   |

Tax Obligation/Limited – 36.9% (23.9% of Total Investments)

| Beaumont Financing Authority, California, Local Agency Revenue Bonds, Series 2004D:  |  |                 |     |  |           |
|--|--|-----------------|-----|--|-----------|
| 1,000  | 5.500%, 9/01/24  | 9/14 at 102.00  | N/R |  | 910,150   |
| 615  | 5.800%, 9/01/35  | 9/14 at 102.00  | N/R |  | 535,548   |
| 1,910  | Borrego Water District, California, Community Facilities District 2007-1 Montesoro, Special Tax Bonds, Series 2007, 5.750%, 8/01/25 (4), (5)                 | 8/17 at 102.00  | N/R |  | 1,229,601 |
| 1,990  | Brentwood Infrastructure Financing Authority, California, Infrastructure Revenue Refunding Bonds, Series 2002A, 5.125%, 9/02/24 – AGM Insured                | 9/12 at 100.00  | AA+ |  | 2,024,905 |
| Brentwood Infrastructure Financing Authority, Contra Costa County, California, Capital Improvement Revenue Bonds, Series 2001: |  |                 |     |  |           |
| 1,110  | 5.375%, 11/01/18 – AGM Insured   | 11/11 at 100.00 | AA+ |  | 1,140,170 |
| 1,165  | 5.375%, 11/01/19 – AGM Insured   | 11/11 at 100.00 | AA+ |  | 1,196,106 |
| 1,000  | California State Public Works Board, Lease Revenue Bonds, Various Capital Projects, Series 2009G-1, 5.750%, 10/01/30   | 10/19 at 100.00 | A2  |  | 987,790   |
| 2,000  | California State Public Works Board, Lease Revenue Bonds, Various Capital Projects, Series 2009I-1, 6.375%, 11/01/34   | 11/19 at 100.00 | A2  |  | 2,054,020 |
| 2,000  | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District 90-2 – Talega, Series 2003, 6.000%, 9/01/33  | 9/13 at 100.00  | N/R |  | 1,834,100 |
| 710  | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District, Series 2005, 5.000%, 9/01/24 – FGIC Insured | 9/15 at 100.00  | BBB |  | 652,185   |
| 1,225  | Chino Redevelopment Agency, California, Merged Chino Redevelopment Project Area Tax Allocation Bonds, Series 2006, 5.000%, 9/01/38 – AMBAC Insured           | 9/16 at 101.00  | A–  |  | 949,130   |

Nuveen Investments

45

NAC Nuveen California Dividend Advantage Municipal Fund (continued)  
**Portfolio of Investments** February 28, 2011

| Principal<br>Amount (000) | Description (1)   | Optional Call<br>Provisions (2) | Ratings (3) | Value        |
|---------------------------|---|---------------------------------|-------------|--------------|
|                           | Tax Obligation/Limited (continued)  |                                 |             |              |
| \$ 3,490                  | Fontana, California, Senior Special Tax Refunding Bonds, Heritage Village Community Facilities District 2, Series 1998A, 5.250%, 9/01/17 – NPFG Insured           | 3/11 at 100.00                  | Baa1        | \$ 3,548,004 |
| 1,125                     | Fontana, California, Special Tax Bonds, Sierra Community Facilities District 22, Series 2004, 6.000%, 9/01/34   | 9/14 at 100.00                  | N/R         | 1,005,649    |
| 3,980                     | Garden Grove, California, Certificates of Participation, Financing Project, Series 2002A, 5.500%, 3/01/22 – AMBAC Insured   | 3/12 at 101.00                  | A           | 4,139,200    |
| 31,090                    | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Revenue Bonds, Series 2005A, 5.000%, 6/01/35 – FGIC Insured | 6/15 at 100.00                  | AA+         | 27,140,326   |
| 2,850                     | Hesperia Community Redevelopment Agency, California, Tax Allocation Bonds, Series 2005A, 5.000%, 9/01/35 – SYNCORA GTY Insured                                    | 9/15 at 100.00                  | BBB–        | 2,123,820    |
| 4,500                     | Inglewood Redevelopment Agency, California, Tax Allocation Refunding Bonds, Merged Area Redevelopment Project, Series 1998A, 5.250%, 5/01/23 – AMBAC Insured      | No Opt. Call                    | N/R         | 4,332,375    |
|                           | Irvine, California, Unified School District, Community Facilities District Special Tax Bonds, Series 2006A:   |                                 |             |              |
| 325                       | 5.000%, 9/01/26   | 9/16 at 100.00                  | N/R         | 286,793      |
| 755                       | 5.125%, 9/01/36   | 9/16 at 100.00                  | N/R         | 621,667      |
| 675                       | Lammersville School District, San Joaquin County, California, Community Facilities District 2002, Mountain House Special Tax Bonds, Series 2006, 5.125%, 9/01/35  | 9/16 at 100.00                  | N/R         | 521,195      |
| 2,000                     | Lee Lake Water District, Riverside County, California, Special Tax Bonds, Community Facilities District 1 of Sycamore Creek, Series 2003, 6.500%, 9/01/24         | 9/13 at 102.00                  | N/R         | 1,973,520    |
| 1,000                     | Lindsay Redevelopment Agency, California, Project 1 Tax Allocation Bonds, Series 2007, 5.000%, 8/01/37 – RAAI Insured   | 8/17 at 100.00                  | BBB+        | 758,670      |
| 1,290                     | 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          | 1,042,088    |

|       |  |                 |      |           |
|-------|--|-----------------|------|-----------|
| 1,530 | Moreno Valley Unified School District, Riverside County, California, Certificates of Participation, Series 2005, 5.000%, 3/01/24 – AGM Insured                       | 3/14 at 100.00  | AA+  | 1,542,301 |
| 3,500 | Murrieta Redevelopment Agency, California, Tax Allocation Bonds, Series 2007A, 5.000%, 8/01/37 – NPFPG Insured   | 8/17 at 100.00  | A–   | 2,726,325 |
| 9,200 | Norco Redevelopment Agency, California, Tax Allocation Refunding Bonds, Project Area 1, Series 2001, 5.000%, 3/01/19 – NPFPG Insured                                 | 3/11 at 102.00  | A    | 9,211,040 |
|       | North Natomas Community Facilities District 4, Sacramento, California, Special Tax Bonds, Series 2006D:  |                 |      |           |
| 535   | 5.000%, 9/01/26  | 9/14 at 102.00  | N/R  | 455,456   |
| 245   | 5.000%, 9/01/33  | 9/14 at 102.00  | N/R  | 194,305   |
| 3,290 | Oakland Redevelopment Agency, California, Subordinate Lien Tax Allocation Bonds, Central District Redevelopment Project, Series 2003, 5.500%, 9/01/16 – FGIC Insured | 3/13 at 100.00  | A–   | 3,366,525 |
| 5,600 | Palm Springs Financing Authority, California, Lease Revenue Refunding Bonds, Convention Center Project, Series 2001A, 5.000%, 11/01/22 – NPFPG Insured               | 11/11 at 101.00 | Baa1 | 5,655,440 |
| 1,000 | Palmdale Community Redevelopment Agency, California, Tax Allocation Bonds, Merged Redevelopment Project Areas, Series 2004, 5.000%, 12/01/24 – AMBAC Insured         | 12/14 at 100.00 | A–   | 973,540   |
| 1,570 | Poway Redevelopment Agency, California, Tax Allocation Refunding Bonds, Paguay Redevelopment Project, Series 2000, 5.750%, 6/15/33 – NPFPG Insured                   | 12/12 at 100.00 | Baa1 | 1,457,415 |
| 620   | 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–   | 489,912   |
| 1,860 | Riverside Redevelopment Agency, California, Tax Allocation Refunding Bonds, Merged Project Areas, Series 2003, 5.250%, 8/01/22 – NPFPG Insured                       | 8/13 at 100.00  | A–   | 1,815,937 |
| 770   | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 – AMBAC Insured   | 8/13 at 100.00  | AA–  | 742,742   |
| 2,500 | Sacramento City Financing Authority, California, Lease Revenue Refunding Bonds, Series 1993A, 5.400%, 11/01/20 – AMBAC Insured                                       | No Opt. Call    | A1   | 2,582,575 |



| Principal Amount (000) | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value        |
|------------------------|---|------------------------------|-------------|--------------|
|                        | Tax Obligation/Limited (continued)  |                              |             |              |
| \$ 1,150               | Sacramento, California, Special Tax Bonds, North Natomas Community Facilities District 4, Series 2003C, 6.000%, 9/01/33                               | 9/14 at 100.00               | N/R         | \$ 1,054,608 |
| 2,695                  | San Jose Financing Authority, California, Lease Revenue Refunding Bonds, Civic Center Project, Series 2002B, 5.250%, 6/01/19 – AMBAC Insured          | 6/12 at 100.00               | AA+         | 2,799,728    |
| 1,000                  | San Jose Redevelopment Agency, California, Housing Set-Aside Tax Allocation Bonds, Merged Area Redevelopment Project, Series 2010A-1, 5.500%, 8/01/35 | 8/20 at 100.00               | A1          | 845,580      |
| 5,000                  | Santa Ana Community Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2011A, 6.750%, 9/01/28                        | 3/21 at 100.00               | A           | 5,153,900    |
| 1,200                  | Turlock Public Financing Authority, California, Tax Allocation Revenue Bonds, Series 2011, 7.500%, 9/01/39  | 3/21 at 100.00               | BBB+        | 1,209,456    |
| 1,000                  | Washington Unified School District, Yolo County, California, Certificates of Participation, Series 2007, 5.125%, 8/01/37 – AMBAC Insured              | 8/17 at 100.00               | A           | 910,520      |
| 600                    | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Refunding Series 2009A, 8.625%, 9/01/39        | 9/14 at 105.00               | N/R         | 631,206      |
| 2,810                  | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Series 2003B, 7.000%, 9/01/38                  | 9/13 at 103.00               | N/R         | 2,482,466    |
| 2,000                  | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Series 2004B, 6.000%, 9/01/39                  | 9/13 at 102.00               | N/R         | 1,540,740    |
| 1,350                  | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 2001-1, Series 2004A, 6.125%, 9/01/39                | 9/13 at 103.00               | N/R         | 1,058,724    |
| 118,830                | Total Tax Obligation/Limited  |                              |             | 109,907,453  |
|                        | Transportation – 14.1% (9.2% of Total Investments)  |                              |             |              |
| 1,430                  | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2006F, 5.000%, 4/01/31 (UB)                            | 4/16 at 100.00               | AA          | 1,434,076    |
| 830                    | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2008, Trust 3211, 13.393%, 10/01/32 (IF)               | 4/18 at 100.00               | AA          | 782,956      |
| 11,150                 | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 5.750%, 1/15/40                          | 7/11 at 100.50               | BBB–        | 9,329,317    |
| 8,515                  | Los Angeles Harbors Department, California, Revenue Refunding Bonds, Series 2001B, 5.500%, 8/01/18 – AMBAC Insured (Alternative Minimum Tax)          | 8/11 at 100.00               | AA          | 8,639,915    |

|        |   |                    |         |            |
|--------|---|--------------------|---------|------------|
| 120    | Palm Springs Financing Authority, California,<br>Palm Springs International Airport Revenue Bonds,<br>Series 2006, 5.450%, 7/01/20 (Alternative<br>Minimum Tax)             | 7/14 at 102.00     | N/R     | 107,124    |
| 22,825 | Port of Oakland, California, Revenue Bonds, Series<br>2000K, 5.750%, 11/01/29 – FGIC Insured  | 5/11 at 100.00     | A       | 21,756,334 |
| 44,870 | Total Transportation<br>U.S. Guaranteed – 18.5% (12.0% of Total<br>Investments) (6)   |                    |         | 42,049,722 |
| 9,750  | California Department of Water Resources, Power<br>Supply Revenue Bonds, Series 2002A, 5.125%,<br>5/01/18 (Pre-refunded 5/01/12)  | 5/12 at 101.00     | Aaa     | 10,375,073 |
| 115    | California Department of Water Resources, Water<br>System Revenue Bonds, Central Valley Project,<br>Series 2001W, 5.250%, 12/01/22 (Pre-refunded<br>12/01/11) – AGM Insured | 12/11 at<br>100.00 | AAA     | 119,310    |
| 715    | California Statewide Community Development<br>Authority, Revenue Bonds, Thomas Jefferson<br>School of Law, Series 2005A, 4.875%, 10/01/31<br>(Pre-refunded 10/01/15)        | 10/15 at<br>100.00 | N/R (6) | 791,162    |
| 3,840  | Golden State Tobacco Securitization Corporation,<br>California, Tobacco Settlement Asset-Backed<br>Bonds, Series 2003A-1, 6.250%, 6/01/33<br>(Pre-refunded 6/01/13)         | 6/13 at 100.00     | AAA     | 4,174,886  |
| 1,940  | Lincoln, California, Special Tax Bonds, Lincoln<br>Crossing Community Facilities District 03-1, Series<br>2003A, 6.500%, 9/01/25 (Pre-refunded 9/01/13)                     | 9/13 at 102.00     | N/R (6) | 2,245,628  |
| 1,335  | Lincoln, California, Special Tax Bonds, Lincoln<br>Crossing Community Facilities District 03-1, Series<br>2004, 6.000%, 9/01/34 (Pre-refunded 9/01/13)                      | 9/13 at 102.00     | N/R (6) | 1,528,802  |

Nuveen Investments

47

NAC Nuveen California Dividend Advantage Municipal Fund (continued)  
**Portfolio of Investments** February 28, 2011

| Principal Amount (000) | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value         |
|------------------------|--|------------------------------|-------------|---------------|
|                        | U.S. Guaranteed (6) (continued)  |                              |             |               |
| \$ 10,845              | Los Angeles Unified School District, California, General Obligation Bonds, Series 2002E, 5.000%, 7/01/19 (Pre-refunded 7/01/12) – NPMFG Insured  | 7/12 at 100.00               | AA– (6)     | \$ 11,503,508 |
|                        | Northern California Tobacco Securitization Authority, Tobacco Settlement Asset-Backed Bonds, Series 2001A:   |                              |             |               |
| 1,500                  | 5.250%, 6/01/31 (Pre-refunded 6/01/11)   | 6/11 at 100.00               | AAA         | 1,519,140     |
| 4,500                  | 5.375%, 6/01/41 (Pre-refunded 6/01/11)   | 6/11 at 100.00               | AAA         | 4,558,860     |
| 5,840                  | Orange County Water District, California, Revenue Certificates of Participation, Series 1999A, 5.375%, 8/15/29 (ETM)   | 5/11 at 100.00               | N/R (6)     | 6,383,295     |
| 5,115                  | San Francisco City and County Public Utilities Commission, California, Water Revenue Bonds, Series 2002A, 5.000%, 11/01/18 (Pre-refunded 11/01/12) – NPMFG Insured   | 11/12 at 100.00              | Aa2 (6)     | 5,492,589     |
| 2,860                  | Tobacco Securitization Authority of Southern California, Tobacco Settlement Asset-Backed Bonds, San Diego County Tobacco Asset Securitization Corporation, Senior Series 2001A, 5.250%, 6/01/27 (Pre-refunded 6/01/12) | 6/12 at 100.00               | AAA         | 3,025,508     |
| 600                    | University of California, General Revenue Bonds, Series 2003A, 5.125%, 5/15/17 (Pre-refunded 5/15/13) – AMBAC Insured (UB)   | 5/13 at 100.00               | Aa1 (6)     | 654,948       |
| 2,500                  | Whittier, California, Health Facility Revenue Bonds, Presbyterian Intercommunity Hospital, Series 2002, 5.600%, 6/01/22 (Pre-refunded 6/01/12)   | 6/12 at 101.00               | N/R (6)     | 2,685,375     |
| 51,455                 | Total U.S. Guaranteed Utilities – 4.6% (3.0% of Total Investments)   |                              |             | 55,058,084    |
| 3,630                  | Imperial Irrigation District, California, Certificates of Participation, Electric System Revenue Bonds, Series 2003, 5.250%, 11/01/23 – AGM Insured  | 11/13 at 100.00              | AA+         | 3,871,758     |
| 3,775                  | Long Beach Bond Finance Authority, California, Natural Gas Purchase Revenue Bonds, Series 2007A, 5.000%, 11/15/35  | No Opt. Call                 | A           | 3,205,579     |
| 5,500                  | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2005A-1, 5.000%, 7/01/31 – AGM Insured (UB)  | 7/15 at 100.00               | AA+         | 5,513,475     |
| 1,270                  | 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         | 1,058,609     |
| 14,175                 | Total Utilities  |                              |             | 13,649,421    |

Water and Sewer – 9.1% (5.9% of Total Investments)

|       |  |                 |     |           |
|-------|--|-----------------|-----|-----------|
| 875   | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 – NPFG Insured           | 4/16 at 100.00  | AA– | 810,198   |
| 2,500 | Indio Water Authority, California, Water Revenue Bonds, Series 2006, 5.000%, 4/01/31 – AMBAC Insured                               | 4/16 at 100.00  | A+  | 2,333,175 |
| 835   | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 – NPFG Insured      | 6/16 at 100.00  | AA– | 794,586   |
| 8,250 | Pico Rivera Water Authority, California, Revenue Bonds, Series 2001A, 6.250%, 12/01/32   | 12/11 at 102.00 | N/R | 7,311,563 |
| 2,250 | Sacramento County Sanitation District Financing Authority, California, Revenue Bonds, Series 2006, 5.000%, 12/01/31 – FGIC Insured | 6/16 at 100.00  | AA  | 2,260,665 |

48 Nuveen Investments

| Principal Amount (000) | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value          |
|------------------------|---|------------------------------|-------------|----------------|
|                        | Water and Sewer (continued)   |                              |             |                |
| \$ 11,000              | San Diego Public Facilities Financing Authority, California, Sewerage Revenue Bonds, Refunding Series 2010A, 5.250%, 5/15/26          | 5/20 at 100.00               | Aa3         | \$ 11,539,660  |
| 2,000                  | West Basin Municipal Water District, California, Certificates of Participation, Refunding Series 2008B, 5.000%, 8/01/28 – AGC Insured | 8/18 at 100.00               | AA+         | 2,017,194      |
| 27,710                 | Total Water and Sewer   |                              |             | 27,067,041     |
| \$ 570,471             | Total Investments (cost \$488,322,547) – 154.3%   |                              |             | 459,137,205    |
|                        | Floating Rate Obligations – (9.6)%  |                              |             | (28,545,000)   |
|                        | Other Assets Less Liabilities – 0.8%  |                              |             | 2,561,875      |
|                        | Auction Rate Preferred Shares, at Liquidation Value – (45.5)% (7)   |                              |             | (135,525,000)  |
|                        | Net Assets Applicable to Common Shares – 100%   |                              |             | \$ 297,629,080 |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
  - (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
  - (3) Ratings (not covered by the report of independent registered public accounting firm): Using the 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) The Fund’s Adviser has concluded this issue is not likely to meet its future interest payment obligations and has directed the Fund’s custodian to cease accruing additional income on the Fund’s records.
  - (5) For fair value measurement disclosure purposes, investment categorized as Level 3. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Investment Valuation for more information.
  - (6) 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.
  - (7) Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments is 29.5%.
- N/R Not rated.
- (ETM) Escrowed to maturity.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. 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.



NVX  
February 28, 2011

Nuveen California Dividend Advantage Municipal Fund 2  
Portfolio of Investments

| Principal Amount (000) | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value      |
|------------------------|--|------------------------------|-------------|------------|
|                        | Consumer Staples – 7.2% (4.8% of Total Investments)  |                              |             |            |
| \$ 560                 | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Sonoma County Tobacco Securitization Corporation, Series 2005, 4.250%, 6/01/21 | 6/15 at 100.00               | BBB         | \$ 514,976 |
| 4,230                  | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Stanislaus County Tobacco Funding Corporation, Series 2002A, 5.500%, 6/01/33   | 6/12 at 100.00               | Baa3        | 3,461,747  |
| 4,000                  | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2007A-1, 5.750%, 6/01/47                                    | 6/17 at 100.00               | Baa3        | 2,671,040  |
| 13,480                 | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2007A-2, 0.000%, 6/01/37                                    | 6/22 at 100.00               | Baa3        | 7,724,714  |
| 22,270                 | Total Consumer Staples   |                              |             | 14,372,477 |
|                        | Education and Civic Organizations – 9.1% (6.0% of Total Investments)   |                              |             |            |
| 2,000                  | California Educational Facilities Authority, Revenue Bonds, Stanford University, Series 2001Q, 5.250%, 12/01/32  | 6/11 at 101.00               | AAA         | 2,035,360  |
| 2,745                  | California Educational Facilities Authority, Revenue Bonds, University of Southern California, Tender Option Bond Trust 09-11B, 17.400%, 10/01/38 (IF)                 | 10/18 at 100.00              | AA+         | 2,574,810  |
|                        | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2006:  |                              |             |            |
| 125                    | 5.000%, 11/01/21   | 11/15 at 100.00              | A2          | 129,708    |
| 165                    | 5.000%, 11/01/25   | 11/15 at 100.00              | A2          | 165,978    |
| 2,250                  | California Educational Facilities Authority, Student Loan Revenue Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 – NPMF Insured (Alternative Minimum Tax)      | 3/11 at 100.00               | Baa1        | 2,249,888  |
| 2,500                  | California Municipal Finance Authority, Revenue Bonds, University of La Verne, Series 2010A, 6.250%, 6/01/40   | 6/20 at 100.00               | Baa2        | 2,421,500  |
| 2,945                  | California State Public Works Board, Lease Revenue Bonds, University of California Regents, Tender Option Bond Trust 1065, 9.166%, 3/01/33                             | 3/18 at 100.00               | Aa2         | 2,593,190  |

|        |   |                 |      |            |
|--------|---|-----------------|------|------------|
|        | (IF)  |                 |      |            |
| 615    | California Statewide Community Development Authority, Revenue Bonds, Notre Dame de Namur University, Series 2003, 6.500%, 10/01/23                                      | 10/13 at 100.00 | N/R  | 572,485    |
| 3,000  | Long Beach Bond Financing Authority, California, Lease Revenue Refunding Bonds, Long Beach Aquarium of the South Pacific, Series 2001, 5.250%, 11/01/30 – AMBAC Insured | 11/11 at 101.00 | BBB  | 2,648,820  |
| 2,680  | University of California, General Revenue Bonds, Series 2003A, 5.000%, 5/15/33 – AMBAC Insured (UB)   | 5/13 at 100.00  | Aa1  | 2,618,306  |
| 19,025 | Total Education and Civic Organizations Health Care – 25.8% (17.0% of Total Investments)  |                 |      | 18,010,045 |
| 2,000  | California Health Facilities Financing Authority, Revenue Bonds, Casa Colina Inc., Series 2001, 6.000%, 4/01/22   | 4/12 at 100.00  | BBB+ | 2,009,600  |
| 415    | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 4/01/37   | 4/16 at 100.00  | A+   | 350,040    |
| 9,260  | California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2007A, 5.250%, 11/15/46 (UB)   | 11/16 at 100.00 | AA–  | 7,951,284  |
| 500    | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31                                       | 8/11 at 102.00  | A+   | 480,505    |
| 4,215  | California Municipal Financing Authority, Certificates of Participation, Community Hospitals of Central California, Series 2007, 5.250%, 2/01/27                        | 2/17 at 100.00  | Baa2 | 3,754,427  |
| 2,520  | California Statewide Communities Development Authority, Revenue Bonds, Adventist Health System West, Series 2005A, 5.000%, 3/01/35                                      | 3/15 at 100.00  | A    | 2,213,190  |
|        | California Statewide Communities Development Authority, Revenue Bonds, ValleyCare Health System, Series 2007A:  |                 |      |            |
| 810    | 4.800%, 7/15/17   | No Opt. Call    | N/R  | 802,070    |
| 2,225  | 5.125%, 7/15/31   | 7/17 at 100.00  | N/R  | 1,819,138  |

50 Nuveen Investments



| Principal Amount (000) | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value        |
|------------------------|---|------------------------------|-------------|--------------|
|                        | Health Care (continued)   |                              |             |              |
| \$ 2,185               | California Statewide Community Development Authority, Health Facility Revenue Refunding Bonds, Memorial Health Services, Series 2003A, 6.000%, 10/01/11 | No Opt. Call                 | AA-         | \$ 2,254,833 |
| 2,500                  | California Statewide Community Development Authority, Hospital Revenue Bonds, Monterey Peninsula Hospital, Series 2003B, 5.250%, 6/01/18 – AGM Insured  | 6/13 at 100.00               | AA+         | 2,658,175    |
| 5,250                  | California Statewide Community Development Authority, Revenue Bonds, Daughters of Charity Health System, Series 2005A, 5.250%, 7/01/35                  | 7/15 at 100.00               | BBB         | 4,358,130    |
| 1,755                  | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41                             | 3/16 at 100.00               | A+          | 1,469,672    |
| 425                    | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2001C, 5.250%, 8/01/31                            | 8/16 at 100.00               | A+          | 384,952      |
| 1,000                  | California Statewide Community Development Authority, Revenue Bonds, Sutter Health, Series 2004D, 5.050%, 8/15/38 – AGM Insured                         | 8/18 at 100.00               | AA+         | 930,580      |
|                        | California Statewide Community Development Authority, Revenue Bonds, Sutter Health, Series 2005A:   |                              |             |              |
| 2,705                  | 5.000%, 11/15/43  | 11/15 at 100.00              | AA-         | 2,288,619    |
| 3,315                  | 5.000%, 11/15/43 (UB)   | 11/15 at 100.00              | AA-         | 2,804,722    |
|                        | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554:  |                              |             |              |
| 1,325                  | 18.455%, 7/01/47 – AGM Insured (IF)   | 7/18 at 100.00               | AA+         | 974,246      |
| 998                    | 18.488%, 7/01/47 – AGM Insured (IF)   | 7/18 at 100.00               | AA+         | 733,442      |
| 2,000                  | Loma Linda, California, Hospital Revenue Bonds, Loma Linda University Medical Center, Series 2008A, 8.250%, 12/01/38                                    | 12/17 at 100.00              | BBB         | 2,155,840    |
| 1,610                  | Madera County, California, Certificates of Participation, Children's Hospital Central California, Series 2010, 5.375%, 3/15/36                          | 3/20 at 100.00               | A           | 1,459,159    |
| 455                    | Oak Valley Hospital District, Stanislaus County, California, Revenue Bonds, Series 2010A, 6.500%, 11/01/29  | 11/20 at 100.00              | BBB-        | 428,282      |
| 4,800                  | Palomar Pomerado Health Care District, California, Certificates of Participation, Series 2010, 6.000%, 11/01/41   | 11/20 at 100.00              | Baa3        | 4,268,160    |
| 5,785                  |   | 7/17 at 100.00               | Baa1        | 4,669,247    |

|                    |  |                |      |            |
|--------------------|--|----------------|------|------------|
|                    | Rancho Mirage Joint Powers Financing Authority,<br>California, Revenue Bonds, Eisenhower Medical<br>Center, Series 2007A, 5.000%, 7/01/38  |                |      |            |
| 58,053             | Total Health Care  |                |      | 51,218,313 |
|                    | Housing/Multifamily – 6.1% (4.0% of Total<br>Investments)  |                |      |            |
| 1,330              | California Municipal Finance Authority, Mobile<br>Home Park Revenue Bonds, Caritas Projects Series<br>2010A, 6.400%, 8/15/45   | 8/20 at 100.00 | BBB– | 1,211,923  |
| 5,962              | California Statewide Community Development<br>Authority, Multifamily Housing Revenue<br>Refunding Bonds, Claremont Village Apartments,<br>Series 2001D, 5.500%, 6/01/31 (Mandatory put<br>6/01/16) (Alternative Minimum Tax) | 6/11 at 102.00 | AAA  | 6,104,909  |
| 205                | Independent Cities Lease Finance Authority,<br>California, Mobile Home Park Revenue Bonds, San<br>Juan Mobile Estates, Series 2006B, 5.850%,<br>5/15/41  | 5/16 at 100.00 | N/R  | 168,709    |
| 1,055              | Rohnert Park Finance Authority, California, Senior<br>Lien Revenue Bonds, Rancho Feliz Mobile Home<br>Park, Series 2003A, 5.750%, 9/15/38  | 9/13 at 100.00 | A+   | 973,090    |
| 700                | Rohnert Park Finance Authority, California,<br>Subordinate Lien Revenue Bonds, Rancho Feliz<br>Mobile Home Park, Series 2003B, 6.625%, 9/15/38   | 9/13 at 100.00 | N/R  | 673,211    |
| 3,045              | Yucaipa Redevelopment Agency, California,<br>Mobile Home Park Revenue Bonds, Rancho del Sol<br>and Grandview, Series 2001A, 6.750%, 5/15/36  | 5/11 at 102.00 | N/R  | 3,024,507  |
| 12,297             | Total Housing/Multifamily  |                |      | 12,156,349 |
| Nuveen Investments |  |                |      | 51         |

| Nuveen California Dividend Advantage Municipal Fund 2 (continued) |  |                              |             |       |            |
|---|--|------------------------------|-------------|-------|------------|
| Portfolio of Investments  |  |                              |             |       |            |
| February 28, 2011   |  |                              |             |       |            |
| Principal Amount (000)  | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value |            |
|   | Housing/Single Family – 2.8% (1.9% of Total Investments)   |                              |             |       |            |
| \$ 250  | 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           | \$    | 253,943    |
| 5,775   | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2006M, 4.650%, 8/01/31 (Alternative Minimum Tax)  | 2/16 at 100.00               | A           |       | 5,017,031  |
| 390   | California Rural Home Mortgage Finance Authority, Mortgage-Backed Securities Program Single Family Mortgage Revenue Bonds, Series 2001A, 5.650%, 12/01/31 (Alternative Minimum Tax)                      | 6/11 at 102.00               | A–          |       | 401,411    |
| 6,415   | Total Housing/Single Family  |                              |             |       | 5,672,385  |
|   | Industrials – 1.0% (0.7% of Total Investments)   |                              |             |       |            |
| 1,250   | California Pollution Control Financing Authority, Solid Waste Disposal Revenue Bonds, Waste Management Inc., Series 2002A, 5.000%, 1/01/22 (Alternative Minimum Tax)                                     | 1/16 at 102.00               | BBB         |       | 1,255,738  |
| 3,175   | California Statewide Communities Development Authority, Revenue Bonds, EnerTech Regional Biosolids Project, Series 2007A, 5.500%, 12/01/33 (Alternative Minimum Tax) (4)                                 | No Opt. Call                 | CCC+        |       | 709,803    |
| 4,425   | Total Industrials  |                              |             |       | 1,965,541  |
|   | Long-Term Care – 2.4% (1.6% of Total Investments)  |                              |             |       |            |
| 1,550   | California Health Facilities Financing Authority, Cal-Mortgage Insured Revenue Bonds, Northern California Retired Officers Community Corporation – Paradise Valley Estates, Series 2002, 5.125%, 1/01/22 | 1/13 at 100.00               | A–          |       | 1,565,485  |
| 3,750   | California Statewide Communities Development Authority, Revenue Bonds, Inland Regional Center Project, Series 2007, 5.375%, 12/01/37   | 12/17 at 100.00              | Baa1        |       | 3,221,963  |
| 5,300   | Total Long-Term Care   |                              |             |       | 4,787,448  |
|   | Tax Obligation/General – 21.5% (14.2% of Total Investments)  |                              |             |       |            |
| 10,000  | California State, General Obligation Bonds, Series 2006CD, 4.600%, 12/01/32 (Alternative Minimum Tax)  | 12/15 at 100.00              | AA          |       | 8,337,100  |
| 13,850  | California State, General Obligation Bonds, Various Purpose Series 2009, 6.000%, 4/01/38   | No Opt. Call                 | A1          |       | 14,319,377 |
| 2,000   | California State, General Obligation Bonds, Various Purpose Series 2010, 6.000%, 3/01/33   | 3/20 at 100.00               | A1          |       | 2,102,900  |

|        |   |                 |     |            |
|--------|---|-----------------|-----|------------|
| 3,615  | Colton Joint Unified School District, San Bernardino County, California, General Obligation Bonds, Series 2002A, 5.500%, 8/01/22 – FGIC Insured | 8/12 at 102.00  | Aa3 | 3,833,744  |
|        | Contra Costa County Community College District, California, General Obligation Bonds, Series 2002:  |                 |     |            |
| 3,005  | 5.000%, 8/01/21 – FGIC Insured  | 8/12 at 100.00  | Aa1 | 3,143,861  |
| 3,300  | 5.000%, 8/01/22 – FGIC Insured  | 8/12 at 100.00  | Aa1 | 3,422,133  |
| 1,285  | Los Angeles Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2009D, 5.000%, 7/01/27                    | 7/19 at 100.00  | Aa2 | 1,287,082  |
| 2,000  | Puerto Rico, General Obligation and Public Improvement Bonds, Series 2002A, 5.500%, 7/01/20 – NPMG Insured                                      | No Opt. Call    | A3  | 2,060,960  |
| 355    | Roseville Joint Union High School District, Placer County, California, General Obligation Bonds, Series 2006B, 5.000%, 8/01/27 – FGIC Insured   | 8/15 at 100.00  | AA– | 356,874    |
| 17,510 | Yosemite Community College District, California, General Obligation Bonds, Capital Appreciation, Election 2004, Series 2010D, 0.000%, 8/01/42   | No Opt. Call    | Aa2 | 3,834,340  |
| 56,920 | Total Tax Obligation/General Tax Obligation/Limited – 16.3% (10.8% of Total Investments)  |                 |     | 42,698,371 |
|        | Beaumont Financing Authority, California, Local Agency Revenue Bonds, Series 2004D:   |                 |     |            |
| 650    | 5.500%, 9/01/24   | 9/14 at 102.00  | N/R | 591,598    |
| 385    | 5.800%, 9/01/35   | 9/14 at 102.00  | N/R | 335,262    |
| 1,190  | Borrego Water District, California, Community Facilities District 2007-1 Montesorro, Special Tax Bonds, Series 2007, 5.750%, 8/01/25 (4), (5)   | 8/17 at 102.00  | N/R | 766,086    |
| 4,900  | California State Public Works Board, Lease Revenue Bonds, Department of Corrections, Series 2003C, 5.500%, 6/01/16                              | 12/13 at 100.00 | A2  | 5,195,274  |

| Principal Amount (000) | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value        |
|------------------------|---|------------------------------|-------------|--------------|
|                        | Tax Obligation/Limited (continued)  |                              |             |              |
| \$1,245                | California, Economic Recovery Revenue Bonds, Series 2004A, 5.000%, 7/01/15  | 7/14 at 100.00               | Aa3         | \$ 1,357,311 |
| 1,200                  | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District 90-2 – Talega, Series 2003, 6.000%, 9/01/33           | 9/13 at 100.00               | N/R         | 1,100,460    |
| 435                    | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District, Series 2005, 5.000%, 9/01/24 – FGIC Insured          | 9/15 at 100.00               | BBB         | 399,578      |
| 750                    | Fontana, California, Special Tax Bonds, Sierra Community Facilities District 22, Series 2004, 6.000%, 9/01/34   | 9/14 at 100.00               | N/R         | 670,433      |
| 1,785                  | Hawthorne Community Redevelopment Agency, California, Project Area 2 Tax Allocation Bonds, Series 2006, 5.250%, 9/01/36 – SYNCORA GTY Insured                         | 9/16 at 100.00               | A–          | 1,451,098    |
| 1,800                  | Hesperia Unified School District, San Bernardino County, California, Certificates of Participation, Capital Improvement, Series 2007, 5.000%, 2/01/41 – AMBAC Insured | 2/17 at 100.00               | A–          | 1,432,908    |
|                        | Irvine, California, Unified School District, Community Facilities District Special Tax Bonds, Series 2006A:   |                              |             |              |
| 205                    | 5.000%, 9/01/26   | 9/16 at 100.00               | N/R         | 180,900      |
| 470                    | 5.125%, 9/01/36   | 9/16 at 100.00               | N/R         | 386,998      |
| 2,000                  | Lake Elsinore Public Finance Authority, California, Local Agency Revenue Refunding Bonds, Series 2003H, 6.000%, 10/01/20  | 10/13 at 102.00              | N/R         | 1,991,240    |
| 415                    | Lammersville School District, San Joaquin County, California, Community Facilities District 2002, Mountain House Special Tax Bonds, Series 2006, 5.125%, 9/01/35      | 9/16 at 100.00               | N/R         | 320,438      |
| 1,265                  | Lee Lake Water District, Riverside County, California, Special Tax Bonds, Community Facilities District 1 of Sycamore Creek, Series 2003, 6.500%, 9/01/24             | 9/13 at 102.00               | N/R         | 1,248,251    |
| 800                    | Los Angeles Community Redevelopment Agency, California, Lease Revenue Bonds, Manchester Social Services Project, Series 2005, 5.000%, 9/01/37 – AMBAC Insured         | 9/15 at 100.00               | A1          | 646,256      |
| 485                    | North Natomas Community Facilities District 4, Sacramento, California, Special Tax Bonds, Series 2006D, 5.000%, 9/01/33   | 9/14 at 102.00               | N/R         | 384,644      |
| 2,000                  | Orange County, California, Special Tax Bonds, Community Facilities District 02-1 of Ladera  | 8/11 at 101.00               | N/R         | 1,771,520    |

|       |  |                 |     |           |
|-------|--|-----------------|-----|-----------|
|       | Ranch, Series 2003A, 5.550%, 8/15/33   |                 |     |           |
| 385   | 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–  | 304,219   |
| 475   | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 – AMBAC Insured                                     | 8/13 at 100.00  | AA– | 458,185   |
| 700   | Sacramento, California, Special Tax Bonds, North Natomas Community Facilities District 4, Series 2003C, 6.000%, 9/01/33                                    | 9/14 at 100.00  | N/R | 641,935   |
|       | San Buenaventura Redevelopment Agency, California, Merged Project Areas Tax Allocation Bonds, Series 2008:   |                 |     |           |
| 1,000 | 7.750%, 8/01/28  | 8/16 at 102.00  | A   | 1,088,880 |
| 1,325 | 8.000%, 8/01/38  | 8/16 at 102.00  | A   | 1,425,395 |
| 1,530 | San Marcos Public Facilities Authority, California, Tax Allocation Bonds, Project Areas 2 and 3, Series 2005C, 5.000%, 8/01/35 – AMBAC Insured             | 8/15 at 100.00  | A–  | 1,209,343 |
| 825   | San Mateo Union High School District, San Mateo County, California, Certificates of Participation, Phase 1, Series 2007A, 5.000%, 12/15/30 – AMBAC Insured | 12/17 at 100.00 | AA– | 742,888   |
| 415   | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Refunding Series 2009A, 8.625%, 9/01/39             | 9/14 at 105.00  | N/R | 436,584   |
| 1,930 | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Series 2003B, 6.750%, 9/01/30                       | 9/13 at 103.00  | N/R | 1,725,034 |
| 500   | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Series 2004B, 6.000%, 9/01/39                       | 9/13 at 102.00  | N/R | 385,185   |

Nuveen Investments

53

| Nuveen California Dividend Advantage Municipal Fund 2 (continued) |   |                              |             |       |            |
|---|---|------------------------------|-------------|-------|------------|
| Portfolio of Investments  |   |                              |             |       |            |
| February 28, 2011   |   |                              |             |       |            |
| Principal Amount (000)  | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value |            |
| Tax Obligation/Limited (continued)                                |   |                              |             |       |            |
| \$ 850  | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 2001-1, Series 2004A, 6.125%, 9/01/39  | 9/13 at 103.00               | N/R         | \$    | 666,604    |
| 3,715   | Western Placer Unified School District, Placer County, California, Certificates of Participation, Series 2008, 5.000%, 8/01/47 – AGC Insured  | 8/18 at 100.00               | AA+         |       | 3,095,227  |
| 35,630  | Total Tax Obligation/Limited  |                              |             |       | 32,409,734 |
| Transportation – 13.0% (8.6% of Total Investments)                |   |                              |             |       |            |
| 3,000   | Bay Area Governments Association, California, BART SFO Extension, Airport Premium Fare Revenue Bonds, Series 2002A, 5.000%, 8/01/32 – AMBAC Insured   | 8/12 at 100.00               | N/R         |       | 2,403,870  |
| 1,930   | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2006F, 5.000%, 4/01/31 (UB)  | 4/16 at 100.00               | AA          |       | 1,935,501  |
| 1,430   | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2008, Trust 3211, 13.393%, 10/01/32 (IF)   | 4/18 at 100.00               | AA          |       | 1,348,948  |
| 7,000   | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 5.875%, 1/15/27  | 1/14 at 101.00               | BBB–        |       | 6,260,870  |
| 5,585   | Port of Oakland, California, Revenue Bonds, Series 2002N, 5.000%, 11/01/16 – NPMFG Insured (Alternative Minimum Tax)  | 11/12 at 100.00              | A           |       | 5,682,905  |
| 2,430   | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 2003, Issue 29A: 5.250%, 5/01/18 – FGIC Insured (Alternative Minimum Tax)            | 5/13 at 100.00               | A1          |       | 2,480,933  |
| 2,555   | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 2003, Issue 29A: 5.250%, 5/01/19 – FGIC Insured (Alternative Minimum Tax)            | 5/13 at 100.00               | A1          |       | 2,591,792  |
| 1,000   | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 2003, Issue 29B, 5.125%, 5/01/17 – FGIC Insured                                      | 5/13 at 100.00               | A1          |       | 1,039,900  |
| 2,000   | San Francisco Airports Commission, California, Revenue Refunding Bonds, San Francisco International Airport, Second Series 2002, Issue 28A, 5.250%, 5/01/17 – NPMFG Insured (Alternative Minimum Tax) | 5/12 at 100.00               | A1          |       | 2,070,300  |
| 26,930  | Total Transportation  |                              |             |       | 25,815,019 |
| U.S. Guaranteed – 25.2% (16.6% of Total Investments) (6)          |   |                              |             |       |            |

|       |  |                 |         |            |
|-------|--|-----------------|---------|------------|
| 9,000 | Anitoch Area Public Facilities Financing Agency, California, Special Tax Bonds, Community Facilities District 1989-1, Series 2001, 5.250%, 8/01/25 (Pre-refunded 8/01/11) – NPMG Insured | 8/11 at 100.00  | A (6)   | 9,189,090  |
| 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     | 6,384,660  |
| 450   | California Statewide Community Development Authority, Revenue Bonds, Thomas Jefferson School of Law, Series 2005A, 4.875%, 10/01/31 (Pre-refunded 10/01/15)                              | 10/15 at 100.00 | N/R (6) | 497,934    |
| 860   | California, Economic Recovery Revenue Bonds, Series 2004A, 5.000%, 7/01/15 (Pre-refunded 7/01/14)  | 7/14 at 100.00  | AAA     | 973,219    |
| 4,000 | Daly City Housing Development Finance Agency, California, Mobile Home Park Revenue Bonds, Franciscan Mobile Home Park Project, Series 2002A, 5.850%, 12/15/32 (Pre-refunded 12/15/13)    | 12/13 at 102.00 | N/R (6) | 4,614,200  |
| 2,365 | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2003A-1, 6.250%, 6/01/33 (Pre-refunded 6/01/13)                               | 6/13 at 100.00  | AAA     | 2,571,252  |
| 1,170 | Lincoln, California, Special Tax Bonds, Lincoln Crossing Community Facilities District 03-1, Series 2003A, 6.500%, 9/01/25 (Pre-refunded 9/01/13)  | 9/13 at 102.00  | N/R (6) | 1,354,322  |
| 885   | Lincoln, California, Special Tax Bonds, Lincoln Crossing Community Facilities District 03-1, Series 2004, 6.000%, 9/01/34 (Pre-refunded 9/01/13)   | 9/13 at 102.00  | N/R (6) | 1,013,475  |
| 9,510 | Los Angeles Unified School District, California, General Obligation Bonds, Series 2002E, 5.000%, 7/01/19 (Pre-refunded 7/01/12) – NPMG Insured   | 7/12 at 100.00  | AA– (6) | 10,087,447 |
| 2,000 | Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, Series 2002E, 6.000%, 8/01/26 (ETM)  | No Opt. Call    | AAA     | 2,471,460  |



| Principal Amount (000) | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value        |
|------------------------|--|------------------------------|-------------|--------------|
|                        | U.S. Guaranteed (6) (continued)  |                              |             |              |
| \$ 6,000               | Riverside County Redevelopment Agency, California, Tax Allocation Bonds, Jurupa Valley Project Area, Series 2001, 5.250%, 10/01/35 (Pre-refunded 10/01/11) – AMBAC Insured   | 10/11 at 102.00              | N/R (6)     | \$ 6,291,300 |
| 2,800                  | Tobacco Securitization Authority of Southern California, Tobacco Settlement Asset-Backed Bonds, San Diego County Tobacco Asset Securitization Corporation, Senior Series 2001A, 5.500%, 6/01/36 (Pre-refunded 6/01/12) | 6/12 at 100.00               | AAA         | 2,970,800    |
| 1,500                  | Whittier, California, Health Facility Revenue Bonds, Presbyterian Intercommunity Hospital, Series 2002, 5.600%, 6/01/22 (Pre-refunded 6/01/12)   | 6/12 at 101.00               | N/R (6)     | 1,611,225    |
| 46,540                 | Total U.S. Guaranteed  |                              |             | 50,030,384   |
|                        | Utilities – 9.5% (6.3% of Total Investments)   |                              |             |              |
| 5,000                  | 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+          | 5,183,250    |
| 2,355                  | Long Beach Bond Finance Authority, California, Natural Gas Purchase Revenue Bonds, Series 2007A, 5.000%, 11/15/35  | No Opt. Call                 | A           | 1,999,772    |
| 1,000                  | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2003A-2, 5.000%, 7/01/23 – NPFPG Insured   | 7/13 at 100.00               | AA–         | 1,047,590    |
| 500                    | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2005A-1, 5.000%, 7/01/31 – AGM Insured (UB)  | 7/15 at 100.00               | AA+         | 501,225      |
|                        | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005:  |                              |             |              |
| 790                    | 5.125%, 9/01/31 – SYNCORA GTY Insured  | 9/15 at 100.00               | N/R         | 658,505      |
| 1,500                  | 5.250%, 9/01/36 – SYNCORA GTY Insured  | 9/15 at 100.00               | N/R         | 1,223,280    |
| 2,000                  | Santa Clara, California, Subordinate Electric Revenue Bonds, Series 2003A, 5.250%, 7/01/20 – NPFPG Insured   | 7/13 at 100.00               | A1          | 2,102,940    |
| 2,500                  | Southern California Public Power Authority, California, Milford Wind Corridor Phase I Revenue Bonds, Series 2010-1, 5.000%, 7/01/28  | No Opt. Call                 | AA–         | 2,539,125    |
| 4,000                  | Southern California Public Power Authority, Natural Gas Project 1 Revenue Bonds, Series 2007A, 5.000%, 11/01/33  | No Opt. Call                 | Baa1        | 3,572,000    |
| 19,645                 | Total Utilities  |                              |             | 18,827,687   |
|                        | Water and Sewer – 11.3% (7.5% of Total Investments)  |                              |             |              |
| 1,400                  | Castaic Lake Water Agency, California, Certificates of Participation, Series 2006C, 5.000%, 8/01/36 – NPFPG Insured  | 8/16 at 100.00               | AA–         | 1,279,698    |

|       |  |                |     |           |
|-------|--|----------------|-----|-----------|
| 545   | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 – NPMG Insured                 | 4/16 at 100.00 | AA– | 504,637   |
| 1,160 | Metropolitan Water District of Southern California, Waterworks Revenue Bonds, Tender Option Bond Trust 09-8B, 17.258%, 7/01/35 (IF)      | 7/19 at 100.00 | AAA | 1,199,069 |
| 1,500 | Orange County Water District, California, Revenue Certificates of Participation, Tender Option Bond Trust 11782-1, 17.636%, 2/15/35 (IF) | 8/20 at 100.00 | AAA | 1,389,420 |
| 750   | Sacramento County Sanitation District Financing Authority, California, Revenue Bonds, Series 2006, 5.000%, 12/01/31 – FGIC Insured       | 6/16 at 100.00 | AA  | 753,555   |
| 1,700 | San Buenaventura, California, Wastewater Revenue Certificates of Participation, Series 2004, 5.000%, 3/01/24 – NPMG Insured              | 3/14 at 100.00 | AA  | 1,736,754 |

Nuveen Investments

55

| Nuveen California Dividend Advantage Municipal Fund 2 (continued) |  |                              |             |       |                |
|---|--|------------------------------|-------------|-------|----------------|
| Portfolio of Investments  |  |                              |             |       |                |
| February 28, 2011   |  |                              |             |       |                |
| Principal Amount (000)  | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value |                |
|   | Water and Sewer (continued)  |                              |             |       |                |
| \$ 4,785  | San Diego Public Facilities Financing Authority, California, Subordinate Lien Water Revenue Bonds, Series 2002, 5.000%, 8/01/21 – NPMFG Insured            | 8/12 at 100.00               | Aa3         | \$    | 4,983,003      |
| 10,000  | San Francisco City and County Public Utilities Commission, California, Clean Water Revenue Refunding Bonds, Series 2003A, 5.250%, 10/01/20 – NPMFG Insured | 4/13 at 100.00               | AA–         |       | 10,594,597     |
| 21,840  | Total Water and Sewer  |                              |             |       | 22,440,733     |
| \$ 335,290  | Total Investments (cost \$314,111,634) – 151.2%  |                              |             |       | 300,404,486    |
|   | Floating Rate Obligations – (5.7)%   |                              |             |       | (11,390,000)   |
|   | MuniFund Term Preferred Shares, at Liquidation Value – (27.7)% (7)   |                              |             |       | (55,000,000)   |
|   | Other Assets Less Liabilities – 2.3%   |                              |             |       | 4,610,168      |
|   | Auction Rate Preferred Shares, at Liquidation Value – (20.1)% (7)  |                              |             |       | (39,950,000)   |
|   | Net Assets Applicable to Common Shares – 100%  |                              |             |       | \$ 198,674,654 |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the 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) The Fund's Adviser has concluded this issue is not likely to meet its future interest payment obligations and has directed the Fund's custodian to cease accruing additional income on the Fund's records.
- (5) For fair value measurement disclosure purposes, investment categorized as Level 3. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Investment Valuation for more information.
- (6) 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.
- (7) MuniFund Term Preferred Shares and Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments are 18.3% and 13.3%, respectively.

N/R Not rated.

ETM Escrowed to maturity.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. 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.

56 Nuveen Investments

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NZH  
February 28, 2011

Nuveen California Dividend Advantage Municipal Fund 3  
Portfolio of Investments

| Principal Amount (000) | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value      |
|------------------------|--|------------------------------|-------------|------------|
|                        | Consumer Staples – 7.8% (5.1% of Total Investments)  |                              |             |            |
| \$ 910                 | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Sonoma County Tobacco Securitization Corporation, Series 2005, 4.250%, 6/01/21 | 6/15 at 100.00               | BBB         | \$ 836,836 |
| 7,500                  | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2007A-1, 5.750%, 6/01/47                                    | 6/17 at 100.00               | Baa3        | 5,008,200  |
| 29,660                 | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2007A-2, 0.000%, 6/01/37                                    | 6/22 at 100.00               | Baa3        | 16,996,663 |
| 38,070                 | Total Consumer Staples   |                              |             | 22,841,699 |
|                        | Education and Civic Organizations – 5.1% (3.4% of Total Investments)   |                              |             |            |
| 290                    | California Educational Facilities Authority, Revenue Bonds, University of Redlands, Series 2005A, 5.000%, 10/01/35   | 10/15 at 100.00              | A3          | 244,273    |
| 2,160                  | California Educational Facilities Authority, Revenue Bonds, University of San Francisco, Series 2011, 6.125%, 10/01/36   | 10/21 at 100.00              | A3          | 2,181,643  |
|                        | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2006:  |                              |             |            |
| 200                    | 5.000%, 11/01/21   | 11/15 at 100.00              | A2          | 207,532    |
| 270                    | 5.000%, 11/01/25   | 11/15 at 100.00              | A2          | 271,601    |
| 1,500                  | California Educational Facilities Authority, Student Loan Revenue Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 – NPFPG Insured (Alternative Minimum Tax)     | 3/11 at 100.00               | Baa1        | 1,499,925  |
| 6,000                  | California State University, Systemwide Revenue Bonds, Series 2005C, 5.000%, 11/01/27 – NPFPG Insured  | 11/15 at 100.00              | Aa2         | 5,912,880  |
| 610                    | California Statewide Community Development Authority, Revenue Bonds, Notre Dame de Namur University, Series 2003, 6.500%, 10/01/23                                     | 10/13 at 100.00              | N/R         | 567,831    |
| 4,000                  | University of California, General Revenue Bonds, Series 2003A, 5.000%, 5/15/23 – AMBAC Insured (UB)  | 5/13 at 100.00               | Aa1         | 4,135,440  |
| 15,030                 | Total Education and Civic Organizations  |                              |             | 15,021,125 |
|                        | Health Care – 31.4% (20.7% of Total Investments)   |                              |             |            |

| California Health Facilities Financing Authority,<br>Revenue Bonds, Casa Colina Inc., Series 2001:                   |   |                    |      |           |
|--|---|--------------------|------|-----------|
| 4,000  | 6.000%, 4/01/22   | 4/12 at 100.00     | BBB+ | 4,019,200 |
| 2,000  | 6.125%, 4/01/32   | 4/12 at 100.00     | BBB+ | 1,932,200 |
| 670  | California Health Facilities Financing Authority,<br>Revenue Bonds, Kaiser Permanente System, Series<br>2006, 5.000%, 4/01/37                               | 4/16 at 100.00     | A+   | 565,125   |
| 2,110  | California Health Facilities Financing Authority,<br>Revenue Bonds, Sutter Health, Series 2011B,<br>6.000%, 8/15/42   | 8/20 at 100.00     | AA-  | 2,104,008 |
| 3,735  | California Health Facilities Financing Authority,<br>Revenue Bonds, Sutter Health, Tender Option<br>Bonds Trust 3765, 18.787%, 5/15/39 (IF) (4)             | 11/16 at<br>100.00 | AA-  | 1,624,912 |
| 9,000  | California Infrastructure Economic Development<br>Bank, Revenue Bonds, Kaiser Hospital Assistance<br>LLC, Series 2001A, 5.550%, 8/01/31                     | 8/11 at 102.00     | A+   | 8,649,090 |
| 2,520  | California Statewide Communities Development<br>Authority, Revenue Bonds, Adventist Health<br>System West, Series 2005A, 5.000%, 3/01/35                    | 3/15 at 100.00     | A    | 2,213,190 |
| 1,650  | California Statewide Communities Development<br>Authority, Revenue Bonds, Adventist Health<br>System West, Series 2007B, 5.000%, 3/01/37 –<br>AGC Insured   | 3/18 at 100.00     | AA+  | 1,501,599 |
| 1,594  | California Statewide Communities Development<br>Authority, Revenue Bonds, Saint Joseph Health<br>System, Trust 2554, 18.488%, 7/01/47 – AGM<br>Insured (IF) | 7/18 at 100.00     | AA+  | 1,171,669 |
| 8,875  | California Statewide Communities Development<br>Authority, Revenue Bonds, Sutter Health, Series<br>2011A, 6.000%, 8/15/42                                   | 8/20 at 100.00     | AA-  | 8,849,795 |
| California Statewide Communities Development<br>Authority, Revenue Bonds, ValleyCare Health<br>System, Series 2007A: |   |                    |      |           |
| 805  | 4.800%, 7/15/17   | No Opt. Call       | N/R  | 797,119   |
| 3,435  | 5.125%, 7/15/31   | 7/17 at 100.00     | N/R  | 2,808,422 |

Nuveen Investments

57

| NZH                       |  | Nuveen California Dividend Advantage Municipal Fund 3 (continued)<br>Portfolio of Investments |             | February 28, 2011 |           |
|---------------------------|--|---|-------------|-------------------|-----------|
| Principal<br>Amount (000) | Description (1)  | Optional Call<br>Provisions (2)   | Ratings (3) | Value             |           |
|                           | Health Care (continued)  |   |             |                   |           |
| \$ 6,525                  | California Statewide Community Development Authority, Health Facility Revenue Refunding Bonds, Memorial Health Services, Series 2003A, 6.000%, 10/01/12            | No Opt. Call  | AA-         | \$                | 7,013,984 |
| 6,450                     | California Statewide Community Development Authority, Hospital Revenue Bonds, Monterey Peninsula Hospital, Series 2003B, 5.250%, 6/01/18 – AGM Insured             | 6/13 at 100.00  | AA+         |                   | 6,858,092 |
| 4,500                     | California Statewide Community Development Authority, Insured Health Facility Revenue Bonds, Catholic Healthcare West, Series 2008K, 5.500%, 7/01/41 – AGC Insured | 7/17 at 100.00  | AA+         |                   | 4,405,365 |
| 7,665                     | California Statewide Community Development Authority, Insured Mortgage Hospital Revenue Bonds, Mission Community Hospital, Series 2001, 5.375%, 11/01/21           | 5/11 at 102.00  | A-          |                   | 7,683,319 |
| 2,000                     | California Statewide Community Development Authority, Revenue Bonds, Daughters of Charity Health System, Series 2005A, 5.250%, 7/01/35                             | 7/15 at 100.00  | BBB         |                   | 1,660,240 |
| 6,300                     | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41  | 3/16 at 100.00  | A+          |                   | 5,275,746 |
| 645                       | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2001C, 5.250%, 8/01/31                                       | 8/16 at 100.00  | A+          |                   | 584,222   |
| 5,600                     | California Statewide Community Development Authority, Revenue Bonds, Sutter Health, Tender Option Bond Trust 3102, 18.481%, 11/15/46 (IF)                          | 11/16 at 100.00   | AA-         |                   | 2,434,936 |
| 2,950                     | Loma Linda, California, Hospital Revenue Bonds, Loma Linda University Medical Center, Series 2008A, 8.250%, 12/01/38   | 12/17 at 100.00   | BBB         |                   | 3,179,864 |
| 2,330                     | Newport Beach, California, Revenue Bonds, Hoag Memorial Hospital Presbyterian, Series 2011A, 6.000%, 12/01/40  | 12/21 at 100.00   | AA          |                   | 2,370,402 |
| 695                       | Oak Valley Hospital District, Stanislaus County, California, Revenue Bonds, Series 2010A, 6.500%, 11/01/29   | 11/20 at 100.00   | BBB-        |                   | 654,190   |
| 7,650                     | Palomar Pomerado Health Care District, California, Certificates of Participation, Series 2010, 6.000%, 11/01/41  | 11/20 at 100.00   | Baa3        |                   | 6,802,380 |
|                           | Rancho Mirage Joint Powers Financing Authority, California, Revenue Bonds, Eisenhower Medical Center, Series 2007A:  |   |             |                   |           |

|         |  |                 |      |            |
|---------|--|-----------------|------|------------|
| 5,790   | 5.000%, 7/01/38  | 7/17 at 100.00  | Baa1 | 4,673,283  |
| 2,500   | 5.000%, 7/01/47  | 7/17 at 100.00  | Baa1 | 1,941,475  |
| 101,994 | Total Health Care  |                 |      | 91,773,827 |
|         | Housing/Multifamily – 4.3% (2.8% of Total Investments)   |                 |      |            |
| 2,040   | California Municipal Finance Authority, Mobile Home Park Revenue Bonds, Caritas Projects Series 2010A, 6.400%, 8/15/45   | 8/20 at 100.00  | BBB– | 1,858,889  |
| 325     | Independent Cities Lease Finance Authority, California, Mobile Home Park Revenue Bonds, San Juan Mobile Estates, Series 2006B, 5.850%, 5/15/41   | 5/16 at 100.00  | N/R  | 267,465    |
| 1,735   | Rohnert Park Finance Authority, California, Senior Lien Revenue Bonds, Rancho Feliz Mobile Home Park, Series 2003A, 5.750%, 9/15/38  | 9/13 at 100.00  | A+   | 1,600,295  |
| 1,125   | Rohnert Park Finance Authority, California, Subordinate Lien Revenue Bonds, Rancho Feliz Mobile Home Park, Series 2003B, 6.625%, 9/15/38   | 9/13 at 100.00  | N/R  | 1,081,946  |
| 3,610   | San Bernardino County Housing Authority, California, GNMA Collateralized Multifamily Mortgage Revenue Bonds, Pacific Palms Mobile Home Park, Series 2001A, 6.700%, 12/20/41<br>San Jose, California, Multifamily Housing Revenue Bonds, GNMA Mortgage-Backed Securities Program, Lenzen Housing, Series 2001B: | 11/11 at 105.00 | Aaa  | 3,683,969  |
| 1,250   | 5.350%, 2/20/26 (Alternative Minimum Tax)  | 8/11 at 102.00  | AAA  | 1,253,400  |
| 2,880   | 5.450%, 2/20/43 (Alternative Minimum Tax)  | 8/11 at 102.00  | AAA  | 2,758,262  |
| 12,965  | Total Housing/Multifamily  |                 |      | 12,504,226 |

58 Nuveen Investments



| Principal Amount (000) | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value      |
|------------------------|--|------------------------------|-------------|------------|
|                        | Housing/Single Family – 3.1% (2.0% of Total Investments)   |                              |             |            |
| \$ 420                 | 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           | \$ 426,623 |
|                        | California Housing Finance Agency, Home Mortgage Revenue Bonds, Tender Option Bond Trust 3206:   |                              |             |            |
| 10,180                 | 8.151%, 2/01/24 (Alternative Minimum Tax) (IF)   | 2/16 at 100.00               | A           | 6,840,247  |
| 3,805                  | 8.530%, 2/01/24 (Alternative Minimum Tax) (IF)   | 2/17 at 100.00               | A           | 1,785,572  |
| 14,405                 | Total Housing/Single Family  |                              |             | 9,052,442  |
|                        | Industrials – 3.1% (2.1% of Total Investments)   |                              |             |            |
| 3,000                  | California Pollution Control Financing Authority, Solid Waste Disposal Revenue Bonds, Waste Management Inc., Series 2002A, 5.000%, 1/01/22 (Alternative Minimum Tax)                                     | 1/16 at 102.00               | BBB         | 3,013,770  |
| 5,000                  | California Pollution Control Financing Authority, Solid Waste Disposal Revenue Bonds, Waste Management Inc., Series 2005C, 5.125%, 11/01/23 (Alternative Minimum Tax)                                    | 11/15 at 101.00              | BBB         | 4,992,700  |
| 5,205                  | California Statewide Communities Development Authority, Revenue Bonds, EnerTech Regional Biosolids Project, Series 2007A, 5.500%, 12/01/33 (Alternative Minimum Tax) (5)                                 | No Opt. Call                 | CCC+        | 1,163,630  |
| 13,205                 | Total Industrials  |                              |             | 9,170,100  |
|                        | Long-Term Care – 2.1% (1.4% of Total Investments)  |                              |             |            |
| 2,450                  | California Health Facilities Financing Authority, Cal-Mortgage Insured Revenue Bonds, Northern California Retired Officers Community Corporation – Paradise Valley Estates, Series 2002, 5.125%, 1/01/22 | 1/13 at 100.00               | A–          | 2,474,476  |
|                        | California Health Facilities Financing Authority, Insured Senior Living Revenue Bonds, Aldersly Project, Series 2002A:   |                              |             |            |
| 1,500                  | 5.125%, 3/01/22  | 3/12 at 101.00               | A–          | 1,496,250  |
| 1,315                  | 5.250%, 3/01/32  | 3/12 at 101.00               | A–          | 1,200,279  |
| 1,000                  | California Municipal Finance Authority, Revenue Bonds, Harbor Regional Center Project, Series 2009, 8.000%, 11/01/29   | 11/19 at 100.00              | Baa1        | 1,067,400  |
| 6,265                  | Total Long-Term Care   |                              |             | 6,238,405  |
|                        | Tax Obligation/General – 13.0% (8.6% of Total Investments)   |                              |             |            |
|                        | California State, General Obligation Bonds, Various Purpose Series 2009:   |                              |             |            |
| 3,500                  | 5.500%, 11/01/39   |                              | A1          | 3,477,215  |

|        |  |                |                    |     |            |
|--------|--|----------------|--------------------|-----|------------|
|        |  |                | 11/19 at<br>100.00 |     |            |
| 3,040  | 6.000%, 11/01/39   |                | 11/19 at<br>100.00 | A1  | 3,144,546  |
| 1,960  | California State, General Obligation Bonds,<br>Various Purpose Series 2010, 5.500%, 3/01/40  | 3/20 at 100.00 |                    | A1  | 1,947,338  |
| 15     | California, General Obligation Veterans Welfare<br>Bonds, Series 2001BZ, 5.350%, 12/01/21 – NPF<br>Insured (Alternative Minimum Tax)                               | 6/11 at 100.00 |                    | AA  | 15,006     |
| 3,000  | Contra Costa County Community College District,<br>California, General Obligation Bonds, Series 2002,<br>5.000%, 8/01/23 – FGIC Insured                            | 8/12 at 100.00 |                    | Aa1 | 3,111,030  |
| 2,260  | Jurupa Unified School District, Riverside County,<br>California, General Obligation Bonds, Series 2002,<br>5.125%, 8/01/22 – FGIC Insured                          | 8/11 at 101.00 |                    | A+  | 2,281,538  |
| 870    | Puerto Rico, General Obligation and Public<br>Improvement Bonds, Series 2001, 5.000%, 7/01/24 –<br>AGM Insured   | 7/11 at 100.00 |                    | AAA | 855,810    |
| 575    | Roseville Joint Union High School District, Placer<br>County, California, General Obligation Bonds,<br>Series 2006B, 5.000%, 8/01/27 – FGIC Insured                | 8/15 at 100.00 |                    | AA– | 578,036    |
| 10,810 | San Diego Unified School District, San Diego<br>County, California, General Obligation Bonds,<br>Election of 1998, Series 2001C, 5.000%, 7/01/26 –<br>AGM Insured  | 7/11 at 102.00 |                    | AA+ | 11,176,459 |
| 4,000  | San Diego Unified School District, San Diego<br>County, California, General Obligation Bonds,<br>Election of 1998, Series 2002D, 5.250%, 7/01/21 –<br>FGIC Insured | 7/12 at 101.00 |                    | Aa1 | 4,262,880  |
| 2,715  | San Jose-Evergreen Community College District,<br>Santa Clara County, California, General Obligation<br>Bonds, Series 2005A, 5.000%, 9/01/25 – NPF<br>Insured      | 9/15 at 100.00 |                    | Aa1 | 2,754,123  |
| 1,630  | West Contra Costa Unified School District, Contra<br>Costa County, California, General Obligation<br>Bonds, Series 2003C, 5.000%, 8/01/22 – FGIC<br>Insured        | 8/11 at 101.00 |                    | A   | 1,636,113  |
| 12,520 | Yosemite Community College District, California,<br>General Obligation Bonds, Capital Appreciation,<br>Election 2004, Series 2010D, 0.000%, 8/01/42                | No Opt. Call   |                    | Aa2 | 2,741,630  |
| 46,895 | Total Tax Obligation/General   |                |                    |     | 37,981,724 |

Nuveen Investments

59

|                        |   | Nuveen California Dividend Advantage Municipal Fund 3 (continued) |             |                   |           |
|------------------------|---|---|-------------|-------------------|-----------|
| NZH                    |   | Portfolio of Investments  |             | February 28, 2011 |           |
| Principal Amount (000) | Description (1)   | Optional Call Provisions (2)                                      | Ratings (3) | Value             |           |
|                        | Tax Obligation/Limited – 43.1% (28.4% of Total Investments)   |   |             |                   |           |
| \$ 1,960               | Borrego Water District, California, Community Facilities District 2007-1 Montesoro, Special Tax Bonds, Series 2007, 5.750%, 8/01/25 (5), (6)                  | 8/17 at 102.00  | N/R         | \$                | 1,261,789 |
| 7,135                  | Brentwood Infrastructure Financing Authority, Contra Costa County, California, Capital Improvement Revenue Bonds, Series 2001, 5.000%, 11/01/25 – AGM Insured | 11/11 at 100.00   | AA+         |                   | 7,142,920 |
| 8,210                  | California State Public Works Board, Lease Revenue Bonds, Department of Corrections, Series 2003C, 5.500%, 6/01/16  | 12/13 at 100.00   | A2          |                   | 8,704,735 |
| 4,000                  | California State Public Works Board, Lease Revenue Bonds, Department of General Services, Series 2002B, 5.000%, 3/01/27 – AMBAC Insured                       | 3/12 at 100.00  | A2          |                   | 3,746,440 |
| 4,510                  | California State Public Works Board, Lease Revenue Bonds, Department of Mental Health, Hospital Addition, Series 2001A, 5.000%, 12/01/26 – AMBAC Insured      | 12/11 at 102.00   | A2          |                   | 4,271,692 |
| 1,000                  | California State Public Works Board, Lease Revenue Bonds, Various Capital Projects, Series 2009G-1, 5.750%, 10/01/30  | 10/19 at 100.00   | A2          |                   | 987,790   |
| 2,260                  | California State Public Works Board, Lease Revenue Bonds, Various Capital Projects, Series 2010A-1, 5.750%, 3/01/30   | 3/20 at 100.00  | A2          |                   | 2,232,993 |
|                        | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District 90-2 – Talega, Series 2003:                   |   |             |                   |           |
| 1,750                  | 5.875%, 9/01/23   | 9/13 at 100.00  | N/R         |                   | 1,754,620 |
| 550                    | 6.000%, 9/01/33   | 9/13 at 100.00  | N/R         |                   | 504,378   |
| 715                    | Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District, Series 2005, 5.000%, 9/01/24 – FGIC Insured  | 9/15 at 100.00  | BBB         |                   | 656,778   |
| 2,160                  | Chino Redevelopment Agency, California, Merged Chino Redevelopment Project Area Tax Allocation Bonds, Series 2006, 5.000%, 9/01/38 – AMBAC Insured            | 9/16 at 101.00  | A–          |                   | 1,673,568 |
| 1,125                  | Fontana, California, Special Tax Bonds, Sierra Community Facilities District 22, Series 2004, 6.000%, 9/01/34   | 9/14 at 100.00  | N/R         |                   | 1,005,649 |
| 3,500                  | Fremont, California, Special Tax Bonds, Community Facilities District 1, Pacific Commons, Series 2005, 6.300%, 9/01/31  | 3/11 at 101.00  | N/R         |                   | 3,304,245 |

|       |  |                 |      |           |
|-------|--|-----------------|------|-----------|
| 1,000 | Fullerton Community Facilities District 1, California, Special Tax Bonds, Amerige Heights, Series 2002, 6.100%, 9/01/22  | 9/12 at 100.00  | N/R  | 1,014,340 |
|       | Irvine, California, Unified School District, Community Facilities District Special Tax Bonds, Series 2006A:  |                 |      |           |
| 330   | 5.000%, 9/01/26  | 9/16 at 100.00  | N/R  | 291,205   |
| 760   | 5.125%, 9/01/36  | 9/16 at 100.00  | N/R  | 625,784   |
| 3,000 | Lake Elsinore Public Finance Authority, California, Local Agency Revenue Refunding Bonds, Series 2003H, 6.000%, 10/01/20   | 10/13 at 102.00 | N/R  | 2,986,860 |
| 685   | Lammersville School District, San Joaquin County, California, Community Facilities District 2002, Mountain House Special Tax Bonds, Series 2006, 5.125%, 9/01/35 | 9/16 at 100.00  | N/R  | 528,916   |
| 5,250 | Lammersville School District, San Joaquin County, California, Special Tax Bonds, Community Facilities District of Mountain House, Series 2002, 6.300%, 9/01/24   | 9/12 at 101.00  | N/R  | 5,133,450 |
| 2,000 | Lee Lake Water District, Riverside County, California, Special Tax Bonds, Community Facilities District 1 of Sycamore Creek, Series 2003, 6.500%, 9/01/24        | 9/13 at 102.00  | N/R  | 1,973,520 |
| 1,000 | Lindsay Redevelopment Agency, California, Project 1 Tax Allocation Bonds, Series 2007, 5.000%, 8/01/37 – RAAI Insured  | 8/17 at 100.00  | BBB+ | 758,670   |
| 5,425 | Lodi, California, Certificates of Participation, Public Improvement Financing Project, Series 2002, 5.000%, 10/01/26 – NPFG Insured                              | 10/12 at 100.00 | A    | 5,425,163 |
| 1,310 | Los Angeles Community Redevelopment Agency, California, Lease Revenue Bonds, Manchester Social Services Project, Series 2005, 5.000%, 9/01/37 – AMBAC Insured    | 9/15 at 100.00  | A1   | 1,058,244 |
| 1,675 | Moreno Valley Unified School District, Riverside County, California, Certificates of Participation, Series 2005, 5.000%, 3/01/26 – AGM Insured                   | 3/14 at 100.00  | AA+  | 1,677,998 |
|       | North Natomas Community Facilities District 4, Sacramento, California, Special Tax Bonds, Series 2006D:  |                 |      |           |
| 535   | 5.000%, 9/01/26  | 9/14 at 102.00  | N/R  | 455,456   |
| 245   | 5.000%, 9/01/33  | 9/14 at 102.00  | N/R  | 194,305   |

| Principal Amount (000) | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value        |
|------------------------|--|------------------------------|-------------|--------------|
|                        | Tax Obligation/Limited (continued)   |                              |             |              |
| \$ 3,000               | Oakland Redevelopment Agency, California, Subordinate Lien Tax Allocation Bonds, Central District Redevelopment Project, Series 2003, 5.500%, 9/01/19 – FGIC Insured | 3/13 at 100.00               | A–          | \$ 3,028,200 |
| 4,520                  | Ontario Redevelopment Financing Authority, California, Lease Revenue Bonds, Capital Projects, Series 2001, 5.000%, 8/01/24 – AMBAC Insured                           | 8/11 at 101.00               | A+          | 4,503,231    |
| 2,000                  | Orange County, California, Special Tax Bonds, Community Facilities District 02-1 of Ladera Ranch, Series 2003A, 5.550%, 8/15/33                                      | 8/11 at 101.00               | N/R         | 1,771,520    |
| 11,165                 | Palm Desert Financing Authority, California, Tax Allocation Revenue Refunding Bonds, Project Area 1, Series 2002, 5.100%, 4/01/30 – NPFQ Insured                     | 4/12 at 102.00               | Baa1        | 9,308,261    |
| 3,250                  | Pomona Public Financing Authority, California, Revenue Refunding Bonds, Merged Redevelopment Projects, Series 2001AD, 5.000%, 2/01/27 – NPFQ Insured                 | 8/11 at 100.00               | Baa1        | 2,804,555    |
| 1,000                  | Poway Unified School District, San Diego County, California, Special Tax Bonds, Community Facilities District 14 Del Sur, Series 2006, 5.125%, 9/01/26               | 3/11 at 103.00               | N/R         | 853,820      |
| 6,000                  | Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2007N, 5.250%, 7/01/39 – FGIC Insured  | No Opt. Call                 | A3          | 5,221,500    |
| 625                    | 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–          | 493,863      |
| 3,375                  | Riverside County Redevelopment Agency, California, Interstate 215 Corridor Redevelopment Project Area Tax Allocation Bonds, Series 2010E, 6.500%, 10/01/40           | 10/20 at 100.00              | A–          | 3,231,934    |
| 780                    | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 – AMBAC Insured   | 8/13 at 100.00               | AA–         | 752,388      |
| 1,145                  | Sacramento, California, Special Tax Bonds, North Natomas Community Facilities District 4, Series 2003C, 6.000%, 9/01/33  | 9/14 at 100.00               | N/R         | 1,050,022    |
| 14,505                 | San Diego Redevelopment Agency, California, Subordinate Lien Tax Allocation Bonds, Centre City Project, Series 2001A, 5.000%, 9/01/26 – AGM Insured                  | 9/11 at 101.00               | AA+         | 14,717,208   |
| 2,300                  | San Francisco Bay Area Rapid Transit District, California, Sales Tax Revenue Bonds, Series 2001, 5.000%, 7/01/26 – AMBAC Insured                                     | 7/11 at 100.00               | AA+         | 2,300,322    |
| 1,345                  | San Mateo Union High School District, San Mateo County, California, Certificates of Participation,   | 12/17 at 100.00              | AA–         | 1,211,132    |

|         |   |                 |      |             |
|---------|---|-----------------|------|-------------|
|         | Phase 1, Series 2007A, 5.000%, 12/15/30 – AMBAC Insured   |                 |      |             |
| 8,710   | South Orange County Public Financing Authority, California, Special Tax Revenue Bonds, Ladera Ranch, Series 2005A, 5.000%, 8/15/32 – AMBAC Insured                    | 8/15 at 100.00  | BBB+ | 7,315,181   |
| 600     | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Refunding Series 2009A, 8.625%, 9/01/39                        | 9/14 at 105.00  | N/R  | 631,206     |
| 2,810   | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Series 2003B, 7.000%, 9/01/38                                  | 9/13 at 103.00  | N/R  | 2,482,466   |
| 2,000   | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Series 2004B, 6.000%, 9/01/39                                  | 9/13 at 102.00  | N/R  | 1,540,740   |
| 1,375   | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 2001-1, Series 2004A, 6.125%, 9/01/39                                | 9/13 at 103.00  | N/R  | 1,078,330   |
| 2,500   | Yucaipa-Calimesa Joint Unified School District, San Bernardino County, California, General Obligation Refunding Bonds, Series 2001A, 5.000%, 10/01/26 – NPMFG Insured | 10/11 at 100.00 | A2   | 2,329,225   |
| 135,095 | Total Tax Obligation/Limited Transportation – 7.4% (4.9% of Total Investments)  |                 |      | 125,996,612 |
| 1,690   | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2006F, 5.000%, 4/01/31 (UB)  | 4/16 at 100.00  | AA   | 1,694,817   |
| 11,750  | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 5.875%, 1/15/28  | 1/14 at 101.00  | BBB– | 10,446,338  |
|         | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 2003, Issue 29B:                                     |                 |      |             |
| 4,110   | 5.125%, 5/01/17 – FGIC Insured  | 5/13 at 100.00  | A1   | 4,273,989   |
| 5,140   | 5.125%, 5/01/19 – FGIC Insured  | 5/13 at 100.00  | A1   | 5,279,962   |
| 22,690  | Total Transportation  |                 |      | 21,695,106  |

Nuveen Investments

61

| Nuveen California Dividend Advantage Municipal Fund 3 (continued) |   |                              |             |       |           |
|---|---|------------------------------|-------------|-------|-----------|
| NZH Portfolio of Investments                                      |   |                              |             |       |           |
| February 28, 2011   |   |                              |             |       |           |
| Principal Amount (000)  | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value |           |
|   | U.S. Guaranteed – 21.3% (14.1% of Total Investments) (7)  |                              |             |       |           |
| \$ 4,000  | Beaumont Financing Authority, California, Local Agency Revenue Bonds, Series 2002A, 6.750%, 9/01/25 (Pre-refunded 9/01/12)  | 9/12 at 102.00               | N/R (7)     | \$    | 4,442,320 |
| 8,880   | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Merced County Tobacco Funding Corporation, Series 2002A, 5.500%, 6/01/33 (Pre-refunded 6/01/12) | 6/12 at 100.00               | Baa3 (7)    |       | 9,254,470 |
| 3,500   | California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A: 5.375%, 5/01/17 (Pre-refunded 5/01/12) – SYNCORA GTY Insured  | 5/12 at 101.00               | Aaa         |       | 3,738,945 |
| 8,000   | 5.125%, 5/01/18 (Pre-refunded 5/01/12)  | 5/12 at 101.00               | Aaa         |       | 8,512,880 |
| 720   | California Statewide Community Development Authority, Revenue Bonds, Thomas Jefferson School of Law, Series 2005A, 4.875%, 10/01/31 (Pre-refunded 10/01/15)                             | 10/15 at 100.00              | N/R (7)     |       | 796,694   |
| 2,000   | Daly City Housing Development Finance Agency, California, Mobile Home Park Revenue Bonds, Franciscan Mobile Home Park Project, Series 2002A, 5.800%, 12/15/25 (Pre-refunded 12/15/13)   | 12/13 at 102.00              | N/R (7)     |       | 2,304,360 |
| 2,500   | Fullerton Joint Union High School District, Orange County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/23 (Pre-refunded 8/01/11) – AGM Insured                     | 8/11 at 100.00               | Aa2 (7)     |       | 2,549,875 |
| 4,505   | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2003A-1, 6.250%, 6/01/33 (Pre-refunded 6/01/13)                              | 6/13 at 100.00               | AAA         |       | 4,897,881 |
| 1,940   | Lincoln, California, Special Tax Bonds, Lincoln Crossing Community Facilities District 03-1, Series 2003A, 6.500%, 9/01/25 (Pre-refunded 9/01/13)                                       | 9/13 at 102.00               | N/R (7)     |       | 2,245,628 |
| 1,335   | Lincoln, California, Special Tax Bonds, Lincoln Crossing Community Facilities District 03-1, Series 2004, 6.000%, 9/01/34 (Pre-refunded 9/01/13)  | 9/13 at 102.00               | N/R (7)     |       | 1,528,802 |
| 5,500   | Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2002D, 5.375%, 7/01/36 (Pre-refunded 7/01/12) (4)   | 7/12 at 100.00               | AAA         |       | 5,850,735 |
| 1,225   | San Francisco Bay Area Rapid Transit District, California, Sales Tax Revenue Bonds, Series 2001, 5.000%, 7/01/26 (Pre-refunded 7/01/11) – AMBAC Insured                                 | 7/11 at 100.00               | AA+ (7)     |       | 1,243,547 |
| 7,595   |   | 9/11 at 101.00               | BBB (7)     |       | 7,852,319 |

|        |  |                    |         |  |            |
|--------|--|--------------------|---------|--|------------|
|        | San Francisco State University Foundation Inc.,<br>California, Auxiliary Organization Student Housing<br>Revenue Bonds, Series 2001, 5.000%, 9/01/26<br>(Pre-refunded 9/01/11) – NPMG Insured                                      |                    |         |  |            |
| 4,200  | Tobacco Securitization Authority of Southern<br>California, Tobacco Settlement Asset-Backed<br>Bonds, San Diego County Tobacco Asset<br>Securitization Corporation, Senior Series 2001A,<br>5.500%, 6/01/36 (Pre-refunded 6/01/12) | 6/12 at 100.00     | AAA     |  | 4,456,200  |
| 2,500  | Whittier, California, Health Facility Revenue<br>Bonds, Presbyterian Intercommunity Hospital,<br>Series 2002, 5.600%, 6/01/22 (Pre-refunded<br>6/01/12)  | 6/12 at 101.00     | N/R (7) |  | 2,685,375  |
| 58,400 | Total U.S. Guaranteed<br>Utilities – 3.6% (2.4% of Total Investments)  |                    |         |  | 62,360,031 |
| 3,815  | Long Beach Bond Finance Authority, California,<br>Natural Gas Purchase Revenue Bonds, Series<br>2007A, 5.000%, 11/15/35  | No Opt. Call       | A       |  | 3,239,545  |
| 1,285  | Merced Irrigation District, California, Electric<br>System Revenue Bonds, Series 2005, 5.125%,<br>9/01/31 – SYNCORA GTY Insured  | 9/15 at 100.00     | N/R     |  | 1,071,112  |
| 5,000  | Merced Irrigation District, California, Revenue<br>Certificates of Participation, Electric System<br>Project, Series 2003, 5.700%, 9/01/36   | 9/13 at 102.00     | Baa3    |  | 4,203,450  |
| 2,250  | Salinas Valley Solid Waste Authority, California,<br>Revenue Bonds, Series 2002, 5.125%, 8/01/22 –<br>AMBAC Insured (Alternative Minimum Tax)  | 8/12 at 100.00     | A+      |  | 2,154,735  |
| 12,350 | Total Utilities<br>Water and Sewer – 6.2% (4.1% of Total<br>Investments)   |                    |         |  | 10,668,842 |
| 1,070  | Burbank, California, Wastewater System Revenue<br>Bonds, Series 2004A, 5.000%, 6/01/22 – AMBAC<br>Insured  | 6/14 at 100.00     | AA+     |  | 1,099,521  |
| 1,125  | Fortuna Public Finance Authority, California,<br>Water Revenue Bonds, Series 2006, 5.000%,<br>10/01/36 – AGM Insured   | 10/16 at<br>100.00 | AA+     |  | 1,035,877  |
| 890    | Healdsburg Public Financing Authority, California,<br>Wastewater Revenue Bonds, Series 2006, 5.000%,<br>4/01/36 – NPMG Insured   | 4/16 at 100.00     | AA–     |  | 824,086    |



| Principal Amount (000) | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value          |
|------------------------|--|------------------------------|-------------|----------------|
|                        | Water and Sewer (continued)  |                              |             |                |
| \$ 850                 | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 – NPMFG Insured                             | 6/16 at 100.00               | AA–         | \$ 808,859     |
| 1,000                  | Pico Rivera Water Authority, California, Revenue Bonds, Series 2001A, 6.250%, 12/01/32   | 12/11 at 102.00              | N/R         | 886,249        |
| 1,000                  | San Buenaventura, California, Wastewater Revenue Certificates of Participation, Series 2004, 5.000%, 3/01/24 – NPMFG Insured                               | 3/14 at 100.00               | AA          | 1,021,619      |
|                        | San Diego Public Facilities Financing Authority, California, Subordinate Lien Water Revenue Bonds, Series 2002:  |                              |             |                |
| 2,500                  | 5.000%, 8/01/23 – NPMFG Insured  | 8/12 at 100.00               | Aa3         | 2,517,049      |
| 6,260                  | 5.000%, 8/01/24 – NPMFG Insured  | 8/12 at 100.00               | Aa3         | 6,278,529      |
| 3,315                  | San Francisco City and County Public Utilities Commission, California, Clean Water Revenue Refunding Bonds, Series 2003A, 5.250%, 10/01/18 – NPMFG Insured | 4/13 at 100.00               | AA–         | 3,536,176      |
| 18,010                 | Total Water and Sewer  |                              |             | 18,007,965     |
| \$ 495,374             | Total Investments (cost \$473,222,448) – 151.5%  |                              |             | 443,312,104    |
|                        | Floating Rate Obligations – (1.3)%   |                              |             | (3,845,000)    |
|                        | MuniFund Term Preferred Shares, at Liquidation Value – (29.5)% (8)   |                              |             | (86,250,000)   |
|                        | Other Assets Less Liabilities – 3.1%   |                              |             | 8,845,947      |
|                        | Auction Rate Preferred Shares, at Liquidation Value – (23.8)% (8)  |                              |             | (69,500,000)   |
|                        | Net Assets Applicable to Common Shares – 100%  |                              |             | \$ 292,563,051 |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the 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) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in inverse floating rate transactions.
- (5) The Fund's Adviser has concluded this issue is not likely to meet its future interest payment obligations and has directed the Fund's custodian to cease accruing additional income on the Fund's records.
- (6) For fair value measurement disclosure purposes, investment categorized as Level 3. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Investment Valuation for more information.
- (7) 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.

- (8) MuniFund Term Preferred Shares and Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments are 19.5% and 15.7%, respectively.

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

63

NKL  
February 28, 2011

Nuveen Insured California Dividend Advantage Municipal Fund  
Portfolio of Investments

| Principal Amount (000) | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value      |
|------------------------|--|------------------------------|-------------|------------|
|                        | Consumer Staples – 3.9% (2.6% of Total Investments)  |                              |             |            |
| \$ 14,155              | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2007A-2, 0.000%, 6/01/37  | 6/22 at 100.00               | Baa3\$      | 8,111,523  |
|                        | Education and Civic Organizations – 5.0% (3.3% of Total Investments)   |                              |             |            |
| 1,675                  | California Educational Facilities Authority, Revenue Bonds, University of San Diego, Series 2002A, 5.250%, 10/01/30  | 10/12 at 100.00              | A2          | 1,683,794  |
| 9,000                  | California State University, Systemwide Revenue Bonds, Series 2002A, 5.125%, 11/01/26 – AMBAC Insured  | 11/12 at 100.00              | Aa2         | 8,804,880  |
| 10,675                 | Total Education and Civic Organizations  |                              |             | 10,488,674 |
|                        | Health Care – 6.4% (4.2% of Total Investments)   |                              |             |            |
| 5,000                  | ABAG Finance Authority for Non-Profit Corporations, California, Cal-Mortgage Insured Revenue Bonds, Sansum-Santa Barbara Medical Foundation Clinic, Series 2002A, 5.600%, 4/01/26              | 4/12 at 100.00               | A–          | 5,001,550  |
| 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          | 2,870,456  |
| 1,748                  | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 18.488%, 7/01/47 – AGM Insured (IF)   | 7/18 at 100.00               | AA+         | 1,284,902  |
| 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+          | 4,187,100  |
| 14,563                 | Total Health Care  |                              |             | 13,344,008 |
|                        | Housing/Multifamily – 1.4% (0.9% of Total Investments)   |                              |             |            |
| 1,000                  | California Statewide Community Development Authority, Student Housing Revenue Bonds, EAH – Irvine East Campus Apartments, LLC Project, Series 2002A, 5.500%, 8/01/22 – ACA Insured             | 8/12 at 100.00               | Baa1        | 988,280    |
| 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         | 1,933,518  |
| 2,905                  | Total Housing/Multifamily  |                              |             | 2,921,798  |

|   |  |                 |     |           |
|---|--|-----------------|-----|-----------|
| Housing/Single Family – 0.1% (0.1% of Total Investments)    |  |                 |     |           |
| 270   | 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   | 274,258   |
| Industrials – 1.2% (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 | 2,460,738 |
| Long-Term Care – 1.4% (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–  | 2,999,910 |
| Tax Obligation/General – 30.1% (19.9% of Total Investments) |  |                 |     |           |
| 900   | California State, General Obligation Bonds, Series 2003, 5.000%, 2/01/21   | 8/13 at 100.00  | A1  | 936,612   |
| 8,250   | California, General Obligation Refunding Bonds, Series 2002, 5.000%, 2/01/22 – NPF Insured   | 2/12 at 100.00  | A1  | 8,334,975 |
| 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    | AA+ | 2,180,825 |
| 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  | AA+ | 2,725,718 |
| 10,000  | East Side Union High School District, Santa Clara County, California, General Obligation Bonds, Series 2005, 0.000%, 8/01/28 – SYNCORA GTY Insured   | 8/13 at 47.75   | A   | 2,910,600 |
| 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  | AA+ | 228,537   |

| Principal Amount (000) | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value        |
|------------------------|--|------------------------------|-------------|--------------|
|                        | Tax Obligation/General (continued)   |                              |             |              |
| \$ 2,730               | Fontana Unified School District, San Bernardino County, California, General Obligation Bonds, Trust 2668, 9.469%, 2/01/16 – AGM Insured (IF)                         | No Opt. Call                 | AA+         | \$ 2,743,049 |
| 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         | 10,119,300   |
| 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               | AA+         | 1,054,690    |
| 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               | AA+         | 1,459,125    |
| 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               | AA+         | 1,783,420    |
| 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          | 2,551,975    |
| 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–         | 376,980      |
| 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               | AA+         | 3,360,175    |
| 1,500                  | San Juan Capistrano, California, General Obligation Bonds, Open Space Program, Tender Option Bond Trust 3646, 17.691%, 8/01/17 (IF)                                  | No Opt. Call                 | AAA         | 1,509,960    |
| 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         | 3,506,020    |
| 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                 | AA+         | 3,247,682    |
| 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               | AA+         | 10,142,600   |
| 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+          | 3,716,662    |
| 101,545                | Total Tax Obligation/General   |                              |             | 62,888,905   |

Tax Obligation/Limited – 47.6% (31.5% of Total Investments)

|       |  |                 |      |           |
|-------|--|-----------------|------|-----------|
| 1,450 | Baldwin Park Public Financing Authority, California, Sales Tax and Tax Allocation Bonds, Puente Merced Redevelopment Project, Series 2003, 5.250%, 8/01/21                 | 8/13 at 102.00  | BBB  | 1,443,156 |
| 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  | AA+  | 6,907,342 |
| 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  | 1,776,984 |
| 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   | 2,792,511 |
| 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  | BBB  | 427,135   |
| 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-   | 1,084,720 |
| 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  | Baa1 | 6,586,448 |
| 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  | Baa1 | 2,812,228 |
| 7,595 | El Monte, California, Senior Lien Certificates of Participation, Department of Public Services Facility Phase II, Series 2001, 5.000%, 1/01/21 – AMBAC Insured             | 7/11 at 100.00  | A2   | 7,598,798 |
| 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  | 3,644,880 |
| 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   | 6,237,070 |

## Nuveen Insured California Dividend Advantage Municipal Fund (continued)

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## Portfolio of Investments

February 28, 2011

| Principal Amount (000) | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value        |
|------------------------|---|------------------------------|-------------|--------------|
|                        | Tax Obligation/Limited (continued)  |                              |             |              |
| \$ 7,700               | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Revenue Bonds, Tender Option Bonds Trust 4686, 9.229%, 6/01/45 – AGC Insured (IF) | 6/15 at 100.00               | AA+         | \$ 5,085,850 |
| 910                    | 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         | 581,890      |
| 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         | 2,036,216    |
| 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+          | 3,159,800    |
| 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+          | 3,331,558    |
| 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          | 682,608      |
| 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+          | 1,382,956    |
| 7,000                  | Los Angeles, California, Certificates of Participation, Series 2002, 5.200%, 4/01/27 – AMBAC Insured  | 4/12 at 100.00               | A+          | 7,013,300    |
| 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+          | 8,116,123    |
| 5,000                  | Palm Desert Financing Authority, California, Tax Allocation Revenue Refunding Bonds, Project Area 1, Series 2002, 5.000%, 4/01/25 – NCFG Insured  | 4/12 at 102.00               | Baa1        | 4,364,550    |
| 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–          | 320,023      |
| 3,000                  | Riverside County Public Financing Authority, California, Tax Allocation Bonds, Multiple Projects, Series 2005A, 5.000%, 10/01/35 –  | 10/15 at 100.00              | BBB         | 2,267,820    |

| SYNCORA GTY Insured                               |  |                |      |            |
|---|--|----------------|------|------------|
| 4,475   | Riverside County, California, Asset Leasing Corporate Leasehold Revenue Bonds, Riverside County Hospital Project, Series 1997B, 5.000%, 6/01/19 – NPFQ Insured                             | 6/12 at 101.00 | Baa1 | 4,491,871  |
| 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  | 1,907,450  |
| 505   | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 – AMBAC Insured   | 8/13 at 100.00 | AA–  | 487,123    |
| 3,175   | San Buenaventura, California, Certificates of Participation, Series 2001C, 5.250%, 2/01/31 – AMBAC Insured   | 2/13 at 100.00 | N/R  | 2,570,925  |
| 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                                   | 9/11 at 100.00 | Baa2 | 3,455,435  |
| 4,000   | San Jose Financing Authority, California, Lease Revenue Refunding Bonds, Convention Center Project, Series 2001F, 5.000%, 9/01/19 – NPFQ Insured   | 9/11 at 100.00 | AA+  | 4,070,480  |
| 1,000   | San Jose Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 8/01/28 – NPFQ Insured   | 8/15 at 100.00 | A2   | 821,340    |
| 2,160   | Temecula Redevelopment Agency, California, Tax Allocation Revenue Bonds, Redevelopment Project 1, Series 2002, 5.125%, 8/01/27 – NPFQ Insured  | 5/11 at 100.00 | A–   | 1,915,618  |
| 110,415   | Total Tax Obligation/Limited   |                |      | 99,374,208 |
| Transportation – 5.4% (3.6% of Total Investments) |  |                |      |            |
| 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– | 6,621,825  |
| 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   | 2,256,646  |
| 2,300   | 5.250%, 5/01/17 – FGIC Insured (Alternative Minimum Tax)   | 5/13 at 100.00 | A1   | 2,362,514  |
| 11,985  | Total Transportation   |                |      | 11,240,985 |



| Principal Amount (000) | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value        |
|------------------------|---|------------------------------|-------------|--------------|
|                        | U.S. Guaranteed – 18.6% (12.3% 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         | \$ 6,384,660 |
|                        | California Department of Water Resources, Water System Revenue Bonds, Central Valley Project, Series 2002X:   |                              |             |              |
| 35                     | 5.150%, 12/01/23 (Pre-refunded 12/01/12) – FGIC Insured   | 12/12 at 100.00              | AAA         | 37,829       |
| 780                    | 5.150%, 12/01/23 (Pre-refunded 12/01/12) – FGIC Insured   | 12/12 at 100.00              | Aa1 (4)     | 842,330      |
| 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         | 2,531,070    |
| 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)      | 9,042,578    |
| 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         | 5,185,935    |
| 5,000                  | Los Angeles Unified School District, California, General Obligation Bonds, Series 2002E, 5.125%, 1/01/27 (Pre-refunded 7/01/12) – NPMFG Insured   | 7/12 at 100.00               | AA– (4)     | 5,311,950    |
| 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)    | 3,907,449    |
| 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)      | 3,070,801    |
| 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               | AA+ (4)     | 2,533,652    |
| 36,285                 | Total U.S. Guaranteed Utilities – 15.6% (10.3% of Total Investments)  |                              |             | 38,848,254   |
| 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              | AA+         | 8,969,400    |
| 10,000                 | California Pollution Control Financing Authority, Remarketed Revenue Bonds, Pacific Gas and   | 4/11 at 102.00               | A3          | 10,224,100   |

|        |  |                    |     |            |
|--------|--|--------------------|-----|------------|
|        | Electric Company, Series 1996A, 5.350%, 12/01/16<br>– NPFG Insured (Alternative Minimum Tax)   |                    |     |            |
| 2,490  | Long Beach Bond Finance Authority, California,<br>Natural Gas Purchase Revenue Bonds, Series<br>2007A, 5.000%, 11/15/35  | No Opt. Call       | A   | 2,114,408  |
| 830    | Merced Irrigation District, California, Electric<br>System Revenue Bonds, Series 2005, 5.125%,<br>9/01/31 – SYNCORA GTY Insured  | 9/15 at 100.00     | N/R | 691,847    |
| 1,775  | Northern California Power Agency, Revenue<br>Refunding Bonds, Hydroelectric Project 1, Series<br>1998A, 5.200%, 7/01/32 – NPFG Insured                                 | 5/11 at 100.00     | A   | 1,677,588  |
| 3,000  | Sacramento Municipal Utility District, California,<br>Electric Revenue Bonds, Series 2001N, 5.000%,<br>8/15/28 – NPFG Insured  | 8/11 at 100.00     | A+  | 3,000,300  |
| 5,630  | Southern California Public Power Authority,<br>Subordinate Revenue Refunding Bonds,<br>Transmission Project, Series 2002A, 4.750%,<br>7/01/19 – AGM Insured            | 7/12 at 100.00     | AA+ | 5,865,897  |
| 32,725 | Total Utilities  |                    |     | 32,543,540 |
|        | Water and Sewer – 14.4% (9.6% of Total<br>Investments)   |                    |     |            |
| 2,185  | California Department of Water Resources, Water<br>System Revenue Bonds, Central Valley Project,<br>Series 2002X, 5.150%, 12/01/23 – FGIC Insured                      | 12/12 at<br>100.00 | AAA | 2,294,993  |
| 750    | Fortuna Public Finance Authority, California,<br>Water Revenue Bonds, Series 2006, 5.000%,<br>10/01/36 – AGM Insured   | 10/16 at<br>100.00 | AA+ | 690,585    |
| 570    | Healdsburg Public Financing Authority, California,<br>Wastewater Revenue Bonds, Series 2006, 5.000%,<br>4/01/36 – NPFG Insured   | 4/16 at 100.00     | AA– | 527,786    |
| 4,500  | Los Angeles County Sanitation Districts Financing<br>Authority, California, Senior Revenue Bonds,<br>Capital Projects, Series 2003A, 5.000%, 10/01/23 –<br>AGM Insured | 10/13 at<br>100.00 | AA+ | 4,735,440  |
| 1,715  | Manteca Financing Authority, California, Sewerage<br>Revenue Bonds, Series 2003B, 5.000%, 12/01/33 –<br>NPFG Insured   | 12/13 at<br>100.00 | Aa3 | 1,668,969  |
| 500    | Marina Coast Water District, California, Enterprise<br>Certificate of Participation, Series 2006, 5.000%,<br>6/01/31 – NPFG Insured                                    | 6/16 at 100.00     | AA– | 475,800    |

Nuveen Investments

67

| NKL                    |  | Nuveen Insured California Dividend Advantage Municipal Fund (continued) |             |                |
|------------------------|--|---|-------------|----------------|
|                        |  | Portfolio of Investments  |             |                |
|                        |  | February 28, 2011   |             |                |
| Principal Amount (000) | Description (1)  | Optional Call Provisions (2)  | Ratings (3) | Value          |
|                        | Water and Sewer (continued)  |   |             |                |
| \$ 9,185               | Orange County Sanitation District, California, Certificates of Participation, Series 2003, 5.000%, 2/01/33 – FGIC Insured (UB)         | 8/13 at 100.00  | AAA         | \$ 9,189,868   |
| 8,000                  | San Diego County Water Authority, California, Water Revenue Certificates of Participation, Series 2008A, 5.000%, 5/01/38 – AGM Insured | 5/18 at 100.00  | AA+         | 7,628,240      |
|                        | Semitropic Water Storage District, Kern County, California, Water Banking Revenue Bonds, Series 2004A:                                 |   |             |                |
| 1,315                  | 5.500%, 12/01/20 – SYNCORA GTY Insured   | 12/14 at 100.00   | AA          | 1,430,128      |
| 1,415                  | 5.500%, 12/01/21 – SYNCORA GTY Insured   | 12/14 at 100.00   | AA          | 1,517,330      |
| 30,135                 | Total Water and Sewer  |   |             | 30,159,139     |
| \$ 371,093             | Total Investments (cost \$326,637,901) – 151.1%  |   |             | 315,655,940    |
|                        | Floating Rate Obligations – (3.5)%   |   |             | (7,385,000)    |
|                        | Other Assets Less Liabilities – 2.1%   |   |             | 4,429,125      |
|                        | Auction Rate Preferred Shares, at Liquidation Value – (49.7)% (5)  |   |             | (103,750,000)  |
|                        | Net Assets Applicable to Common Shares – 100%  |   |             | \$ 208,950,065 |

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 (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the 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 32.9%.
- 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.

68 Nuveen Investments

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| Principal Amount (000)  |        | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value        |
|---|--------|--|------------------------------|-------------|--------------|
| Nuveen Insured California Tax-Free Advantage Municipal Fund<br>Portfolio of Investments |        |  |                              |             |              |
| February 28, 2011   |        |  |                              |             |              |
|   |        | Consumer Staples – 4.6% (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               | Baa3        | \$ 3,478,414 |
|   |        | Health Care – 25.5% (17.1% 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               | AA+         | 1,489,999    |
|   | 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+          | 1,729,818    |
|   | 662    | California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 18.488%, 7/01/47 – AGM Insured (IF)                 | 7/18 at 100.00               | AA+         | 486,388      |
|   | 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               | AA+         | 3,915,880    |
|   | 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+          | 1,519,917    |
|   | 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+         | 4,615,288    |
|   | 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          | 4,038,563    |
|   | 1,500  | Santa Clara County Financing Authority, California, Insured Revenue Bonds, El Camino Hospital, Series 2007A, 5.750%, 2/01/41 – AMBAC Insured                       | 8/17 at 100.00               | A+          | 1,431,075    |
|   | 20,487 | Total Health Care  |                              |             | 19,226,928   |
|   |        | Housing/Multifamily – 1.5% (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–         | 1,158,616    |
|   |        | Long-Term Care – 7.7% (5.2% 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-  | 2,819,790 |
| 1,000 | ABAG Finance Authority for Non-Profit Corporations, California, Insured Senior Living Revenue Bonds, Odd Fellows Home of California, Series 2003A, 5.200%, 11/15/22                                      | 11/12 at 100.00 | A-  | 999,970   |
| 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-  | 2,007,160 |
| 6,000 | Total Long-Term Care Tax Obligation/General – 18.8% (12.7% of Total Investments)   |                 |     | 5,826,920 |
| 2,000 | Butte-Glenn Community College District, Butte and Glenn Counties, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/26 – NPFG Insured   | 8/12 at 101.00  | Aa2 | 2,003,540 |
| 1,030 | Fontana Unified School District, San Bernardino County, California, General Obligation Bonds, Trust 2668, 9.469%, 2/01/16 – AGM Insured (IF)   | No Opt. Call    | AA+ | 1,034,923 |
| 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 | 455,369   |
| 2,000 | Los Angeles, California, General Obligation Bonds, Series 2002A, 5.000%, 9/01/22 – NPFG Insured  | 9/12 at 100.00  | Aa2 | 2,075,360 |
| 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 | 1,001,860 |
| 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  | AA+ | 891,710   |
| 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- | 140,739   |

Nuveen Investments

69

| Principal Amount (000)  |        | Description (1)   | Optional Call Provisions (2) | Ratings (3) | Value        |
|---|--------|---|------------------------------|-------------|--------------|
| Nuveen Insured California Tax-Free Advantage Municipal Fund (continued) |        |   |                              |             |              |
| Portfolio of Investments  |        |   |                              |             |              |
| February 28, 2011   |        |   |                              |             |              |
|   |        | Tax Obligation/General (continued)  |                              |             |              |
| \$  | 3,855  | 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               | AA+         | \$ 3,837,113 |
|   | 12,520 | Yosemite Community College District, California, General Obligation Bonds, Capital Appreciation, Election 2004, Series 2010D, 0.000%, 8/01/42   | No Opt. Call                 | Aa2         | 2,741,630    |
|   | 23,995 | Total Tax Obligation/General  |                              |             | 14,182,244   |
|   |        | Tax Obligation/Limited – 46.0% (31.0% 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         | 547,404      |
|   | 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           | 1,139,626    |
|   | 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          | 3,738,880    |
|   | 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               | BBB         | 156,157      |
|   | 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–          | 406,770      |
|   | 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         | 1,467,064    |
|   | 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          | 2,633,519    |
|   | 2,905  | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Revenue Bonds, Tender Option Bonds Trust 4686, 9.229%, 6/01/45 – AGC Insured (IF) | 6/15 at 100.00               | AA+         | 1,918,753    |

|        |  |                 |      |            |
|--------|--|-----------------|------|------------|
| 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  | 447,608    |
| 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  | 5,407,313  |
| 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   | 254,463    |
| 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  | 1,657,021  |
| 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+   | 1,894,460  |
| 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+   | 1,318,080  |
| 1,500  | Los Osos, California, Improvement Bonds, Community Services Wastewater Assessment District 1, Series 2002, 5.000%, 9/02/33 – NPPFG Insured                         | 3/13 at 100.00  | Baa1 | 1,117,485  |
| 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–   | 118,527    |
| 190    | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 – AMBAC Insured   | 8/13 at 100.00  | AA–  | 183,274    |
|        | 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–  | 2,828,430  |
| 3,300  | 5.000%, 2/01/32 – AMBAC Insured  | 2/12 at 100.00  | AA–  | 2,928,156  |
| 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           | 9/11 at 100.00  | Baa2 | 1,111,668  |
| 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+  | 2,627,345  |
| 1,000  | San Jose Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 8/01/28 – NPPFG Insured                                | 8/15 at 100.00  | A2   | 821,340    |
| 39,145 | Total Tax Obligation/Limited   |                 |      | 34,723,343 |





| Principal Amount (000) | Description (1)  | Optional Call Provisions (2) | Ratings (3) | Value        |
|------------------------|--|------------------------------|-------------|--------------|
|                        | Transportation – 8.2% (5.5% 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         | \$ 4,667,535 |
| 2,000                  | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Bonds, Series 1995A, 5.000%, 1/01/35  | 7/11 at 100.00               | BBB–        | 1,526,900    |
| 7,480                  | Total Transportation   |                              |             | 6,194,435    |
|                        | U.S. Guaranteed – 20.6% (13.9% 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               | AA+ (4)     | 1,064,230    |
|                        | 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         | 1,050,450    |
| 2,945                  | 5.250%, 4/01/30 (Pre-refunded 4/01/12) – SYNCORA GTY Insured   | 4/12 at 100.00               | A1 (4)      | 3,101,586    |
| 500                    | California State, General Obligation Bonds, Series 2004, 5.250%, 4/01/34 (Pre-refunded 4/01/14)  | 4/14 at 100.00               | AAA         | 565,020      |
| 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         | 1,872,699    |
| 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               | AA+ (4)     | 2,236,979    |
| 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)    | 1,456,623    |
| 2,390                  | Solano County, California, Certificates of Participation, Series 2002, 5.250%, 11/01/24 (Pre-refunded 11/01/12) – NPFG Insured   | 11/12 at 100.00              | AA– (4)     | 2,574,293    |
| 1,600                  | Sunnyvale Financing Authority, California, Water and Wastewater Revenue Bonds, Series 2001, 5.000%, 10/01/26 (Pre-refunded 10/01/11) – AMBAC Insured                     | 10/11 at 100.00              | AAA         | 1,644,560    |
| 14,350                 | Total U.S. Guaranteed  |                              |             | 15,566,440   |
|                        | Utilities – 3.2% (2.2% of Total Investments)   |                              |             |              |
| 1,000                  | Anaheim Public Finance Authority, California, Second Lien Electric Distribution Revenue Bonds, Series 2004, 5.250%, 10/01/21 – NPFG Insured                              | 10/14 at 100.00              | A+          | 1,036,650    |

|       |  |                 |     |           |
|-------|--|-----------------|-----|-----------|
| 945   | Long Beach Bond Finance Authority, California, Natural Gas Purchase Revenue Bonds, Series 2007A, 5.500%, 11/15/37                  | No Opt. Call    | A   | 851,606   |
| 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– | 290,758   |
| 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 | 258,401   |
| 2,530 | Total Utilities  |                 |     | 2,437,415 |
|       | Water and Sewer – 12.4% (8.3% of Total Investments)  |                 |     |           |
| 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– | 914,070   |
| 750   | Fortuna Public Finance Authority, California, Water Revenue Bonds, Series 2006, 5.000%, 10/01/36 – AGM Insured                     | 10/16 at 100.00 | AA+ | 690,585   |
| 215   | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 – NPFPG Insured          | 4/16 at 100.00  | AA– | 199,077   |
| 635   | Manteca Financing Authority, California, Sewerage Revenue Bonds, Series 2003B, 5.000%, 12/01/33 – NPFPG Insured                    | 12/13 at 100.00 | Aa3 | 617,957   |
| 170   | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 – NPFPG Insured     | 6/16 at 100.00  | AA– | 161,772   |

Nuveen Investments

71

| Nuveen Insured California Tax-Free Advantage Municipal Fund (continued) |   |                              |             |       |              |
|---|---|------------------------------|-------------|-------|--------------|
| Portfolio of Investments  |   |                              |             |       |              |
| February 28, 2011   |   |                              |             |       |              |
| 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 – NPPFG Insured   | 8/12 at 100.00               | Aa3         | \$    | 3,064,050    |
| 2,500   | 5.000%, 8/01/23 – NPPFG Insured   | 8/12 at 100.00               | Aa3         |       | 2,517,050    |
| 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           |       | 1,159,610    |
| 9,450   | Total Water and Sewer   |                              |             |       | 9,324,171    |
| \$ 130,672  | Total Investments (cost \$119,573,088) – 148.5%   |                              |             |       | 112,118,926  |
|   | Floating Rate Obligations – (4.5)%  |                              |             |       | (3,360,000)  |
|   | Other Assets Less Liabilities – 3.0%  |                              |             |       | 2,233,715    |
|   | Variable Rate Demand Preferred Shares, at Liquidation Value – (47.0)% (5)   |                              |             |       | (35,500,000) |
|   | Net Assets Applicable to Common Shares – 100%   |                              |             | \$    | 75,492,641   |

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 (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the 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 31.7%.
- 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.



Statement of  
Assets & Liabilities

February 28, 2011

|  | Insured<br>California<br>Premium<br>Income<br>(NPC) | Insured<br>California<br>Premium<br>Income 2<br>(NCL) | California<br>Premium<br>Income<br>(NCU) | California<br>Dividend<br>Advantage<br>(NAC) |
|--|---|---|--|--|
| <b>Assets</b>  |   |   |  |  |
| Investments, at value (cost \$131,627,729,<br>\$266,167,428, \$117,924,375 and<br>\$488,322,547, respectively)                                 | \$128,531,114                                       | \$253,654,101   | \$113,871,993                            | \$459,137,205                                |
| Cash   | —   | 689,146   | 681,598                                  | —  |
| Receivables:   |   |   |  |  |
| Interest   | 2,421,135   | 3,414,756   | 1,517,963                                | 7,618,929                                    |
| Investments sold   | —   | 195,000   | —  | 5,439,776                                    |
| Deferred offering costs  | 830,729   | 623,500   | 791,021                                  | —  |
| Other assets   | 39,039  | 76,995  | 14,468                                   | 144,034                                      |
| <b>Total assets</b>  | <b>131,822,017</b>                                  | <b>258,653,498</b>                                    | <b>116,877,043</b>                       | <b>472,339,944</b>                           |
| <b>Liabilities</b>   |   |   |  |  |
| Cash overdraft   | 400,154   | —   | —  | 2,056,012                                    |
| Floating rate obligations  | —   | 17,880,000  | 6,650,000                                | 28,545,000                                   |
| Unrealized depreciation on forward swaps   | —   | 15,872  | —  | —  |
| Payables:  |   |   |  |  |
| Auction Rate Preferred share dividends   | —   | —   | —  | 3,082  |
| Common share dividends   | 421,902   | 851,305   | 389,518                                  | 1,694,281                                    |
| Interest   | —   | —   | 58,750                                   | —  |
| Investments purchased  | —   | —   | —  | 6,509,060                                    |
| Offering costs   | 371,743   | 330,696   | 164,143                                  | —  |
| MuniFund Term Preferred (MTP) shares, at<br>liquidation value  | —   | —   | 35,250,000                               | —  |
| Variable Rate Demand Preferred (VRDP)<br>shares, at liquidation value  | 42,700,000  | 74,000,000  | —  | —  |
| Accrued expenses:  |   |   |  |  |
| Management fees  | 63,834  | 122,994   | 55,341                                   | 220,849                                      |
| Other  | 37,363  | 93,414  | 33,812                                   | 157,580                                      |
| <b>Total liabilities</b>   | <b>43,994,996</b>                                   | <b>93,294,281</b>                                     | <b>42,601,564</b>                        | <b>39,185,864</b>                            |
| Auction Rate Preferred Shares (ARPS), at<br>liquidation value  | —   | —   | —  | 135,525,000                                  |
| <b>Net assets applicable to Common shares</b>  | <b>\$87,827,021</b>                                 | <b>\$165,359,217</b>                                  | <b>\$74,275,479</b>                      | <b>\$297,629,080</b>                         |
| Common shares outstanding  | 6,442,132   | 12,664,222  | 5,730,688                                | 23,480,254                                   |
| <b>Net asset value per Common share<br/>outstanding (net assets applicable to<br/>Common shares, divided by Common shares<br/>outstanding)</b> | <b>\$13.63</b>                                      | <b>\$13.06</b>  | <b>\$12.96</b>                           | <b>\$12.68</b>                               |
| Net assets applicable to Common shares<br>consist of:  |   |   |  |  |
| Common shares, \$.01 par value per share   | \$64,421  | \$126,642   | \$57,307                                 | \$234,803                                    |

|  |              |               |              |               |
|--|--------------|---------------|--------------|---------------|
| Paid-in surplus  | 89,190,994   | 175,791,333   | 77,795,548   | 334,347,590   |
| Undistributed (Over-distribution of) net investment income | 1,493,036    | 3,319,135     | 1,445,417    | 6,424,912     |
| Accumulated net realized gain (loss)                       | 175,185      | (1,348,694 )  | (970,411 )   | (14,192,883 ) |
| Net unrealized appreciation (depreciation)                 | (3,096,615 ) | (12,529,199 ) | (4,052,382 ) | (29,185,342 ) |
| Net assets applicable to Common shares                     | \$87,827,021 | \$165,359,217 | \$74,275,479 | \$297,629,080 |
| Authorized shares:   |              |               |              |               |
| Common   | 200,000,000  | 200,000,000   | Unlimited    | Unlimited     |
| ARPS   | 1,000,000    | 1,000,000     | Unlimited    | Unlimited     |
| MTP  | —            | —             | Unlimited    | —             |
| VRDP   | Unlimited    | Unlimited     | —            | —             |

See accompanying notes to financial statements.

Statement of  
Assets & Liabilities (continued)

|  | California<br>Dividend<br>Advantage 2<br>(NVX) | California<br>Dividend<br>Advantage 3<br>(NZH) | Insured<br>California<br>Dividend<br>Advantage<br>(NKL) | Insured<br>California<br>Tax-Free<br>Advantage<br>(NKX) |
|--|--|--|---|---|
| <b>Assets</b>  |  |  |   |   |
| Investments, at value (cost \$314,111,634, \$473,222,448, \$326,637,901 and \$119,573,088, respectively)                           | \$300,404,486                                  | \$443,312,104                                  | \$315,655,940   | \$112,118,926   |
| Cash   | 382,339  | 920,769  | 1,572,377   | 737,024   |
| <b>Receivables:</b>  |  |  |   |   |
| Interest   | 4,785,206                                      | 7,672,841                                      | 4,186,781   | 1,504,015   |
| Investments sold   | 10,300   | 4,784,935                                      | —   | —   |
| Deferred offering costs  | 1,087,394                                      | 1,266,862                                      | —   | 489,784   |
| Other assets   | 69,439   | 145,733  | 78,327  | 35,083  |
| <b>Total assets</b>  | <b>306,739,164</b>                             | <b>458,103,244</b>                             | <b>321,493,425</b>                                      | <b>114,884,832</b>                                      |
| <b>Liabilities</b>   |  |  |   |   |
| Cash overdraft   | —  | —  | —   | —   |
| Floating rate obligations  | 11,390,000                                     | 3,845,000                                      | 7,385,000   | 3,360,000   |
| Unrealized depreciation on forward swaps   | —  | —  | —   | —   |
| <b>Payables:</b>   |  |  |   |   |
| Auction Rate Preferred share dividends   | 4,536  | 8,496  | 4,345   | —   |
| Common share dividends   | 1,151,601                                      | 1,736,666                                      | 1,156,269   | 380,269   |
| Interest   | 93,958   | 212,031  | —   | —   |
| Investments purchased  | —  | 3,364,178                                      | —   | —   |
| Offering costs   | 230,915  | 260,629  | —   | 71,729  |
| MuniFund Term Preferred (MTP) shares, at liquidation value   | 55,000,000                                     | 86,250,000                                     | —   | —   |
| Variable Rate Demand Preferred (VRDP) shares, at liquidation value   | —  | —  | —   | 35,500,000  |
| <b>Accrued expenses:</b>   |  |  |   |   |
| Management fees  | 134,176  | 204,610  | 129,124   | 54,922  |
| Other  | 109,324  | 158,583  | 118,622   | 25,271  |
| <b>Total liabilities</b>   | <b>68,114,510</b>                              | <b>96,040,193</b>                              | <b>8,793,360</b>  | <b>39,392,191</b>                                       |
| Auction Rate Preferred Shares (ARPS), at liquidation value   | 39,950,000                                     | 69,500,000                                     | 103,750,000   | —   |
| <b>Net assets applicable to Common shares</b>  | <b>\$198,674,654</b>                           | <b>\$292,563,051</b>                           | <b>\$208,950,065</b>                                    | <b>\$75,492,641</b>                                     |
| Common shares outstanding  | 14,746,722                                     | 24,127,919                                     | 15,256,178  | 5,887,263   |
| <b>Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)</b> | <b>\$13.47</b>                                 | <b>\$12.13</b>                                 | <b>\$13.70</b>  | <b>\$12.82</b>  |
| <b>Net assets applicable to Common shares consist of:</b>  |  |  |   |   |
| Common shares, \$.01 par value per share   | \$147,467                                      | \$241,279                                      | \$152,562   | \$58,873  |
| Paid-in surplus  | 209,552,404                                    | 339,610,821                                    | 216,718,484   | 82,869,244  |



|  |                |                |                |               |
|--|----------------|----------------|----------------|---------------|
| Undistributed (Over-distribution of) net investment income | 4,037,577      | 3,952,914      | 4,534,074      | 1,034,878     |
| Accumulated net realized gain (loss)                       | (1,355,646 )   | (21,331,619 )  | (1,473,094 )   | (1,016,192 )  |
| Net unrealized appreciation (depreciation)                 | (13,707,148 )  | (29,910,344 )  | (10,981,961 )  | (7,454,162 )  |
| Net assets applicable to Common shares                     | \$ 198,674,654 | \$ 292,563,051 | \$ 208,950,065 | \$ 75,492,641 |
| Authorized shares:   |                |                |                |               |
| Common   | Unlimited      | Unlimited      | Unlimited      | Unlimited     |
| ARPS   | Unlimited      | Unlimited      | Unlimited      | Unlimited     |
| MTP  | Unlimited      | Unlimited      | —              | —             |
| VRDP   | —              | —              | —              | Unlimited     |

See accompanying notes to financial statements.

Statement of  
Operations

Year Ended February 28, 2011

|  | Insured<br>California<br>Premium<br>Income<br>(NPC) | Insured<br>California<br>Premium<br>Income 2<br>(NCL) | California<br>Premium<br>Income<br>(NCU) | California<br>Dividend<br>Advantage<br>(NAC) |
|--|---|---|--|--|
| Investment Income  | \$7,352,691   | \$13,865,076  | \$6,588,755                              | \$27,018,048                                 |
| Expenses   |   |   |  |  |
| Management fees  | 886,256   | 1,705,393   | 761,520                                  | 3,079,014                                    |
| Auction fees   | 47,539  | 106,697   | 30,645                                   | 203,287                                      |
| Dividend disbursing agent fees   | 10,000  | 26,685  | 5,863                                    | 20,000                                       |
| Shareholders' servicing agent fees and expenses  | 6,389   | 10,399  | 14,229                                   | 3,603  |
| Interest expense and amortization of offering costs  | 196,322   | 193,410   | 431,149                                  | 205,060                                      |
| Liquidity fees on VRDP   | 411,698   | 95,782  | —  | —  |
| Custodian's fees and expenses  | 27,605  | 49,222  | 26,197                                   | 92,281                                       |
| Directors'/Trustees' fees and expenses   | 3,611   | 6,625   | 3,163                                    | 12,860                                       |
| Professional fees  | 19,719  | 25,230  | 14,369                                   | 108,330                                      |
| Shareholders' reports – printing and mailing expenses  | 30,494  | 51,272  | 27,751                                   | 73,163                                       |
| Stock exchange listing fees  | 9,068   | 9,068   | 799                                      | 9,068  |
| Other expenses   | 17,743  | 10,125  | 17,988                                   | 13,791                                       |
| Total expenses before custodian fee credit and expense reimbursement   | 1,666,444   | 2,289,908   | 1,333,673                                | 3,820,457                                    |
| Custodian fee credit   | (1,967 )  | (3,280 )  | (1,355 )                                 | (1,529 )                                     |
| Expense reimbursement  | —   | —   | —  | —  |
| Net expenses   | 1,664,477   | 2,286,628   | 1,332,318                                | 3,818,928                                    |
| Net investment income (loss)   | 5,688,214   | 11,578,448  | 5,256,437                                | 23,199,120                                   |
| Realized and Unrealized Gain (Loss)  |   |   |  |  |
| Net realized gain (loss) from investments  | 171,851   | 3,862,920   | 17,475                                   | 504,735                                      |
| Change in net unrealized appreciation (depreciation) of:   |   |   |  |  |
| Investments  | (7,233,345 )  | (16,035,141 )   | (4,515,299 )                             | (30,484,773 )                                |
| Forward swaps  | —   | (15,872 )   | —  | —  |
| Net realized and unrealized gain (loss)  | (7,061,494 )  | (12,188,093 )   | (4,497,824 )                             | (29,980,038 )                                |
| Distributions to Auction Rate Preferred Shareholders   |   |   |  |  |
| From net investment income   | (25,864 )   | (280,073 )  | (91,616 )                                | (565,279 )                                   |
| Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders | (25,864 )   | (280,073 )  | (91,616 )                                | (565,279 )                                   |
| Net increase (decrease) in net assets applicable to Common shares from operations                            | \$(1,399,144 )                                      | \$(889,718 )  | \$666,997                                | \$(7,346,197 )                               |

See accompanying notes to financial statements.

Nuveen Investments

75

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Statement of  
Operations (continued)

Year Ended February 28, 2011

|  | California<br>Dividend<br>Advantage 2<br>(NVX) | California<br>Dividend<br>Advantage 3<br>(NZH) | Insured<br>California<br>Dividend<br>Advantage<br>(NKL) | Insured<br>California<br>Tax-Free<br>Advantage<br>(NKX) |
|--|--|--|---|---|
| Investment Income  | \$17,915,532                                   | \$27,326,629                                   | \$17,994,834  | \$6,349,693   |
| Expenses   |  |  |   |   |
| Management fees  | 2,006,033                                      | 3,076,348                                      | 2,122,596   | 767,904   |
| Auction fees   | 118,223  | 104,251  | 156,041   | 33,669  |
| Dividend disbursing agent fees   | 20,000   | 20,000   | 20,000  | —   |
| Shareholders' servicing agent fees and expenses  | 9,749  | 24,360   | 1,588   | 880   |
| Interest expense and amortization of offering costs  | 559,114  | 2,974,838                                      | 53,954  | 387,416   |
| Liquidity fees on VRDP   | —  | —  | —   | 328,961   |
| Custodian's fees and expenses  | 64,120   | 90,032   | 59,677  | 24,450  |
| Directors'/Trustees' fees and expenses   | 8,056  | 13,123   | 8,503   | 3,717   |
| Professional fees  | 33,530   | 109,302  | 28,076  | 74,615  |
| Shareholders' reports – printing and mailing expenses  | 47,977   | 71,678   | 53,208  | 25,241  |
| Stock exchange listing fees  | 2,054  | 3,360  | 2,125   | 820   |
| Other expenses   | 18,202   | 16,547   | 17,210  | 27,292  |
| Total expenses before custodian fee credit and expense reimbursement   | 2,887,058                                      | 6,503,839                                      | 2,522,978   | 1,674,965   |
| Custodian fee credit   | (869 )   | (1,754 )                                       | (1,907 )  | (2,040 )  |
| Expense reimbursement  | (174,675 )                                     | (396,720 )                                     | (355,530 )  | (74,161 )   |
| Net expenses   | 2,711,514                                      | 6,105,365                                      | 2,165,541   | 1,598,764   |
| Net investment income (loss)   | 15,204,018                                     | 21,221,264                                     | 15,829,293  | 4,750,929   |
| Realized and Unrealized Gain (Loss)  |  |  |   |   |
| Net realized gain (loss) from investments  | 1,606,851                                      | (1,730,418 )                                   | 93,837  | 105,651   |
| Change in net unrealized appreciation (depreciation) of:   |  |  |   |   |
| Investments  | (17,378,595 )                                  | (22,899,118 )                                  | (16,671,070 )   | (7,235,385 )  |
| Forward swaps  | —  | —  | —   | —   |
| Net realized and unrealized gain (loss)  | (15,771,744 )                                  | (24,629,536 )                                  | (16,577,233 )   | (7,129,734 )  |
| Distributions to Auction Rate Preferred Shareholders   |  |  |   |   |
| From net investment income   | (331,826 )                                     | (290,939 )                                     | (435,387 )  | —   |
| Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders | (331,826 )                                     | (290,939 )                                     | (435,387 )  | —   |
| Net increase (decrease) in net assets applicable to Common shares from operations                            | \$(899,552 )                                   | \$(3,699,211 )                                 | \$(1,183,327 )  | \$(2,378,805 )  |

See accompanying notes to financial statements.

76 Nuveen Investments

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Statement of  
Changes in Net Assets

|  | Insured California<br>Premium Income (NPC) |                          | Insured California<br>Premium Income 2 (NCL) |                          | California Premium Income<br>(NCU) |                          |
|--|--|--------------------------|--|--------------------------|------------------------------------|--------------------------|
|  | Year<br>Ended<br>2/28/11                   | Year<br>Ended<br>2/28/10 | Year<br>Ended<br>2/28/11                     | Year<br>Ended<br>2/28/10 | Year<br>Ended<br>2/28/11           | Year<br>Ended<br>2/28/10 |
| <b>Operations</b>  |  |                          |  |                          |                                    |                          |
| Net investment<br>income (loss)  | \$ 5,688,214                               | \$ 6,202,024             | \$ 11,578,448                                | \$ 12,393,332            | \$ 5,256,437                       | \$ 5,420,568             |
| Net realized gain<br>(loss) from:  |  |                          |  |                          |                                    |                          |
| Investments  | 171,851                                    | 208,253                  | 3,862,920                                    | 905,377                  | 17,475                             | 771,424                  |
| Forward swaps  | —  | —                        | —  | 2,508,000                | —                                  | —                        |
| Change in net<br>unrealized<br>appreciation<br>(depreciation) of:  |  |                          |  |                          |                                    |                          |
| Investments  | (7,233,345 )                               | 3,266,189                | (16,035,141 )                                | 10,832,050               | (4,515,299 )                       | 5,758,190                |
| Forward swaps  | —  | —                        | (15,872 )                                    | (1,751,141 )             | —                                  | —                        |
| Distributions to<br>Auction Rate<br>Preferred<br>Shareholders:   |  |                          |  |                          |                                    |                          |
| From net<br>investment income  | (25,864 )                                  | (160,577 )               | (280,073 )                                   | (280,372 )               | (91,616 )                          | (196,230 )               |
| From accumulated<br>net realized gains   | —  | (125,550 )               | —  | (219,424 )               | —                                  | —                        |
| Net increase<br>(decrease) in net<br>assets applicable to<br>Common shares<br>from operations                  | (1,399,144 )                               | 9,390,339                | (889,718 )                                   | 24,387,822               | 666,997                            | 11,753,952               |
| Distributions to<br>Common<br>Shareholders:  |  |                          |  |                          |                                    |                          |
| From net<br>investment income  | (5,537,014 )                               | (4,841,052 )             | (10,941,930 )                                | (9,927,691 )             | (4,944,267 )                       | (4,156,357 )             |
| From accumulated<br>net realized gains   | (180,380 )                                 | —                        | —  | —                        | —                                  | —                        |
| Decrease in net<br>assets applicable to<br>Common shares<br>from distributions<br>to<br>Common<br>shareholders | (5,717,394 )                               | (4,841,052 )             | (10,941,930 )                                | (9,927,691 )             | (4,944,267 )                       | (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 )    | (14,592 )      | (122,212 )     | (28,416 )     | (276,239 )    |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | —             | (137,066 )    | 21,650         | (122,212 )     | (28,416 )     | (276,239 )    |
| Net increase (decrease) in net assets applicable to Common shares                                 | (7,116,538 )  | 4,412,221     | (11,809,998 )  | 14,337,919     | (4,305,686 )  | 7,321,356     |
| Net assets applicable to Common shares at the beginning of year                                   | 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 year   | \$ 87,827,021 | \$ 94,943,559 | \$ 165,359,217 | \$ 177,169,215 | \$ 74,275,479 | \$ 78,581,165 |
| Undistributed (Over-distribution of) net investment income at the end of year                     | \$ 1,493,036  | \$ 1,341,479  | \$ 3,319,135   | \$ 2,990,818   | \$ 1,445,417  | \$ 1,156,186  |

See accompanying notes to financial statements.

Statement of  
Changes in Net Assets (continued)

|  | California Dividend<br>Advantage (NAC) |                          | California Dividend<br>Advantage 2 (NVX) |                          | California Dividend<br>Advantage 3 (NZH) |                          |
|--|--|--------------------------|--|--------------------------|--|--------------------------|
|  | Year<br>Ended<br>2/28/11               | Year<br>Ended<br>2/28/10 | Year<br>Ended<br>2/28/11                 | Year<br>Ended<br>2/28/10 | Year<br>Ended<br>2/28/11                 | Year<br>Ended<br>2/28/10 |
| <b>Operations</b>  |  |                          |  |                          |  |                          |
| Net investment<br>income (loss)  | \$ 23,199,120                          | \$ 23,628,358            | \$ 15,204,018                            | \$ 15,761,479            | \$ 21,221,264                            | \$ 23,612,940            |
| Net realized gain<br>(loss) from:  |  |                          |  |                          |  |                          |
| Investments  | 504,735                                | 1,654,622                | 1,606,851                                | (224,116 )               | (1,730,418 )                             | (1,481,783 )             |
| Forward swaps  | —                                      | —                        | —  | —                        | —  | (1,938,000 )             |
| Change in net<br>unrealized<br>appreciation<br>(depreciation) of:  |  |                          |  |                          |  |                          |
| Investments  | (30,484,773 )                          | 36,206,667               | (17,378,595 )                            | 21,083,029               | (22,899,118 )                            | 37,608,511               |
| Forward swaps  | —                                      | —                        | —  | —                        | —  | 2,841,843                |
| Distributions to<br>Auction Rate<br>Preferred<br>Shareholders:   |  |                          |  |                          |  |                          |
| From net<br>investment income  | (565,279 )                             | (466,845 )               | (331,826 )                               | (520,453 )               | (290,939 )                               | (747,503 )               |
| From accumulated<br>net realized gains   | —                                      | (387,199 )               | —  | —                        | —  | —                        |
| Net increase<br>(decrease) in net<br>assets applicable to<br>Common shares<br>from operations                  | (7,346,197 )                           | 60,635,603               | (899,552 )                               | 36,099,939               | (3,699,211 )                             | 59,896,008               |
| Distributions to<br>Common<br>Shareholders   |  |                          |  |                          |  |                          |
| From net<br>investment income  | (20,815,246 )                          | (19,065,967 )            | (14,112,614 )                            | (12,903,633 )            | (21,711,954 )                            | (20,091,489 )            |
| From accumulated<br>net realized gains   | —                                      | —                        | —  | —                        | —  | —                        |
| Decrease in net<br>assets applicable to<br>Common shares<br>from distributions<br>to<br>Common<br>shareholders | (20,815,246 )                          | (19,065,967 )            | (14,112,614 )                            | (12,903,633 )            | (21,711,954 )                            | (20,091,489 )            |



|   |                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Capital Share Transactions  |                |                |                |                |                |                |
| Common shares:  |                |                |                |                |                |                |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions              | —              | —              | —              | —              | 114,072        | —              |
| Repurchased and retired   | —              | —              | —              | (333,589 )     | —              | —              |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | —              | —              | —              | (333,589 )     | 114,072        | —              |
| Net increase (decrease) in net assets applicable to Common shares                                 | (28,161,443 )  | 41,569,636     | (15,012,166 )  | 22,862,717     | (25,297,093 )  | 39,804,519     |
| Net assets applicable to Common shares at the beginning of year                                   | 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 year   | \$ 297,629,080 | \$ 325,790,523 | \$ 198,674,654 | \$ 213,686,820 | \$ 292,563,051 | \$ 317,860,144 |
| Undistributed (Over-distribution of) net investment income at the end of year                     | \$ 6,424,912   | \$ 4,761,516   | \$ 4,037,577   | \$ 3,224,000   | \$ 3,952,914   | \$ 4,465,685   |

See accompanying notes to financial statements.

|   | Insured California<br>Dividend Advantage (NKL) |                          | Insured California<br>Tax-Free Advantage (NKX) |                          |
|---|--|--------------------------|--|--------------------------|
|   | Year<br>Ended<br>2/28/11                       | Year<br>Ended<br>2/28/10 | Year<br>Ended<br>2/28/11                       | Year<br>Ended<br>2/28/10 |
| <b>Operations</b>   |  |                          |  |                          |
| Net investment income (loss)  | \$ 15,829,293                                  | \$ 16,095,615            | \$ 4,750,929                                   | \$ 5,027,504             |
| Net realized gain (loss) from:  |  |                          |  |                          |
| Investments   | 93,837   | 53,877                   | 105,651  | (4,642 )                 |
| Forward swaps   | —  | —                        | —  | —                        |
| Change in net unrealized appreciation<br>(depreciation) of:   |  |                          |  |                          |
| Investments   | (16,671,070 )                                  | 15,219,178               | (7,235,385 )                                   | 6,385,845                |
| Forward swaps   | —  | —                        | —  | —                        |
| Distributions to Auction Rate Preferred<br>Shareholders:  |  |                          |  |                          |
| From net investment income  | (435,387 )                                     | (548,107 )               | —  | —                        |
| From accumulated net realized gains   | —  | —                        | —  | —                        |
| Net increase (decrease) in net assets<br>applicable to Common shares from operations                    | (1,183,327 )                                   | 30,820,563               | (2,378,805 )                                   | 11,408,707               |
| Distributions to Common Shareholders  |  |                          |  |                          |
| From net investment income  | (14,210,033 )                                  | (12,835,656 )            | (4,715,499 )                                   | (4,491,527 )             |
| From accumulated net realized gains   | —  | —                        | —  | —                        |
| Decrease in net assets applicable to<br>Common shares from distributions to<br>Common shareholders      | (14,210,033 )                                  | (12,835,656 )            | (4,715,499 )                                   | (4,491,527 )             |
| Capital Share Transactions  |  |                          |  |                          |
| Common shares:  |  |                          |  |                          |
| Net proceeds from shares issued to<br>shareholders due to reinvestment of<br>distributions              | 42,871   | —                        | 8,413  | —                        |
| Repurchased and retired   | —  | (151,512 )               | —  | —                        |
| Net increase (decrease) in net assets<br>applicable to Common shares from capital<br>share transactions | 42,871   | (151,512 )               | 8,413  | —                        |
| Net increase (decrease) in net assets<br>applicable to Common shares                                    | (15,350,489 )                                  | 17,833,395               | (7,085,891 )                                   | 6,917,180                |
| Net assets applicable to Common shares at the<br>beginning of year                                      | 224,300,554                                    | 206,467,159              | 82,578,532                                     | 75,661,352               |
| Net assets applicable to Common shares at the<br>end of year  | \$ 208,950,065                                 | \$ 224,300,554           | \$ 75,492,641                                  | \$ 82,578,532            |
| Undistributed (Over-distribution of) net<br>investment income at the end of year                        | \$ 4,534,074                                   | \$ 3,373,091             | \$ 1,034,878                                   | \$ 782,603               |

See accompanying notes to financial statements.



Statement of  
Cash Flows

Year Ended February 28, 2011

|  | Insured<br>California<br>Premium<br>Income<br>(NPC) | Insured<br>California<br>Premium<br>Income 2<br>(NCL) | California<br>Premium<br>Income<br>(NCU) |
|--|---|---|--|
| <b>Cash Flows from Operating Activities:</b>   |   |   |  |
| Net Increase (Decrease) In Net Assets Applicable to Common Shares from Operations  | \$(1,399,144 )                                      | \$(889,718 )  | \$666,997                                |
| 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   | (8,605,623 )  | (69,238,040 )   | (6,476,975 )                             |
| Proceeds from sales and maturities of investments  | 10,200,438  | 73,450,946  | 6,142,768                                |
| Proceeds from (Purchases of) short-term investments, net   | —   | —   | —  |
| Amortization (Accretion) of premiums and discounts, net  | 414,164   | (393,733 )  | (40,322 )                                |
| (Increase) Decrease in:  |   |   |  |
| Receivable for interest  | (52,200 )   | 189,822   | 3,069                                    |
| Receivable for investments sold  | 9,384,525   | 10,485,525  | —  |
| Other assets   | (23,801 )   | (15,642 )   | 5,869                                    |
| Increase (Decrease) in:  |   |   |  |
| Payable for Auction Rate Preferred share dividends   | (2,160 )  | (2,963 )  | (2,565 )                                 |
| Payable for interest   | —   | —   | 58,750                                   |
| Payable for investments purchased  | (6,185,626 )  | (1,185,262 )  | —  |
| Accrued management fees  | (4,358 )  | (8,028 )  | (2,932 )                                 |
| Accrued other expenses   | (20,545 )   | (25,472 )   | (17,349 )                                |
| Net realized (gain) loss from investments  | (171,851 )  | (3,862,920 )  | (17,475 )                                |
| Change in net unrealized (appreciation) depreciation of investments  | 7,233,345   | 16,035,141  | 4,515,299                                |
| Change in net unrealized (appreciation) depreciation of forward swaps  | —   | 15,872  | —  |
| Taxes paid on undistributed capital gains  | (3,284 )  | (7,016 )  | (868 )                                   |
| Net cash provided by (used in) operating activities  | 10,763,880  | 24,548,512  | 4,834,266                                |
| <b>Cash Flows from Financing Activities:</b>   |   |   |  |
| (Increase) Decrease in deferred offering costs   | (830,729 )  | (623,500 )  | (791,021 )                               |
| Increase (Decrease) in:  |   |   |  |
| Cash overdraft balance   | (2,336,262 )  | (6,864,407 )  | —  |
| Floating rate obligations  | —   | —   | —  |
| Payable for offering costs   | 371,743   | 330,696   | 164,143                                  |
| MTP shares, at liquidation value   | —   | —   | 35,250,000                               |
| VRDP shares, at liquidation value  | 42,700,000  | 74,000,000  | —  |
| ARPS, at liquidation value   | (45,000,000 )                                       | (79,825,000 )   | (34,375,000 )                            |
| Cash distributions paid to Common shareholders   | (5,668,632 )  | (10,862,563 )   | (4,910,151 )                             |
| Cost of Common shares repurchased and retired  | —   | (14,592 )   | (28,416 )                                |
| Net cash provided by (used in) financing activities  | (10,763,880 )                                       | (23,859,366 )   | (4,690,445 )                             |

|                                 |     |           |           |
|---------------------------------|-----|-----------|-----------|
| Net Increase (Decrease) in Cash | —   | 689,146   | 143,821   |
| Cash at the beginning of year   | —   | —         | 537,777   |
| Cash at the End of Year         | \$— | \$689,146 | \$681,598 |

Supplemental Disclosure of Cash Flow Information

Non-cash financing activities not included herein consist of reinvestment of Common share distributions as follows:

|  | Insured<br>California<br>Premium<br>Income<br>(NPC) | Insured California<br>Premium Income<br>2<br>(NCL) | California<br>Premium<br>Income<br>(NCU) |
|--|---|--|--|
|  | \$ —  | \$ 36,242  | \$ —                                     |

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

|  | Insured California<br>Premium Income<br>(NPC) | Insured California<br>Premium Income<br>2<br>(NCL) | California<br>Premium Income<br>(NCU) |
|--|---|--|---------------------------------------|
|  | \$ 170,051                                    | \$ 189,910   | \$ 296,691                            |

See accompanying notes to financial statements.

|  | California<br>Dividend<br>Advantage 2<br>(NVX) | California<br>Dividend<br>Advantage 3<br>(NZH) | Insured<br>California<br>Tax-Free<br>Advantage<br>(NKX) |
|--|--|--|---|
| <b>Cash Flows from Operating Activities:</b>   |  |  |   |
| Net Increase (Decrease) In Net Assets Applicable to Common Shares from Operations  | \$(899,552 )                                   | \$(3,699,211 )                                 | \$(2,378,805 )  |
| 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   | (44,023,723 )                                  | (76,010,384 )                                  | (11,876,991 )   |
| Proceeds from sales and maturities of investments  | 40,645,794                                     | 86,583,455                                     | 9,109,794   |
| Proceeds from (Purchases of) short-term investments, net   | —  | —  | 3,000,000   |
| Amortization (Accretion) of premiums and discounts, net  | (596,386 )                                     | (1,123,050 )                                   | (372,558 )  |
| (Increase) Decrease in:  |  |  |   |
| Receivable for interest  | (175,096 )                                     | (120,947 )                                     | (3,259 )  |
| Receivable for investments sold  | 1,494,425                                      | (3,781,785 )                                   | —   |
| Other assets   | (4,739 )                                       | (7,825 )                                       | (34,646 )   |
| Increase (Decrease) in:  |  |  |   |
| Payable for Auction Rate Preferred share dividends   | (1,770 )                                       | 1,056  | —   |
| Payable for interest   | 93,958   | 52,851   | —   |
| Payable for investments purchased  | —  | 3,364,178                                      | —   |
| Accrued management fees  | 3,538  | 27,694   | 2,741   |
| Accrued other expenses   | (10,992 )                                      | (24,199 )                                      | 12,068  |
| Net realized (gain) loss from investments  | (1,606,851 )                                   | 1,730,418                                      | (105,651 )  |
| Change in net unrealized (appreciation) depreciation of investments  | 17,378,595                                     | 22,899,118                                     | 7,235,385   |
| Change in net unrealized (appreciation) depreciation of forward swaps  | —  | —  | —   |
| Taxes paid on undistributed capital gains  | (186 )   | (852 )   | —   |
| Net cash provided by (used in) operating activities  | 12,297,015                                     | 29,890,517                                     | 4,588,078   |
| <b>Cash Flows from Financing Activities:</b>   |  |  |   |
| (Increase) Decrease in deferred offering costs   | (1,087,394 )                                   | 329,583  | 16,833  |
| Increase (Decrease) in:  |  |  |   |
| Cash overdraft balance   | (626,791 )                                     | (358,724 )                                     | —   |
| Floating rate obligations  | 2,485,000                                      | (7,255,000 )                                   | —   |
| Payable for offering costs   | 230,915  | (84,371 )                                      | 71,729  |
| MTP shares, at liquidation value   | 55,000,000                                     | —  | —   |
| VRDP shares, at liquidation value  | —  | —  | —   |
| ARPS, at liquidation value   | (53,825,000 )                                  | —  | —   |
| Cash distributions paid to Common shareholders   | (14,091,406 )                                  | (21,601,236 )                                  | (4,702,540 )  |
| Cost of Common shares repurchased and retired  | —  | —  | —   |
| Net cash provided by (used in) financing activities  | (11,914,676 )                                  | (28,969,748 )                                  | (4,613,978 )  |
| Net Increase (Decrease) in Cash  | 382,339  | 920,769  | (25,900 )   |
| Cash at the beginning of year  | —  | —  | 762,924   |
| Cash at the End of Year  | \$382,339                                      | \$920,769                                      | \$737,024   |

**Supplemental Disclosure of Cash Flow Information**

Non-cash financing activities not included herein consist of reinvestment of Common share distribution as follows:

|  | California<br>Dividend<br>Advantage 2<br>(NVX) | California<br>Dividend<br>Advantage 3<br>(NZH) | Insured<br>California<br>Tax-Free<br>Advantage<br>(NKX) |
|--|--|--|---|
|  | \$ —   | \$ 114,072                                     | \$ 8,413  |

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

|  | California<br>Dividend<br>Advantage 2<br>(NVX) | California<br>Dividend<br>Advantage 3<br>(NZH) | Insured California<br>Tax-Free<br>Advantage<br>(NKX) |
|--|--|--|--|
|  | \$ 382,005                                     | \$ 2,592,404                                   | \$ 170,570   |

See accompanying notes to financial statements.

Nuveen Investments

81

Financial Highlights

Selected data for a Common share outstanding throughout each period:

| Beginning Common Share                           | Investment Operations |                                 |                                      |  |   | Less Distributions                           |                                      |  |                        |      | Ending Common Share | Ending Net Asset Value | Ending Market Value |
|--|-----------------------|---------------------------------|--------------------------------------|--|---|--|--------------------------------------|--|------------------------|------|---------------------|------------------------|---------------------|
|  | Net Investment Value  | Realized/Unrealized Gain (Loss) | Net to Auction Rate Preferred Shares | Distributions from Auction Rate Preferred Shares | Net from Capital Gains to Shareholders(a) | Net Investment Income to Common Shareholders | Capital Gains to Common Shareholders | Discount from Repurchased and Retired Shares | Net from Common Shares |      |                     |                        |                     |
| <b>Insured California Premium Income (NPC)</b>   |                       |                                 |                                      |  |   |  |                                      |  |                        |      |                     |                        |                     |
| Year Ended 2/28:                                 |                       |                                 |                                      |  |   |  |                                      |  |                        |      |                     |                        |                     |
| 2011   | \$ 14.74              | \$ .88                          | \$ (1.10)                            | \$ —*  | \$ —                                      | \$ (.22)                                     | \$ (.86)                             | \$ (.03)                                     | \$ (.89)               | \$ — | \$ 13.63            | \$ 13.26               |                     |
| 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                  |                     |
| <b>Insured California Premium Income 2 (NCL)</b> |                       |                                 |                                      |  |   |  |                                      |  |                        |      |                     |                        |                     |
| Year Ended 2/28:                                 |                       |                                 |                                      |  |   |  |                                      |  |                        |      |                     |                        |                     |
| 2011   | 13.99                 | .91                             | (.96)                                | (.02)  | —   | (.07)  | (.86)                                | —  | (.86)                  | —**  | 13.06               | 12.45                  |                     |
| 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                  |                     |

| Auction Rate Preferred Shares at End of Period |                             |                          | Variable Rate Demand Preferred Shares at End of Period |                             |                          |
|--|-----------------------------|--------------------------|--|-----------------------------|--------------------------|
| Aggregate Amount Outstanding                   | Liquidation Value Per Share | Asset Coverage Per Share | Aggregate Amount Outstanding                           | Liquidation Value Per Share | Asset Coverage Per Share |



|  | (000)  |        |        | (000)     |            |            |
|--|--------|--------|--------|-----------|------------|------------|
| <b>Insured California Premium Income (NPC)</b>   |        |        |        |           |            |            |
| Year Ended 2/28:                                 |        |        |        |           |            |            |
| 2011   | \$ —   | \$ —   | \$ —   | \$ 42,700 | \$ 100,000 | \$ 305,684 |
| 2010   | 45,000 | 25,000 | 77,746 | —         | —          | —          |
| 2009(f)  | 45,000 | 25,000 | 75,295 | —         | —          | —          |
| Year Ended 8/31:                                 |        |        |        |           |            |            |
| 2008   | 45,000 | 25,000 | 78,590 | —         | —          | —          |
| 2007   | 45,000 | 25,000 | 78,987 | —         | —          | —          |
| 2006   | 45,000 | 25,000 | 80,878 | —         | —          | —          |
| <b>Insured California Premium Income 2 (NCL)</b> |        |        |        |           |            |            |
| Year Ended 2/28:                                 |        |        |        |           |            |            |
| 2011   | —      | —      | —      | 74,000    | 100,000    | 323,458    |
| 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 | —         | —          | —          |

82 Nuveen Investments

| Total Returns            |  |   | Ratios/Supplemental Data<br>Ratios to Average Net Assets<br>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 |
| 6.29%                    | (1.75)% \$                               | 87,827  | 1.77%   | 1.59%                       | 6.03%                 | 6%                      |
| 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                       |
| 4.38                     | (.72)                                    | 165,359   | 1.29  | 1.18                        | 6.53                  | 26                      |
| 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                      |

- (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.

\* Annualized.

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

See accompanying notes to financial statements.

Nuveen Investments

83

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Financial Highlights (continued)

Selected data for a Common share outstanding throughout each period:

| Beginning Common Share                     | Net Investment Value | Investment Operations Distributions |                        |  |   | Less Distributions                           |                                      |   |         | Ending Common Share | Net Asset Value | Ending Market Value |          |       |
|--|----------------------|-------------------------------------|------------------------|--|---|--|--------------------------------------|---|---------|---------------------|-----------------|---------------------|----------|-------|
|  |                      | Realized Gain (Loss)                | Unrealized Gain (Loss) | Net from Auction Rate Preferred Shares | Capital Gains to Auction Rate Preferred Shareholders(a) | Net Investment Income to Common Shareholders | Capital Gains to Common Shareholders | Discount from Common Shares Repurchased and Total Retired |         |                     |                 |                     |          |       |
| <b>California Premium Income (NCU)</b>     |                      |                                     |                        |  |   |  |                                      |   |         |                     |                 |                     |          |       |
| Year Ended 2/28:                           |                      |                                     |                        |  |   |  |                                      |   |         |                     |                 |                     |          |       |
| 2011                                       | \$ 13.71             | \$.92                               | \$(.79 )               | \$(.02 )                               | \$ —  | \$.11  | \$(.86)                              | \$ —  | \$(.86) | \$ —                | **              | \$ 12.96            | \$ 12.28 |       |
| 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    |       |
| <b>California Dividend Advantage (NAC)</b> |                      |                                     |                        |  |   |  |                                      |   |         |                     |                 |                     |          |       |
| Year Ended 2/28:                           |                      |                                     |                        |  |   |  |                                      |   |         |                     |                 |                     |          |       |
| 2011                                       | 13.88                | .98                                 | (1.27)                 | (.02 )                                 | —   | (.31 )                                       | (.89)                                | —   | (.89)   | —                   |                 | 12.68               | 12.20    |       |
| 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    |       |

|  | Auction Rate Preferred Shares at End of Period |                             |                          | MuniFund Term 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 | Ending Market Value Per Share | Average Market Value Per Share | Asset Coverage Per Share |
| <b>California Premium Income (NCU)</b> |  |                             |                          |   |                             |                               |                                |                          |
| Year Ended 2/28:                       |  |                             |                          |   |                             |                               |                                |                          |
| 2011                                   | \$ —   | \$ —                        | \$ —                     | 35,250  | \$ 10.00                    | \$ 9.63                       | \$ 9.74^                       | \$ 31.07                 |
| 2010                                   | 34,375   | 25,000                      | 82,150                   | —   | —                           | —                             | —                              | —                        |
| 2009(f)                                | 40,875   | 25,000                      | 68,584                   | —   | —                           | —                             | —                              | —                        |
| Year Ended 8/31:                       |  |                             |                          |   |                             |                               |                                |                          |
| 2008                                   | 43,000   | 25,000                      | 70,910                   | —   | —                           | —                             | —                              | —                        |
| 2007                                   | 43,000   | 25,000                      | 72,209                   | —   | —                           | —                             | —                              | —                        |

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|                                     |         |        |        |   |   |   |   |   |
|-------------------------------------|---------|--------|--------|---|---|---|---|---|
| 2006                                | 43,000  | 25,000 | 74,109 | — | — | — | — | — |
| California Dividend Advantage (NAC) |         |        |        |   |   |   |   |   |
| Year Ended 2/28:                    |         |        |        |   |   |   |   |   |
| 2011                                | 135,525 | 25,000 | 79,903 | — | — | — | — | — |
| 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 | — | — | — | — | — |

84 Nuveen Investments

| Total Returns                     |  | Ratios/Supplemental Data   |                                      |                                   |                             |  |                                   |                             |                               |
|-----------------------------------|--|--|--------------------------------------|-----------------------------------|-----------------------------|--|-----------------------------------|-----------------------------|-------------------------------|
|                                   |  | Ratios to Average Net Assets<br>Applicable to Common Shares<br>Before Reimbursement(c) |                                      |                                   |                             | Ratios to Average Net Assets<br>Applicable to Common Shares<br>After Reimbursement(c)(d) |                                   |                             |                               |
| Based<br>on<br>Market<br>Value(b) | Based<br>on<br>Common<br>Share<br>Net<br>Asset<br>Value(b) | Ending<br>Net<br>Assets<br>Applicable<br>to<br>Common<br>Shares<br>(000)               | Expenses<br>Including<br>Interest(e) | Expenses<br>Excluding<br>Interest | Net<br>Investment<br>Income | Expenses<br>Including<br>Interest(e)   | Expenses<br>Excluding<br>Interest | Net<br>Investment<br>Income | Portfolio<br>Turnover<br>Rate |
| 8.34%                             | .63%   | \$ 74,275  | 1.69%                                | 1.24%                             | 6.66%                       | N/A  | N/A                               | N/A                         | 5%                            |
| 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                            |
| 3.54                              | (2.57)   | 297,629  | 1.18                                 | 1.12                              | 7.18                        | N/A  | N/A                               | N/A                         | 20                            |
| 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                            |

(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. 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, 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, 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.
    - \* Annualized.
    - \*\* Rounds to less than \$.01 per share.
    - ^ For the period September 22, 2010 (first issuance date of shares) through February 28, 2011.
- N/A Fund does not have a contractual reimbursement agreement with the Adviser.

See accompanying notes to financial statements.

Financial  
Highlights (continued)

Selected data for a Common share outstanding throughout each period:

|  | Beginning<br>Common<br>Share<br>Net<br>Asset<br>Value | Investment<br>Net<br>Income<br>(Loss) | Investment Operations<br>Distributions |  |  | Less Distributions  |  |   |           |      | Ending<br>Common<br>Share<br>Net<br>Asset<br>Value | Ending<br>Market<br>Value |
|--|---|---------------------------------------|--|--|--|---|--|---|-----------|------|--|---------------------------|
|  |   |                                       | Realized/<br>Gain<br>(Loss)            | Auction<br>Rate<br>Preferred<br>Shares | Capital<br>Gains<br>to<br>Auction<br>Rate<br>Preferred<br>Shareholders | Net<br>Investment<br>Income<br>to<br>Common<br>Shareholders | Capital<br>Gains<br>to<br>Common<br>Shareholders | Discount<br>from<br>Common<br>Shares<br>Repurchased<br>and<br>Retired |           |      |  |                           |
| <b>California Dividend Advantage 2 (NVX)</b> |   |                                       |  |  |  |   |  |   |           |      |  |                           |
| Year Ended 2/28:                             |   |                                       |  |  |  |   |  |   |           |      |  |                           |
| 2011   | \$ 14.49  | \$ 1.03                               | \$ (1.07 )                             | \$ (.02 )                              | \$ —   | \$ (.06 )   | \$ (.96 )  | \$ —  | \$ (.96 ) | \$ — | \$ 13.47   | \$ 12.83                  |
| 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                     |
| <b>California Dividend Advantage 3 (NZH)</b> |   |                                       |  |  |  |   |  |   |           |      |  |                           |
| Year Ended 2/28:                             |   |                                       |  |  |  |   |  |   |           |      |  |                           |
| 2011   | 13.18   | .88                                   | (1.02 )                                | (.01 )                                 | —  | (.15 )  | (.90 )   | —   | (.90 )    | —    | 12.13  | 11.67                     |
| 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                     |

Auction  
Rate  
Preferred  
Shares  
and  
MuniFund  
Term  
Preferred  
Shares at  
End of  
Period

Auction Rate Preferred Shares at  
End of Period

MuniFund Term Preferred  
Shares at End of Period

Average



|  | Aggregate<br>Amount<br>Outstanding<br>(000) | Liquidation<br>Value<br>Per<br>Share | Asset Coverage<br>Per<br>Share | Aggregate<br>Amount<br>Outstanding<br>(000) | Liquidation<br>Value<br>Per<br>Share | Ending<br>Market<br>Value<br>Per<br>Share | Market<br>Value<br>Per<br>Share | Asset<br>Coverage<br>Per<br>Share | Asset<br>Coverage<br>Per \$1<br>Liquidation<br>Preference |
|--|---|--------------------------------------|--------------------------------|---|--------------------------------------|---|---------------------------------|-----------------------------------|---|
| <b>California Dividend Advantage 2 (NVX)</b> |   |                                      |                                |   |                                      |   |                                 |                                   |   |
| Year Ended                                   |   |                                      |                                |   |                                      |   |                                 |                                   |   |
| 2/28:  |   |                                      |                                |   |                                      |   |                                 |                                   |   |
| 2011   | \$ 39,950                                   | \$ 25,000                            | \$ 77,310                      | \$ 55,000                                   | \$ 10.00                             | \$ 9.82                                   | \$ 9.72^^                       | \$ 30.92                          | \$ 3.09   |
| 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                         | —   | —                                    | —   | —                               | —                                 | —   |
| <b>California Dividend Advantage 3 (NZH)</b> |   |                                      |                                |   |                                      |   |                                 |                                   |   |
| Year Ended                                   |   |                                      |                                |   |                                      |   |                                 |                                   |   |
| 2/28:  |   |                                      |                                |   |                                      |   |                                 |                                   |   |
| 2011   | 69,500                                      | 25,000                               | 71,960                         | 86,250                                      | 10.00                                | 10.06                                     | 10.14                           | 28.78                             | 2.88  |
| 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                         | —   | —                                    | —   | —                               | —                                 | —   |

| Total Returns                     |  | Ratios/Supplemental Data   |                                      |                                   |                                      |                                      |   |                             |                               |   |  |
|-----------------------------------|--|--|--------------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|---|-----------------------------|-------------------------------|---|--|
|                                   |  | Ratios to Average Net Assets<br>Applicable to Common Shares<br>Before Reimbursement(c) |                                      |                                   |                                      |                                      | Ratios to Average Net Assets<br>Applicable to Common Shares<br>After Reimbursement (c)(d) |                             |                               |   |  |
| Based<br>on<br>Market<br>Value(b) | Based<br>on<br>Common<br>Share<br>Net<br>Asset<br>Value(b) | Ending<br>Net<br>Assets<br>Applicable<br>to<br>Common<br>Share<br>(000)                | Expenses<br>Including<br>Interest(e) | Expenses<br>Excluding<br>Interest | Net Expenses<br>Investment<br>Income | Expenses<br>Including<br>Interest(e) | Expenses<br>Excluding<br>Interest   | Net<br>Investment<br>Income | Portfolio<br>Turnover<br>Rate |   |  |
| 1.37 %                            | (.64 )%  | \$198,675  | 1.36 %                               | 1.14 %                            | 7.10 %                               | 1.28 %                               | 1.06 %  | 7.19 %                      | 13                            | % |  |
| 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                             |   |  |
| (1.21 )                           | (1.40 )  | 292,563  | 2.07                                 | 1.23                              | 6.61                                 | 1.94                                 | 1.10  | 6.74                        | 16                            |   |  |
| 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                            |   |  |

- (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.
  - \* Annualized.
  - \*\* Rounds to less than \$.01 per share.
  - ^ For the period December 21, 2009 (first issuance date of shares) through February 28, 2010.
  - ^^ For the period October 22, 2010 (first issuance date of shares) through February 28, 2011.

See accompanying notes to financial statements.

Financial  
Highlights (continued)

Selected data for a Common share outstanding throughout each period:

| Beginning<br>Common<br>Share                       | Net<br>Asset<br>Value | Net<br>Investment<br>Income | Investment Operations<br>Distributions |                                       |  | Less Distributions                     |   |   |          | Ending<br>Common<br>Share<br>Net<br>Asset<br>Value | Ending<br>Market<br>Value |          |
|--|-----------------------|-----------------------------|--|---------------------------------------|--|--|---|---|----------|--|---------------------------|----------|
|  |                       |                             | Realized/Unrealized<br>Gain (Loss)     | Auction<br>Rate<br>Preferred<br>Share | Capital<br>to<br>Auction<br>Rate<br>Preferred<br>Share | Net<br>Income<br>to<br>Common<br>Share | Capital<br>Gains<br>to<br>Common<br>Share | Discount<br>from<br>Common<br>Shares<br>Repurchased<br>and<br>Retired |          |  |                           |          |
| <b>Insured California Dividend Advantage (NKL)</b> |                       |                             |  |                                       |  |  |   |   |          |  |                           |          |
| Year Ended 2/28:                                   |                       |                             |  |                                       |  |  |   |   |          |  |                           |          |
| 2011   | \$ 14.71              | \$ 1.04                     | \$ (1.09)                              | \$ (.03)                              | \$ —   | \$ (.08)                               | \$ (.93)                                  | \$ —  | \$ (.93) | \$ —   | \$ 13.70                  | \$ 13.02 |
| 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    |
| <b>Insured California Tax-Free Advantage (NKX)</b> |                       |                             |  |                                       |  |  |   |   |          |  |                           |          |
| Year Ended 2/28:                                   |                       |                             |  |                                       |  |  |   |   |          |  |                           |          |
| 2011   | 14.03                 | .81                         | (1.22)                                 | —                                     | —  | (.41)                                  | (.80)                                     | —   | (.80)    | —  | 12.82                     | 11.78    |
| 2010   | 12.85                 | .85                         | 1.09                                   | —                                     | —  | 1.94                                   | (.76)                                     | —   | (.76)    | —  | 14.03                     | 12.87    |
| 2009(f)  | 14.19                 | .39                         | (1.32)                                 | —                                     | **   | (.01)                                  | (.94)                                     | (.35)   | (.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    |

|  | Auction Rate Preferred Shares<br>at End of Period |                                   |                                | Variable Rate Demand Preferred Shares<br>at End of Period |                                   |                                |
|--|---|-----------------------------------|--------------------------------|---|-----------------------------------|--------------------------------|
|  | Aggregate<br>Amount<br>Outstanding<br>(000)       | Liquidation<br>Value Per<br>Share | Asset<br>Coverage<br>Per Share | Aggregate<br>Amount<br>Outstanding<br>(000)               | Liquidation<br>Value Per<br>Share | Asset<br>Coverage<br>Per Share |
| <b>Insured California Dividend Advantage (NKL)</b> |   |                                   |                                |   |                                   |                                |
| Year Ended 2/28:                                   |   |                                   |                                |   |                                   |                                |
| 2011   | \$ 103,750  | \$ 25,000                         | \$ 75,349                      | \$ —  | \$ —                              | —                              |
| 2010   | 108,250   | 25,000                            | 76,802                         | —   | —                                 | —                              |
| 2009(f)  | 108,250   | 25,000                            | 72,683                         | —   | —                                 | —                              |
| Year Ended 8/31:                                   |   |                                   |                                |   |                                   |                                |

|      |         |        |        |   |   |   |
|------|---------|--------|--------|---|---|---|
| 2008 | 118,000 | 25,000 | 72,321 | — | — | — |
| 2007 | 118,000 | 25,000 | 73,289 | — | — | — |
| 2006 | 118,000 | 25,000 | 75,111 | — | — | — |

Insured California Tax-Free Advantage (NKX)

Year Ended 2/28:

|         |   |   |   |        |         |         |
|---------|---|---|---|--------|---------|---------|
| 2011    | — | — | — | 35,500 | 100,000 | 312,655 |
| 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 | —      | —       | —       |

88 Nuveen Investments

| Total Returns                     |  | Ratios/Supplemental Data   |                          |                       |                             |                          |  |                             |                               |     |  |
|-----------------------------------|--|--|--------------------------|-----------------------|-----------------------------|--------------------------|--|-----------------------------|-------------------------------|-----|--|
|                                   |  | Ratios to Average Net Assets<br>Applicable to Common Shares<br>Before Reimbursement(c) |                          |                       |                             |                          | Ratios to Average Net Assets<br>Applicable to Common Shares<br>After Reimbursement(c)(d) |                             |                               |     |  |
| Based<br>on<br>Market<br>Value(b) | Based<br>on<br>Common<br>Share<br>Net<br>Asset<br>Value(b) | Ending<br>Net<br>Assets<br>Applicable<br>to<br>Common<br>Shares<br>(000)               | Expenses                 |                       | Net<br>Investment<br>Income | Expenses                 |  | Net<br>Investment<br>Income | Portfolio<br>Turnover<br>Rate |     |  |
|                                   |  |  | Including<br>Interest(e) | Excluding<br>Interest |                             | Including<br>Interest(e) | Excluding<br>Interest  |                             |                               |     |  |
| 1.81 %                            | (.75 )%  | \$208,950  | 1.13 %                   | 1.11 %                | 6.94 %                      | .97 %                    | .95 %  | 7.10 %                      | 7                             | %   |  |
| 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                             |     |  |
| (2.71 )                           | (3.18 )  | 75,493   | 2.06                     | 1.85                  | 5.74                        | 1.97                     | 1.76   | 5.83                        | 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                             |     |  |

- (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.
  - \* Annualized.
  - \*\* Rounds to less than \$.01 per share.
  - \*\*\* Calculates to less than 1%.

See accompanying notes to financial statements.

Notes to  
Financial Statements

1. General Information and Significant Accounting Policies

General Information

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 registered investment companies.

Effective January 1, 2011, the Funds’ adviser, Nuveen Asset Management, a wholly-owned subsidiary of Nuveen Investments, Inc. (“Nuveen”), changed its name to Nuveen Fund Advisors, Inc. (the “Adviser”). Concurrently, the Adviser formed a wholly-owned subsidiary, Nuveen Asset Management, LLC (the “Sub-Adviser”), to house its portfolio management capabilities and to serve as the Funds’ sub-adviser, and the Funds’ portfolio manager became an employee of the Sub-Adviser. This allocation of responsibilities between the Adviser and the Sub-Adviser affects each of the Funds. The Adviser will compensate the Sub-Adviser for the portfolio management services it provides to the Funds from each Fund’s management fee.

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.

Significant Accounting Policies

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 municipal bonds 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 for fair value measurement purposes. When price quotes are not readily available (which is usually the case for municipal bonds) the pricing service establishes a security’s fair value 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. In pricing certain securities, particularly less liquid and lower quality securities, the pricing service may consider information about a security, its issuer, or market activity, provided by the Adviser. These securities are generally classified as Level 2 or Level 3 depending on the priority of the significant inputs.



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 2.

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 of 1933, as amended) for which a pricing service is unable to provide a market price; securities whose trading has been formally suspended; debt 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

90 Nuveen Investments

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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 a security would appear to be the amount that the owner might reasonably expect to receive for it 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.

#### Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from transactions are determined on the specific identification method, which is the same basis used for federal income tax purposes. Investments purchased on a when-issued/delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when-issued/delayed delivery purchase commitments. At February 28, 2011, there were no such outstanding purchase commitments in any of the Funds.

#### Investment Income

Investment income, which reflects the amortization of premiums and includes accretion of discounts for financial reporting purposes, is recorded on an accrual basis. Investment income also reflects 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 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 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

Each Fund is authorized to issue Auction Rate Preferred Shares (“ARPS”). The following Funds have issued and outstanding 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

Nuveen Investments

91

Notes to  
Financial Statements (continued)

agent, and is payable at the end of each rate period. As of February 28, 2011, the number of ARPS outstanding, by Series and in total, for each Fund is as follows:

|                   | California<br>Dividend<br>Advantage<br>(NAC) | California<br>Dividend<br>Advantage 2<br>(NVX) | California<br>Dividend<br>Advantage 3<br>(NZH) | Insured<br>California<br>Dividend<br>Advantage<br>(NKL) |
|-------------------|--|--|--|---|
| Number of shares: |  |  |  |   |
| Series M          | —  | 799  | 1,389  | —   |
| Series T          | —  | —  | —  | 2,075   |
| Series TH         | 2,710  | —  | 1,391  | —   |
| Series F          | 2,711  | 799  | —  | 2,075   |
| Total             | 5,421  | 1,598  | 2,780  | 4,150   |

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 February 28, 2011, the aggregate amount of outstanding ARPS redeemed, by each Fund is as follows:

|                                     | Insured<br>California<br>Premium<br>Income<br>(NPC) | Insured<br>California<br>Premium<br>Income 2<br>(NCL) | California<br>Premium<br>Income<br>(NCU) | California<br>Dividend<br>Advantage<br>(NAC) |
|-------------------------------------|---|---|--|--|
| ARPS redeemed, at liquidation value | \$ 45,000,000                                       | \$ 95,000,000   | \$ 43,000,000                            | \$ 39,475,000                                |

|                                     | California<br>Dividend<br>Advantage 2<br>(NVX) | California<br>Dividend<br>Advantage 3<br>(NZH) | Insured<br>California<br>Dividend<br>Advantage<br>(NKL) | Insured<br>California<br>Tax-Free<br>Advantage<br>(NKX) |
|-------------------------------------|--|--|---|---|
| ARPS redeemed, at liquidation value | \$ 70,050,000                                  | \$ 117,500,000                                 | \$ 14,250,000   | \$ 45,000,000   |

During the fiscal year ended February 28, 2011, lawsuits pursuing claims made in a demand letter alleging that Insured California Tax-Free Advantage’s (NKX) Board of Trustees breached its fiduciary duties related to the redemption at par of its ARPS, had been filed on behalf of shareholders of the Fund, against the Adviser together with current and former officers and interested director/trustees of the Fund. Nuveen and the other named defendants believe these lawsuits to be without merit, and all named parties intend to defend themselves vigorously. The Fund believes that these lawsuits will not have a material effect on the Fund or on the Adviser’s ability to serve as investment adviser to the Fund.

MuniFund Term Preferred Shares

The following Funds have issued and outstanding 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 each Fund’s outstanding ARPS. Each Fund’s MTP Shares are issued in one Series. Dividends, which are recognized as interest expense for financial reporting purposes, are paid monthly at a fixed annual rate, subject to adjustments in certain circumstances. The MTP Shares trade on the NYSE. As of February 28, 2011, the number of MTP Shares outstanding, annual interest rate and the NYSE “ticker” symbol for each Fund are as follows:

|             | California Premium Income (NCU) |                            |                | California Dividend Advantage 2 (NVX) |                            |                |
|-------------|---------------------------------|----------------------------|----------------|---------------------------------------|----------------------------|----------------|
|             | Shares<br>Outstanding           | Annual<br>Interest<br>Rate | NYSE<br>Ticker | Shares<br>Outstanding                 | Annual<br>Interest<br>Rate | NYSE<br>Ticker |
| Series 2015 | 35,250,000                      | 2.00%                      | NCU Pr<br>C    | 55,000,000                            | 2.05%                      | NVX Pr<br>C    |

92 Nuveen Investments

|             | California Dividend Advantage 3 (NZH) |               | NYSE   |
|-------------|---------------------------------------|---------------|--------|
|             | Shares                                | Annual        | Ticker |
|             | Outstanding                           | Interest Rate | NZH Pr |
| Series 2015 | 86,250,000                            | 2.95%         | C      |

Each Fund is obligated to redeem its MTP Shares by the date as specified in its offering document (“Term Redemption Date”), unless earlier redeemed or repurchased by the Fund. MTP Shares are subject to optional and mandatory redemption in certain circumstances. MTP Shares will be subject to redemption at the option of each Fund (“Optional Redemption Date”), subject to a payment of premium for one year following the Optional Redemption Date (“Premium Expiration Date”), and at par thereafter. MTP Shares also will be subject to redemption, at the option of each Fund, at par in the event of certain changes in the credit rating of the MTP Shares. Each 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 Term Redemption Date, Optional Redemption Date and Premium Expiration Date for each Fund’s MTP Shares are as follows:

|                          | California<br>Premium<br>Income<br>(NCU)<br>Series 2015 | California<br>Dividend<br>Advantage 2<br>(NVX)<br>Series 2015 | California<br>Dividend<br>Advantage 3<br>(NZH)<br>Series 2015 |
|--------------------------|---|---|---|
| Term Redemption Date     | October 1, 2015   | November 1, 2015  | January 1, 2015   |
| Optional Redemption Date | October 1, 2011   | November 1, 2011  | January 1, 2011   |
| Premium Expiration Date  | September 30, 2012                                      | October 31, 2012  | December 31, 2011   |

The average liquidation value of MTP Shares outstanding for each Fund during the fiscal year ended February 28, 2011, was as follows:

|   | California<br>Premium<br>Income<br>(NCU)* | California<br>Dividend<br>Advantage 2<br>(NVX)** | California<br>Dividend<br>Advantage 3<br>(NZH) |
|---|---|--|--|
| Average liquidation value of MTP Shares outstanding | \$ 35,250,000                             | \$ 54,538,461                                    | \$ 86,250,000                                  |

\* For the period September 22, 2010 (first issuance date of shares) through February 28, 2011.

\*\* For the period October 22, 2010 (first issuance date of shares) through February 28, 2011.

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 a component of “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 each Fund’s MTP Share offering are recorded as reductions of offering costs recognized by the Funds. During the fiscal year ended February 28, 2011, the net amounts earned by

Nuveen were as follows:

|                              | California<br>Premium<br>Income<br>(NCU)* | California<br>Dividend<br>Advantage 2<br>(NVX)** | California<br>Dividend<br>Advantage 3<br>(NZH) |
|------------------------------|---|--|--|
| Net amounts earned by Nuveen | \$ —                                      | \$ —   | \$ 6,122                                       |

\* For the period September 22, 2010 (first issuance date of shares) through February 28, 2011.

\*\* For the period October 22, 2010 (first issuance date of shares) through February 28, 2011.

#### Variable Rate Demand Preferred Shares

The following funds have issued and outstanding Variable Rate Demand Preferred (“VRDP”) Shares, with a \$100,000 liquidation value per share. Insured California Premium Income (NPC), Insured California Premium Income 2 (NCL) and Insured California Tax-Free Advantage (NKX) issued their VRDP Shares in a privately negotiated offering during March 2010, December 2010 and August 2008, respectively. 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 all or a portion of each Fund’s outstanding ARPS. The

Nuveen Investments

93

Notes to  
Financial Statements (continued)

VRDP Shares were offered to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933. As of February 28, 2011, the number of VRDP Shares outstanding and maturity date for each Fund are as follows:

|                    | Insured California<br>Premium Income<br>(NPC) | Insured California<br>Premium Income 2<br>(NCL) | Insured California<br>Tax-Free Advantage<br>(NKX) |
|--------------------|---|---|---|
| Series             | 1   | 1   | 2   |
| Shares outstanding | 427   | 740   | 355   |
| Maturity           | March 1,<br>2040                              | December 1,<br>2040                             | June 1, 2040                                      |

VRDP Shares include a liquidity feature that allows VRDP shareholders to have their shares purchased by a liquidity provider with whom each 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.

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 remarketings for VRDP Shares are 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 each Fund. Each 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.

The average liquidation value outstanding and annualized dividend rate of VRDP Shares for each Fund during the fiscal year ended February 28, 2011, were as follows:

|                                       | Insured California<br>Premium Income<br>(NPC)* | Insured California<br>Premium<br>Income 2<br>(NCL)** | Insured California<br>Tax-Free Advantage<br>(NKX) |
|---------------------------------------|--|--|---|
| Average liquidation value outstanding | \$ 42,700,000                                  | \$ 74,000,000  | \$ 35,500,000                                     |
| Annualized dividend rate              | 0.43%  | 0.52%  | 0.40%   |

\* For the period March 31, 2010 (issuance date of shares) through February 28, 2011.

\*\* For the period December 30, 2010 (issuance date of shares) through February 28, 2011.

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 VRDP" 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 managed 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 managed 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 “AA” at the time of purchase (based on the higher of the rating of the insurer, if any, or the underlying security) by at least one independent rating agency, or are unrated but judged to be of similar credit quality by 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.

Since 2007, the financial status of most major municipal bond insurers has deteriorated substantially, and some insurers have gone out of business, rendering worthless the insurance policies they had written. 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’s (NPC), Insured California Premium Income 2’s (NCL), Insured California Dividend Advantage’s (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 rated 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. Assuming that the insurer remains creditworthy, the issuance feature of a municipal security guarantees the full payment of principal and interest when due through the life of an insured obligation. Such insurance does not guarantee the market value of the insured obligation 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 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 as a component of "Interest expense and amortization of offering costs" on the Statement of Operations.

During the fiscal year ended February 28, 2011, 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

Notes to  
Financial Statements (continued)

circumstances, for the difference between the liquidation value of the fixed-rate bond held by the trust and the liquidation value of the floating rate certificates issued by the trust plus any shortfalls in interest cash flows. Under these agreements, a Fund's potential exposure to losses related to or on inverse floaters may increase beyond the value of a Fund's inverse floater investments as a Fund may potentially be liable to fulfill all amounts owed to holders of the floating rate certificates. At period end, any such shortfall is recognized as "Unrealized depreciation on Recourse Trusts" on the Statement of Assets and Liabilities.

At February 28, 2011, each Fund's maximum exposure to externally-deposited Recourse Trusts, was as follows:

|                                     | Insured<br>California<br>Premium<br>Income<br>(NPC) | Insured<br>California<br>Premium<br>Income 2<br>(NCL) | California<br>Premium<br>Income<br>(NCU) | California<br>Dividend<br>Advantage<br>(NAC) | California<br>Dividend<br>Advantage 2<br>(NVX) | California<br>Dividend<br>Advantage 3<br>(NZH) | Insured<br>California<br>Dividend<br>Advantage<br>(NKL) | Insured<br>California<br>Tax-Free<br>Advantage<br>(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 fiscal year ended February 28, 2011, were as follows:

|   | Insured<br>California<br>Premium<br>Income 2<br>(NCL) | California<br>Premium<br>Income<br>(NCU) | California<br>Dividend<br>Advantage<br>(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%  |

|   | California<br>Dividend<br>Advantage 2<br>(NVX) | California<br>Dividend<br>Advantage 3<br>(NZH) | Insured<br>California<br>Dividend<br>Advantage<br>(NKL) | Insured<br>California<br>Tax-Free<br>Advantage<br>(NKX) |
|---|--|--|---|---|
| Average floating rate obligations outstanding | \$ 10,607,055                                  | \$ 7,402,932                                   | \$ 7,385,000  | \$ 3,360,000  |
| Average annual interest rate and fees         | 0.71%  | 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 market. Forward interest rate swap transactions involve a Fund's agreement with a counterparty to pay, in the future, a fixed or variable rate payment in exchange for the counterparty paying a 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 a 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.

During the fiscal year ended February 28, 2011, Insured California Premium Income 2 (NCL) entered into forward swap transactions to broadly reduce the sensitivity of the Fund to movements in U.S. interest rates. The average notional amount of forward interest rate swap contracts outstanding during the fiscal year ended February 28, 2011 was as follows:

|  | Insured<br>California<br>Premium<br>Income 2<br>(NCL) |
|--|---|
| Average notional amount of forward interest rate swap contracts outstanding* | \$ 1,150,000  |

\* The average notional amount is calculated based on the outstanding notional at the beginning of the fiscal year and at the end of each fiscal quarter within the current fiscal year.

#### 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 pre-determined 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 Premium Income (NCU), California Dividend Advantage 2 (NVX) and California Dividend Advantage 3 (NZH) in connection with their offering of MTP Shares (\$868,750, \$1,175,000 and \$1,658,750, respectively) were recorded as a deferred charge, which will be amortized over the life of the shares. Costs incurred by Insured California Premium Income (NPC), Insured California Premium Income 2 (NCL) and Insured California Tax-Free Advantage (NKX) in connection with their offerings of VRDP Shares (\$857,000, \$627,000 and \$530,000, respectively) were recorded as deferred charges which will be amortized over the life of the

shares. Costs incurred by Insured California Tax-Free Advantage (NKX) in connection with its 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.

Notes to  
Financial Statements (continued)

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

Fair value is defined as the price that the Funds would receive upon selling an investment or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. A three-tier hierarchy is used to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical securities.
- Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
- Level 3 – Significant unobservable inputs (including management's assumptions in determining the fair value of investments).

The inputs or 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 February 28, 2011:

|   |         |               |             |               |
|---|---------|---------------|-------------|---------------|
| Insured California Premium Income (NPC)   | Level 1 | Level 2       | Level 3     | Total         |
| Investments:                              |         |               |             |               |
| Municipal Bonds                           | \$—     | \$128,531,114 | \$—         | \$128,531,114 |
| Insured California Premium Income 2 (NCL) | Level 1 | Level 2       | Level 3     | Total         |
| Investments:                              |         |               |             |               |
| Municipal Bonds                           | \$—     | \$253,654,101 | \$—         | \$253,654,101 |
| Derivatives                               |         |               |             |               |
| Forward Swaps*                            | —       | (15,872 )     | —           | (15,872 )     |
| Total                                     | \$—     | \$253,638,229 | \$—         | \$265,638,229 |
| California Premium Income (NCU)           | Level 1 | Level 2       | Level 3     | Total         |
| Investments:                              |         |               |             |               |
| Municipal Bonds                           | \$—     | \$111,125,023 | \$2,746,970 | \$113,871,993 |
| California Dividend Advantage (NAC)       | Level 1 | Level 2       | Level 3     | Total         |
| Investments:                              |         |               |             |               |
| Municipal Bonds                           | \$—     | \$457,907,604 | \$1,229,601 | \$459,137,205 |
| California Dividend Advantage 2 (NVX)     | Level 1 | Level 2       | Level 3     | Total         |



Investments:

|                 |     |               |           |               |
|-----------------|-----|---------------|-----------|---------------|
| Municipal Bonds | \$— | \$299,638,400 | \$766,086 | \$300,404,486 |
|-----------------|-----|---------------|-----------|---------------|

|                                       |         |         |         |       |
|---------------------------------------|---------|---------|---------|-------|
| California Dividend Advantage 3 (NZH) | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------------|---------|---------|---------|-------|

Investments:

|                 |     |               |             |               |
|-----------------|-----|---------------|-------------|---------------|
| Municipal Bonds | \$— | \$442,050,315 | \$1,261,789 | \$443,312,104 |
|-----------------|-----|---------------|-------------|---------------|

|   |         |         |         |       |
|---|---------|---------|---------|-------|
| Insured California Dividend Advantage (NKL) | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|-------|

Investments:

|                 |     |               |     |               |
|-----------------|-----|---------------|-----|---------------|
| Municipal Bonds | \$— | \$315,655,940 | \$— | \$315,655,940 |
|-----------------|-----|---------------|-----|---------------|

|   |         |         |         |       |
|---|---------|---------|---------|-------|
| Insured California Tax-Free Advantage (NKX) | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|-------|

Investments:

|                 |     |               |     |               |
|-----------------|-----|---------------|-----|---------------|
| Municipal Bonds | \$— | \$112,118,926 | \$— | \$112,118,926 |
|-----------------|-----|---------------|-----|---------------|

\* Represents net unrealized appreciation (depreciation).

98 Nuveen Investments

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

|   | California<br>Premium<br>Income<br>(NCU)<br>Level 3<br>Municipal<br>Bonds | California<br>Dividend<br>Advantage<br>(NAC)<br>Level 3<br>Municipal<br>Bonds | California<br>Dividend<br>Advantage 2<br>(NVX)<br>Level 3<br>Municipal<br>Bonds | California<br>Dividend<br>Advantage 3<br>(NZH)<br>Level 3<br>Municipal<br>Bonds |
|---|---|---|---|---|
| Balance at the beginning of year  | \$ —  | \$ —  | \$ —  | \$ —  |
| Gains (losses):   |   |   |   |   |
| Net realized gains (losses)   | —   | —   | —   | —   |
| Net change in unrealized appreciation (depreciation)  | —   | —   | —   | —   |
| Purchases at cost   | —   | —   | —   | —   |
| Sales at proceeds   | —   | —   | —   | —   |
| Net discounts (premiums)  | —   | —   | —   | —   |
| Transfers into  | 2,746,970   | 1,229,601   | 766,086   | 1,261,789   |
| Transfers out of  | —   | —   | —   | —   |
| Balance at the end of year  | \$ 2,746,970  | \$ 1,229,601  | \$ 766,086  | \$ 1,261,789  |
| Net change in unrealized appreciation (depreciation) during the year of Level 3 securities held as of February 28, 2011 | \$ 695,044  | \$ (447,391)  | \$ (278,724)  | \$ (459,328)  |

During the fiscal year ended February 28, 2011, the Funds recognized no significant transfers to/from Level 1 or Level 2. Transfers in and/or out of Level 3 are shown using end of period values.

### 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. For additional information on the derivative instruments in which each Fund was invested during and at the end of the reporting period, refer to the Portfolios of Investments, Financial Statements and Footnote 1 - General Information and Significant Accounting Policies.

The following table presents the fair value of all derivative instruments held by the Funds as of February 28, 2011, the location of these instruments on the Statement of Assets and Liabilities, and the primary underlying risk exposure. Insured California Premium Income 2 (NCL) invested in derivative instruments during the fiscal year ended February 28, 2011.

#### Insured California Premium Income 2 (NCL)

| Underlying<br>Risk Exposure | Derivative<br>Instrument | Location on the Statement of Assets and Liabilities |       |   |           |
|-----------------------------|--------------------------|---|-------|---|-----------|
|                             |                          | Asset Derivatives                                   |       | Liability Derivatives                     |           |
| Interest Rate               | Forward Swaps            | Location  | Value | Location                                  | Value     |
|                             |                          | Unrealized appreciation on forward swaps*           | \$ —  | Unrealized depreciation on forward swaps* | \$ 15,872 |

\* Represents cumulative unrealized appreciation (depreciation) of swap contracts as reported in the Portfolio of Investments.

The following table presents the amount of change in net unrealized appreciation (depreciation) recognized for the fiscal year ended February 28, 2011, on derivative instruments, as well as the primary risk exposure.

|   | Insured<br>California<br>Premium<br>Income 2<br>(NCL) |
|---|---|
| Change in Net Unrealized Appreciation (Depreciation) of Forward Swaps |   |
| Risk Exposure   |   |
| Interest Rate   | \$ (15,872)   |

Nuveen Investments

99

Notes to  
Financial Statements (continued)

4. Fund Shares

Common Shares

Transactions in Common shares were as follows:

|   | Insured California<br>Premium Income (NPC) |                       | Insured California<br>Premium Income 2 (NCL) |                       |
|---|--|-----------------------|--|-----------------------|
|   | Year Ended<br>2/28/11                      | Year Ended<br>2/28/10 | Year Ended<br>2/28/11                        | Year Ended<br>2/28/10 |
| <b>Common shares:</b>                                       |  |                       |  |                       |
| Issued to shareholders due to reinvestment of distributions | —  | —                     | 2,552  | —                     |
| Repurchased and retired                                     | —  | (11,500 )             | (1,200 )                                     | (11,700 )             |
| Weighted average Common share:                              |  |                       |  |                       |
| Price per share repurchased and retired                     | —  | \$ 11.90              | \$ 12.14                                     | \$ 10.43              |
| Discount per share repurchased and retired                  | —  | 16.06 %               | 13.47 %                                      | 18.03 %               |
|   | California Premium<br>Income (NCU)         |                       | California Dividend<br>Advantage (NAC)       |                       |
|   | Year Ended<br>2/28/11                      | Year Ended<br>2/28/10 | Year Ended<br>2/28/11                        | Year Ended<br>2/28/10 |
| <b>Common shares:</b>                                       |  |                       |  |                       |
| Issued to shareholders due to reinvestment of distributions | —  | —                     | —  | —                     |
| Repurchased and retired                                     | (2,400 )                                   | (27,400 )             | —  | —                     |
| Weighted average Common share:                              |  |                       |  |                       |
| Price per share repurchased and retired                     | \$ 11.82                                   | \$ 10.06              | —  | —                     |
| Discount per share repurchased and retired                  | 14.53 %                                    | 19.22 %               | —  | —                     |
|   | California Dividend<br>Advantage 2 (NVX)   |                       | California Dividend<br>Advantage 3 (NZH)     |                       |
|   | Year Ended<br>2/28/11                      | Year Ended<br>2/28/10 | Year Ended<br>2/28/11                        | Year Ended<br>2/28/10 |
| <b>Common shares:</b>                                       |  |                       |  |                       |
| Issued to shareholders due to reinvestment of distributions | —  | —                     | 8,485  | —                     |
| Repurchased and retired                                     | —  | (32,400 )             | —  | —                     |
| Weighted average Common share:                              |  |                       |  |                       |
|   | —  | \$ 10.28              | —  | —                     |

| Price per share repurchased and retired                     |   |            |   |   |            |
|---|---|------------|---|---|------------|
| Discount per share repurchased and retired                  | —   | 19.87      | % | —   | —          |
|   | Insured California Dividend Advantage (NKL) |            |   | Insured California Tax-Free Advantage (NKX) |            |
|   | Year Ended                                  | Year Ended |   | Year Ended                                  | Year Ended |
|   | 2/28/11                                     | 2/28/10    |   | 2/28/11                                     | 2/28/10    |
| <b>Common shares:</b>                                       |   |            |   |   |            |
| Issued to shareholders due to reinvestment of distributions | 2,873                                       | —          |   | 596   | —          |
| Repurchased and retired                                     | —   | (13,700 )  |   | —   | —          |
| <b>Weighted average Common share:</b>                       |   |            |   |   |            |
| 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 fiscal years ended February 28, 2010 or February 28, 2011. Insured California Tax-Free Advantage (NKX) redeemed all of its outstanding ARPS during the fiscal year ended August 31, 2008.

100 Nuveen Investments

Transactions in ARPS were as follows:

|                | Insured California<br>Premium Income (NPC) |               |                       |        | Insured California<br>Premium Income 2 (NCL) |               |                       |        |
|----------------|--|---------------|-----------------------|--------|--|---------------|-----------------------|--------|
|                | Year Ended<br>2/28/11                      |               | Year Ended<br>2/28/10 |        | Year Ended<br>2/28/11                        |               | Year Ended<br>2/28/10 |        |
|                | Shares                                     | Amount        | Shares                | Amount | Shares                                       | Amount        | Shares                | Amount |
| ARPS redeemed: |  |               |                       |        |  |               |                       |        |
| Series T       | 1,800                                      | \$ 45,000,000 | —                     | \$ —   | 1,597  | \$ 39,925,000 | —                     | \$ —   |
| Series TH      | —  | —             | —                     | —      | 1,596  | 39,900,000    | —                     | —      |
| Total          | 1,800                                      | \$ 45,000,000 | —                     | \$ —   | 3,193  | \$ 79,825,000 | —                     | \$ —   |

|                | California<br>Premium Income (NCU) |               |                       |              | California Dividend<br>Advantage 2 (NVX) |               |                       |               |
|----------------|------------------------------------|---------------|-----------------------|--------------|--|---------------|-----------------------|---------------|
|                | Year Ended<br>2/28/11              |               | Year Ended<br>2/28/10 |              | Year Ended<br>2/28/11                    |               | Year Ended<br>2/28/10 |               |
|                | Shares                             | Amount        | Shares                | Amount       | Shares                                   | Amount        | Shares                | Amount        |
| ARPS redeemed: |                                    |               |                       |              |  |               |                       |               |
| Series M       | 1,375                              | \$ 34,375,000 | 260                   | \$ 6,500,000 | 1,076                                    | \$ 26,900,000 | 325                   | \$ 8,125,000  |
| Series F       | —                                  | —             | —                     | —            | 1,077                                    | 26,925,000    | 324                   | 8,100,000     |
| Total          | 1,375                              | \$ 34,375,000 | 260                   | \$ 6,500,000 | 2,153                                    | \$ 53,825,000 | 649                   | \$ 16,225,000 |

|                | California Dividend<br>Advantage 3 (NZH) |        |                       |               | Insured California<br>Dividend Advantage (NKL) |              |                       |        |
|----------------|--|--------|-----------------------|---------------|--|--------------|-----------------------|--------|
|                | Year Ended<br>2/28/11                    |        | Year Ended<br>2/28/10 |               | Year Ended<br>2/28/11                          |              | Year Ended<br>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<br>Premium Income (NCU) |               |                       |        | California Dividend<br>Advantage 2 (NVX) |               |                       |        |
|--------------------|------------------------------------|---------------|-----------------------|--------|--|---------------|-----------------------|--------|
|                    | Year Ended<br>2/28/11              |               | Year Ended<br>2/28/10 |        | Year Ended<br>2/28/11                    |               | Year Ended<br>2/28/10 |        |
|                    | Shares                             | Amount        | Shares                | Amount | Shares                                   | Amount        | Shares                | Amount |
| MTP Shares issued: |                                    |               |                       |        |  |               |                       |        |
| Series 2015        | 3,525,000                          | \$ 35,250,000 | —                     | \$ —   | 5,500,000                                | \$ 55,000,000 | —                     | \$ —   |

|                    | California Dividend<br>Advantage 3 (NZH) |        |                       |               |
|--------------------|--|--------|-----------------------|---------------|
|                    | Year Ended<br>2/28/11                    |        | Year Ended<br>2/28/10 |               |
|                    | Shares                                   | Amount | Shares                | Amount        |
| MTP Shares issued: |  |        |                       |               |
| Series 2015        | —  | \$ —   | 8,625,000             | \$ 86,250,000 |
| Nuveen Investments |  |        |                       | 101           |

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Notes to  
Financial Statements (continued)

Transactions in VRDP Shares were as follows:

|                     | Insured California<br>Premium Income (NPC) |               |                       |        | Insured California<br>Premium Income 2 (NCL) |               |                       |        |
|---------------------|--|---------------|-----------------------|--------|--|---------------|-----------------------|--------|
|                     | Year Ended<br>2/28/11                      |               | Year Ended<br>2/28/10 |        | Year Ended<br>2/28/11                        |               | Year Ended<br>2/28/10 |        |
|                     | Shares                                     | Amount        | Shares                | Amount | Shares                                       | Amount        | Shares                | Amount |
| VRDP Shares issued: |  |               |                       |        |  |               |                       |        |
| Series 1            | 427  | \$ 42,700,000 | —                     | \$ —   | 740  | \$ 74,000,000 | —                     | \$ —   |

During the fiscal year ended February 28, 2011, 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 and derivative transactions) during the fiscal year ended February 28, 2011, were as follows:

|                      |               |               |               |                |
|----------------------|---------------|---------------|---------------|----------------|
| Purchases            | \$ 8,605,623  | \$ 69,238,040 | \$ 6,476,975  | \$ 103,879,918 |
| Sales and maturities | 10,200,438    | 73,450,946    | 6,142,768     | 98,946,731     |
| Purchases            | \$ 44,023,723 | \$ 76,010,384 | \$ 21,641,102 | \$ 11,876,991  |
| Sales and maturities | 40,645,794    | 86,583,455    | 25,703,111    | 9,109,794      |

#### 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 arise that are permanent in nature, such amounts are reclassified within the capital accounts as detailed below. Temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset values of the Funds.

At February 28, 2011, the cost and unrealized appreciation (depreciation) of investments (excluding investments in derivatives), as determined on a federal income tax basis, were as follows:



|  | Insured<br>California<br>Premium Income<br>(NPC) | Insured<br>California<br>Premium Income<br>2<br>(NCL) | California<br>Premium Income<br>(NCU) | California<br>Dividend<br>Advantage<br>(NAC) |
|--|--|---|---------------------------------------|--|
| Cost of investments  | \$ 131,540,749                                   | \$ 247,985,920  | \$ 111,166,721                        | \$ 459,344,321                               |
| Gross unrealized:  |  |   |                                       |  |
| Appreciation   | \$ 4,996,957                                     | \$ 3,210,381  | \$ 2,664,354                          | \$ 9,605,229                                 |
| Depreciation   | (8,006,592)                                      | (15,422,570)  | (6,609,984)                           | (38,353,017)                                 |
| Net unrealized appreciation (depreciation)<br>of investments | \$ (3,009,635)                                   | \$ (12,212,189)                                       | \$ (3,945,630)                        | \$ (28,747,788)                              |

102 Nuveen Investments

|  | California<br>Dividend<br>Advantage 2<br>(NVX) | California<br>Dividend<br>Advantage 3<br>(NZH) | Insured<br>California<br>Dividend<br>Advantage<br>(NKL) | Insured<br>California<br>Tax-Free<br>Advantage<br>(NKX) |
|--|--|--|---|---|
| Cost of investments  | \$ 303,145,848                                 | \$ 469,198,376                                 | \$ 318,891,019  | \$ 116,175,269  |
| Gross unrealized:  |  |  |   |   |
| Appreciation   | \$ 8,446,794                                   | \$ 9,049,412                                   | \$ 7,973,017  | \$ 1,793,267  |
| Depreciation   | (22,574,968)                                   | (38,780,684)                                   | (18,593,088)  | (9,207,384)   |
| Net unrealized appreciation (depreciation)<br>of investments | \$ (14,128,174)                                | \$ (29,731,272)                                | \$ (10,620,071)   | \$ (7,414,117)  |

Permanent differences, primarily due to federal taxes paid, taxable market discount, expiration of capital loss carryforwards, nondeductible offering costs, and distribution character reclassifications, resulted in reclassifications among the Funds' components of Common share net assets at February 28, 2011, the Funds' tax year end, as follows:

|   | Insured<br>California<br>Premium<br>Income<br>(NPC) | Insured<br>California<br>Premium<br>Income 2<br>(NCL) | California<br>Premium<br>Income<br>(NCU) | California<br>Dividend<br>Advantage<br>(NAC) |
|---|---|---|--|--|
| Paid-in-surplus   | \$ (20,434)   | \$ 14,452   | \$ (70,792)                              | \$ 40,747                                    |
| Undistributed (Over-distribution of) net<br>investment income | 26,221  | (28,128)  | 68,677                                   | (155,199)                                    |
| Accumulated net realized gain (loss)                          | (5,787)   | 13,676  | 2,115                                    | 114,452                                      |

|   | California<br>Dividend<br>Advantage 2<br>(NVX) | California<br>Dividend<br>Advantage 3<br>(NZH) | Insured<br>California<br>Dividend<br>Advantage<br>(NKL) | Insured<br>California<br>Tax-Free<br>Advantage<br>(NKX) |
|---|--|--|---|---|
| Paid-in-surplus   | \$ (82,092)                                    | \$ (3,141,289)                                 | \$ —  | \$ (216,845)  |
| Undistributed (Over-distribution of) net<br>investment income | 53,999   | 268,858  | (22,891)  | 216,845   |
| Accumulated net realized gain (loss)                          | 28,092   | 2,872,431                                      | 22,891  | —   |

The tax components of undistributed net tax-exempt income, net ordinary income and net long-term capital gains at February 28, 2011, the Funds' tax year end, were as follows:

|   | Insured<br>California<br>Premium<br>Income<br>(NPC) | Insured<br>California<br>Premium<br>Income 2<br>(NCL) | California<br>Premium<br>Income<br>(NCU) | California<br>Dividend<br>Advantage<br>(NAC) |
|---|---|---|--|--|
| Undistributed net tax-exempt income *     | \$ 1,839,223  | \$ 3,879,525  | \$ 1,788,999                             | \$ 7,689,513                                 |
| Undistributed net ordinary income **      | 161,841   | 150,935   | 3,522                                    | 106,883                                      |
| Undistributed net long-term capital gains | 48,836  | —   | —  | —  |

|   | California<br>Dividend<br>Advantage 2<br>(NVX) | California<br>Dividend<br>Advantage 3<br>(NZH) | Insured<br>California<br>Dividend<br>Advantage<br>(NKL) | Insured<br>California<br>Tax-Free<br>Advantage<br>(NKX) |
|---|--|--|---|---|
| Undistributed net tax-exempt income *     | \$ 5,075,158                                   | \$ 5,823,059                                   | \$ 5,167,309  | \$ 1,360,346  |
| Undistributed net ordinary income **      | 11,877   | 8,491  | 84,729  | 28,931  |
| 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, 2011, paid on March 1, 2011.

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

Nuveen Investments

103

Notes to  
Financial Statements (continued)

The tax character of distributions paid during the Funds' tax years ended February 28, 2011 and February 28, 2010, was designated for purposes of the dividends paid deduction as follows:

|  | Insured<br>California<br>Premium<br>Income<br>(NPC) | Insured<br>California<br>Premium<br>Income 2<br>(NCL) | California<br>Premium<br>Income<br>(NCU) | California<br>Dividend<br>Advantage<br>(NAC) |
|--|---|---|--|--|
| 2011   |   |   |  |  |
| Distributions from net tax-exempt income ***           | \$ 5,686,773  | \$ 11,251,372   | \$ 5,256,853                             | \$ 21,325,264                                |
| Distributions from net ordinary income **              | —   | —   | —  | —  |
| Distributions from net long-term capital gains<br>**** | 180,380   | —   | —  | —  |

|  | California<br>Dividend<br>Advantage 2<br>(NVX) | California<br>Dividend<br>Advantage 3<br>(NZH) | Insured<br>California<br>Dividend<br>Advantage<br>(NKL) | Insured<br>California<br>Tax-Free<br>Advantage<br>(NKX) |
|--|--|--|---|---|
| 2011   |  |  |   |   |
| Distributions from net tax-exempt income ***           | \$ 14,738,103                                  | \$ 24,545,542                                  | \$ 14,593,850   | \$ 4,850,289  |
| Distributions from net ordinary income **              | —  | —  | —   | —   |
| Distributions from net long-term capital gains<br>**** | —  | —  | —   | —   |

|  | Insured<br>California<br>Premium<br>Income<br>(NPC) | Insured<br>California<br>Premium<br>Income 2<br>(NCL) | California<br>Premium<br>Income<br>(NCU) | California<br>Dividend<br>Advantage<br>(NAC) |
|--|---|---|--|--|
| 2010   |   |   |  |  |
| 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<br>Dividend<br>Advantage 2<br>(NVX) | California<br>Dividend<br>Advantage 3<br>(NZH) | Insured<br>California<br>Dividend<br>Advantage<br>(NKL) | Insured<br>California<br>Tax-Free<br>Advantage<br>(NKX) |
|--|--|--|---|---|
| 2010   |  |  |   |   |
| 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.

\*\*\* The Funds hereby designate these amounts paid during the fiscal year ended February 28, 2011, as Exempt Interest Dividends.

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

104 Nuveen Investments

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At February 28, 2011, the Funds' tax year end, the following Funds had unused capital loss carryforwards available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire as follows:

|                      | Insured<br>California<br>Premium<br>Income 2<br>(NCL) | California<br>Premium<br>Income<br>(NCU) | California<br>Dividend<br>Advantage<br>(NAC) | California<br>Dividend<br>Advantage 2<br>(NVX) | California<br>Dividend<br>Advantage 3<br>(NZH) | Insured<br>California<br>Dividend<br>Advantage<br>(NKL) | Insured<br>California<br>Tax-Free<br>Advantage<br>(NKX) |
|----------------------|---|--|--|--|--|---|---|
| <b>Expiration:</b>   |   |  |  |  |  |   |   |
| February 29,<br>2012 | \$ —  | \$ —                                     | \$ —   | \$ —   | \$ 323,840                                     | \$ —  | \$ —  |
| February 29,<br>2016 | —   | —  | —  | —  | 3,869,938                                      | —   | —   |
| February 28,<br>2017 | —   | 59,969                                   | 10,106,897                                   | —  | 4,536,999                                      | 123,944   | 485,298   |
| February 28,<br>2018 | 1,444,281   | 881,108                                  | 731,149                                      | 705,843  | 10,646,251                                     | 1,227,051   | 530,894   |
| February 28,<br>2019 | —   | —  | —  | —  | 1,340,157                                      | —   | —   |
| <b>Total</b>         | <b>\$ 1,444,281</b>                                   | <b>\$ 941,077</b>                        | <b>\$ 10,838,046</b>                         | <b>\$ 705,843</b>                              | <b>\$ 20,717,185</b>                           | <b>\$ 1,350,995</b>                                     | <b>\$ 1,016,192</b>                                     |

During the tax year ended February 28, 2011, the following Funds utilized capital loss carryforwards as follows:

|  | Insured<br>California<br>Premium<br>Income 2<br>(NCL) | California<br>Premium<br>Income<br>(NCU) | California<br>Dividend<br>Advantage<br>(NAC) | California<br>Dividend<br>Advantage 2<br>(NVX) | Insured<br>California<br>Dividend<br>Advantage<br>(NKL) | Insured<br>California<br>Tax-Free<br>Advantage<br>(NKX) |
|--|---|--|--|--|---|---|
| <b>Utilized capital loss<br/>carryforwards</b> | <b>\$ 3,881,652</b>                                   | <b>\$ 28,554</b>                         | <b>\$ 4,030,701</b>                          | <b>\$ 2,142,267</b>                            | <b>\$ 116,727</b>                                       | <b>\$ 105,651</b>                                       |

At February 28, 2011, the Funds' tax year end, \$2,816,211 of California Dividend Advantage 3's (NZH) capital loss carryforward expired.

The following Funds have elected to defer net realized losses from investments incurred from November 1, 2010 through February 28, 2011, the Funds' tax year end, ("post-October losses") in accordance with federal income tax regulations. Post-October losses are treated as having arisen on the first day of the following fiscal year:

|                                    | Insured<br>California<br>Premium<br>Income<br>(NPC) | Insured<br>California<br>Premium<br>Income 2<br>(NCL) | California<br>Premium<br>Income<br>(NCU) | California<br>Dividend<br>Advantage<br>(NAC) | Insured<br>California<br>Tax-Free<br>Advantage<br>(NZH) |
|------------------------------------|---|---|--|--|---|
| <b>Post-October capital losses</b> | <b>\$ 1,606</b>                                     | <b>\$ 5,056</b>                                       | <b>\$ 8,964</b>                          | <b>\$ 3,411,514</b>                          | <b>\$ 642,021</b>                                       |

#### 7. Management Fees and Other Transactions with Affiliates

Each Fund's management fee consists of two components – a fund-level fee, based only on the amount of assets within the Fund, and a complex-level fee, based on the aggregate amount of all eligible fund assets managed by the Adviser.

This pricing structure enables Fund shareholders to benefit from growth in the assets within their Fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

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

| Average Daily Managed Assets*       | Insured California Premium Income (NPC)<br>Insured California Premium Income 2 (NCL)<br>California Premium Income (NCU)<br>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 managed assets over \$5 billion | .3750  |

Nuveen Investments

105

Notes to  
Financial Statements (continued)

|                                     | California Dividend Advantage (NAC)<br>California Dividend Advantage 2 (NVX)<br>California Dividend Advantage 3 (NZH)<br>Insured California Dividend Advantage (NKL)<br>Insured California Tax-Free Advantage (NKX) | Fund-Level Fee Rate |
|-------------------------------------|---|---------------------|
| Average Daily Managed Assets*       |   |                     |
| 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 managed 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                              |   |

\* For the fund-level and complex-level fees, 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 as to certain funds to limit the amount of such assets for determining managed assets in certain circumstances. The complex-level fee is calculated based upon the aggregate daily managed assets of all Nuveen funds that constitute "eligible assets." Eligible assets do not include assets attributable to investments in other Nuveen funds or assets in excess of \$2 billion added to the Nuveen fund complex in connection with the Adviser's assumption of the management of the former First American Funds effective January 1, 2011. As of February 28, 2011, the complex-level fee rate for the Funds was .1799%.

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The management fee compensates the Adviser for overall investment advisory and administrative



services and general office facilities. The Adviser has entered into Sub-Advisory Agreements with the Sub-Adviser under which the Sub-Adviser manages the investment portfolios of the Funds. The Sub-Adviser is compensated for its services to the Funds from the management fees paid to the Adviser.

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.

106 Nuveen Investments

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

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

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

\* 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 managed assets, for fees and expenses in the amounts and for the time periods set forth below:

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

\* 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 managed assets, for fees and expenses in the amounts and for the time periods set forth below:

| Year Ending<br>March 31, |     |   | Year Ending<br>March 31, |      |
|--------------------------|-----|---|--------------------------|------|
| 2002*                    | .30 | % | 2008                     | .25% |
| 2003                     | .30 |   | 2009                     | .20  |
| 2004                     | .30 |   | 2010                     | .15  |
| 2005                     | .30 |   | 2011                     | .10  |

|      |     |      |     |
|------|-----|------|-----|
| 2006 | .30 | 2012 | .05 |
| 2007 | .30 |      |     |

\* 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.

Nuveen Investments

107

Notes to  
Financial Statements (continued)

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

| Year Ending<br>November 30, |     |   | Year Ending<br>November 30, |      |
|-----------------------------|-----|---|-----------------------------|------|
| 2002*                       | .32 | % | 2007                        | .32% |
| 2003                        | .32 |   | 2008                        | .24  |
| 2004                        | .32 |   | 2009                        | .16  |
| 2005                        | .32 |   | 2010                        | .08  |
| 2006                        | .32 |   |                             |      |

\* From the commencement of operations.

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

#### 8. Subsequent Events

##### Preferred Shares

Subsequent to the reporting period, California Dividend Advantage 2 (NVX) successfully completed the issuance of \$42,846,300 of 2.35%, Series 2014 MTP shares. The newly issued MTP shares trade on the NYSE under the ticker symbol "NVX Pr A." Immediately following its MTP shares issuance, California Dividend Advantage 2 (NVX) noticed for redemption at par its remaining \$39,950,000 ARPS outstanding using the MTP shares proceeds.

Subsequent to the reporting period, California Dividend Advantage 3 (NZH) successfully completed the issuance of \$27,000,000 of 2.35%, Series 2014 MTP shares. The newly issued MTP shares trade on the NYSE under the ticker symbol "NZH Pr A." Immediately following the MTP shares issuance, California Dividend Advantage 3 (NZH) noticed for redemption at par \$26,325,000 of its outstanding \$69,500,000 ARPS using the MTP shares proceeds.

## Board Members &amp; Officers (Unaudited)

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

| Name,<br>Birthdate<br>& Address | Position(s) Held<br>with the Funds | Year First<br>Elected or<br>Appointed<br>and Term(1) | Principal<br>Occupation(s)<br>Including other<br>Directorships<br>During Past 5 Years | Number<br>of Portfolios<br>in Fund Complex<br>Overseen by<br>Board Member |
|---------------------------------|------------------------------------|--|---|---|
|---------------------------------|------------------------------------|--|---|---|

## Independent Board Members:

|  |  |      |  |     |
|--|--|------|--|-----|
| ROBERT P.<br>BREMNER(2)<br>8/22/40<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Chairman of the<br>Board and<br>Board Member | 1996 | Private Investor and Management<br>Consultant; Treasurer and Director,<br>Humanities Council of Washington,<br>D.C.; Board Member, Independent<br>Directors Council affiliated with the<br>Investment Company Institute.   | 246 |
| JACK B. EVANS<br>10/22/48<br>333 W. Wacker Drive<br>Chicago, IL 60606          | Board Member                                 | 1999 | President, The Hall-Perrine<br>Foundation, a private philanthropic<br>corporation (since 1996); Director<br>and Chairman, United Fire Group, a<br>publicly held company; President Pro<br>Tem of the Board of Regents for the<br>State of Iowa University System;<br>Director, Source Media Group; Life<br>Trustee of Coe College and the Iowa<br>College Foundation; formerly,<br>Director, Alliant Energy; formerly,<br>Director, Federal Reserve Bank of<br>Chicago; formerly, President and<br>Chief Operating Officer, SCI<br>Financial Group, Inc., a regional<br>financial services firm. | 246 |
| WILLIAM C.<br>HUNTER<br>3/6/48<br>333 W. Wacker Drive<br>Chicago, IL 60606     | Board Member                                 | 2004 | Dean, Tippie College of Business,<br>University of Iowa (since 2006);<br>Director (since 2004) of Xerox<br>Corporation; Director (since 2005),<br>Beta Gamma Sigma International<br>Honor Society; Director of   | 246 |

Wellmark, Inc. (since 2009); formerly, Dean and Distinguished Professor of Finance, School of Business at the University of Connecticut (2003-2006); previously, Senior Vice President and Director of Research at the Federal Reserve Bank of Chicago (1995-2003); formerly, Director (1997-2007), Credit Research Center at Georgetown University.

DAVID J.  
KUNDERT(2)  
10/28/42  
333 W. Wacker Drive  
Chicago, IL 60606

Board Member 2005

Director, Northwestern Mutual Wealth Management Company; retired (since 2004) as Chairman, JPMorgan Fleming Asset Management, President and CEO, Banc One Investment Advisors Corporation, and President, One Group Mutual Funds; prior thereto, Executive Vice President, Banc One Corporation and Chairman and CEO, Banc One Investment Management Group; Member, Board of Regents, Luther College; member of the Wisconsin Bar Association; member of Board of Directors, Friends of Boerner Botanical Gardens; member of Board of Directors and Chair of Investment Committee, Greater Milwaukee Foundation.

246

WILLIAM J.  
SCHNEIDER(2)  
9/24/44  
333 W. Wacker Drive  
Chicago, IL 60606

Board Member 1997

Chairman of Miller-Valentine Partners Ltd., a real estate investment company; formerly, Senior Partner and Chief Operating Officer (retired 2004) of Miller-Valentine Group; member, University of Dayton Business School Advisory Council; member, Mid-America Health System Board; formerly, member and chair, Dayton Philharmonic Orchestra Association; formerly, member, Business Advisory Council, Cleveland Federal Reserve Bank.

246



## Board Members &amp; Officers (Unaudited) (continued)

| Name,<br>Birthdate<br>& Address | Position(s)<br>Held<br>with the Funds | Year First<br>Elected or<br>Appointed<br>and<br>Term(1) | Principal<br>Occupation(s)<br>Including other<br>Directorships<br>During Past 5 Years | Number<br>of Portfolios<br>in Fund<br>Complex<br>Overseen by<br>Board Member |
|---------------------------------|---------------------------------------|---|---|--|
|---------------------------------|---------------------------------------|---|---|--|

## Independent Board Members:

|   |                 |      |  |     |
|---|-----------------|------|--|-----|
| JUDITH M.<br>STOCKDALE<br>12/29/47<br>333 W. Wacker<br>Drive<br>Chicago, IL 60606 | Board<br>Member | 1997 | Executive Director, Gaylord<br>and Dorothy Donnelley<br>Foundation (since 1994); prior<br>thereto, Executive Director,<br>Great Lakes Protection Fund<br>(1990-1994).  | 246 |
| CAROLE E.<br>STONE(2)<br>6/28/47<br>333 W. Wacker<br>Drive<br>Chicago, IL 60606   | Board<br>Member | 2007 | Director, Chicago Board<br>Options Exchange (since 2006);<br>Director, C2 Options Exchange,<br>Incorporated (since 2009);<br>formerly, Commissioner, New<br>York State Commission on<br>Public Authority Reform<br>(2005-2010); formerly, Chair,<br>New York Racing Association<br>Oversight Board (2005-2007).  | 246 |
| VIRGINIA L.<br>STRINGER<br>8/16/44<br>333 W. Wacker<br>Drive<br>Chicago, IL 60606 | Board<br>Member | 2011 | Board Member, Mutual Fund<br>Directors Forum; Member,<br>Governing Board, Investment<br>Company Institute's<br>Independent Directors Council;<br>governance consultant and<br>non-profit board member;<br>former Owner and President,<br>Strategic Management<br>Resources, Inc. a management<br>consulting firm; previously,<br>held several executive positions<br>in general management,<br>marketing and human resources<br>at IBM and The Pillsbury<br>Company; Independent<br>Director, First American Fund<br>Complex (1987-2010) and<br>Chair (1997-2010). | 246 |



|   |                 |      |   |     |
|---|-----------------|------|---|-----|
| TERENCE J.<br>TOTH(2)<br>9/29/59<br>333 W. Wacker<br>Drive<br>Chicago, IL 60606 | Board<br>Member | 2008 | Director, Legal & General<br>Investment Management<br>America, Inc. (since 2008);<br>Managing Partner, Promus<br>Capital (since 2008); formerly,<br>CEO and President, Northern<br>Trust Global Investments<br>(2004-2007); Executive Vice<br>President, Quantitative<br>Management & Securities<br>Lending (2000-2004); prior<br>thereto, various positions with<br>Northern Trust Company (since<br>1994); member: Goodman<br>Theatre Board (since 2004),<br>Chicago Fellowship Board<br>(since 2005), and Catalyst<br>Schools of Chicago Board<br>(since 2008); formerly,<br>member: Northern Trust Mutual<br>Funds Board (2005-2007),<br>Northern Trust Global<br>Investments Board<br>(2004-2007), Northern Trust<br>Japan Board (2004-2007),<br>Northern Trust Securities Inc.<br>Board (2003-2007) and<br>Northern Trust Hong Kong<br>Board (1997-2004). | 246 |
|---|-----------------|------|---|-----|

## Interested Board Member:

|   |                 |      |  |     |
|---|-----------------|------|--|-----|
| JOHN P.<br>AMBOIAN(3)<br>6/14/61<br>333 W. Wacker<br>Drive<br>Chicago, IL 60606 | Board<br>Member | 2008 | Chief Executive Officer and<br>Chairman (since 2007), and<br>Director (since 1999) of<br>Nuveen Investments, Inc.,<br>formerly, President<br>(1999-2007); Chief Executive<br>Officer (since 2007) of Nuveen<br>Investments Advisors, Inc.;<br>Director (since 1998) formerly,<br>Chief Executive Officer<br>(2007-2010) of Nuveen Fund<br>Advisors, Inc. | 246 |
|---|-----------------|------|--|-----|

| Name,<br>Birthdate<br>and Address   | Position(s) Held<br>with the Funds | Year First<br>Elected or<br>Appointed(4) | Principal<br>Occupation(s)<br>During Past 5 Years   | Number<br>of Portfolios<br>in Fund Complex<br>Overseen<br>by Officer |
|---|------------------------------------|--|---|--|
| Officers of the Funds:  |                                    |  |   |  |
| GIFFORD R.<br>ZIMMERMAN<br>9/9/56<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Chief<br>Administrative<br>Officer | 1988                                     | Managing Director (since 2002),<br>Assistant Secretary and Associate<br>General Counsel of Nuveen<br>Investments LLC; Managing<br>Director (since 2004) and Assistant<br>Secretary (since 1994) of Nuveen<br>Investments, Inc.; Managing Director<br>(since 2002), Assistant Secretary<br>(since 1997) and Co-General<br>Counsel (since 2011) of Nuveen<br>Fund Advisors, Inc.; Managing<br>Director, Assistant Secretary and<br>Associate General Counsel of<br>Nuveen Asset Management, LLC<br>(since 2011); Managing Director,<br>Associate General Counsel and<br>Assistant Secretary of Symphony<br>Asset Management LLC (since<br>2003); Vice President and Assistant<br>Secretary of NWQ Investment<br>Management Company, LLC (since<br>2002), Nuveen Investments Advisers<br>Inc. (since 2002), Tradewinds Global<br>Investors LLC, and Santa Barbara<br>Asset Management, LLC (since<br>2006), Nuveen HydePark Group<br>LLC and Nuveen Investment<br>Solutions, Inc. (since 2007) and of<br>Winslow Capital Management Inc.<br>(since 2010); Chief Administrative<br>Officer and Chief Compliance<br>Officer (since 2010) of Nuveen<br>Commodities Asset Management,<br>LLC; Chartered Financial Analyst. | 246  |
| WILLIAM ADAMS<br>IV<br>6/9/55<br>333 W. Wacker Drive<br>Chicago, IL 60606     | Vice President                     | 2007                                     | Senior Executive Vice President,<br>Global Structured Products (since<br>2010), formerly, Executive Vice<br>President (1999-2010) of Nuveen<br>Investments, LLC; Co-President of<br>Nuveen Fund Advisors, Inc. (since   | 132  |

|  |                                  |      |  |     |
|--|----------------------------------|------|--|-----|
|  |                                  |      | 2011); Managing Director (since 2010) of Nuveen Commodities Asset Management, LLC.   |     |
| CEDRIC H. ANTOSIEWICZ<br>1/11/62<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President                   | 2007 | Managing Director of Nuveen Investments, LLC.  | 132 |
| MARGO L. COOK<br>4/11/64<br>333 W. Wacker Drive<br>Chicago, IL 60606         | Vice President                   | 2009 | Executive Vice President (since 2008) of Nuveen Investments, Inc. and of Nuveen Fund Advisors, Inc. (since 2011); previously, Head of Institutional Asset Management (2007-2008) of Bear Stearns Asset Management; Head of Institutional Asset Management (1986-2007) of Bank of NY Mellon; Chartered Financial Analyst. | 246 |
| LORNA C. FERGUSON<br>10/24/45<br>333 W. Wacker Drive<br>Chicago, IL 60606    | Vice President                   | 1998 | Managing Director (since 2004) of Nuveen Investments, LLC and Managing Director (since 2005) of Nuveen Fund Advisors, Inc.   | 246 |
| STEPHEN D. FOY<br>5/31/54<br>333 W. Wacker Drive<br>Chicago, IL 60606        | Vice President<br>and Controller | 1998 | Senior Vice President (since 2010), formerly, Vice President (1993-2010) and Funds Controller (since 1998) of Nuveen Investments, LLC; Senior Vice President (since 2010), formerly, Vice President (2005-2010) of Nuveen Fund Advisors, Inc.; Certified Fund Advisors, Inc.; Certified Public Accountant.               | 246 |

## Board Members &amp; Officers (Unaudited) (continued)

| Name,<br>Birthdate<br>and Address | Position(s) Held<br>with the Funds | Year First<br>Elected or<br>Appointed(4) | Principal<br>Occupation(s)<br>During Past 5 Years | Number<br>of Portfolios<br>in Fund Complex<br>Overseen<br>by Officer |
|-----------------------------------|------------------------------------|--|---|--|
|-----------------------------------|------------------------------------|--|---|--|

## Officers of the Funds:

|  |  |      |  |     |
|--|--|------|--|-----|
| SCOTT S. GRACE<br>8/20/70<br>333 W. Wacker Drive<br>Chicago, IL 60606  | Vice President<br>and Treasurer                      | 2009 | Managing Director, Corporate<br>Finance & Development, Treasurer<br>(since 2009) of Nuveen Investments,<br>LLC; Managing Director and<br>Treasurer (since 2009) of Nuveen<br>Fund Advisors, Inc., Nuveen<br>Investment Solutions, Inc., Nuveen<br>Investments Advisers, Inc., Nuveen<br>Investments Holdings Inc. and (since<br>(2011) Nuveen Asset Management,<br>LLC; Vice President and Treasurer<br>of NWQ Investment Management<br>Company, LLC, Tradewinds Global<br>Investors, LLC, Symphony Asset<br>Management LLC and Winslow<br>Capital Management, Inc.; Vice<br>President of Santa Barbara Asset<br>Management, LLC; formerly,<br>Treasurer (2006-2009), Senior Vice<br>President (2008-2009), previously,<br>Vice President (2006-2008) of Janus<br>Capital Group, Inc.; formerly, Senior<br>Associate in Morgan Stanley's Global<br>Financial Services Group<br>(2000-2003); Chartered Accountant<br>Designation. | 246 |
| WALTER M. KELLY<br>2/24/70<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Chief<br>Compliance<br>Officer and<br>Vice President | 2003 | Senior Vice President (since 2008),<br>Vice President (2006-2008) of<br>Nuveen Investments, LLC; Senior<br>Vice President (since 2008) and<br>Assistant Secretary (since 2008) of<br>Nuveen Fund Advisors, Inc.  | 246 |
| TINA M. LAZAR<br>8/27/61<br>333 W. Wacker Drive<br>Chicago, IL 60606   | Vice President                                       | 2002 | Senior Vice President (since 2009),<br>formerly, Vice President of Nuveen<br>Investments, LLC (1999-2009);<br>Senior Vice President (since 2010),<br>formerly, Vice President  | 246 |

(2005-2010) of Nuveen Fund  
Advisors, Inc.

LARRY W. MARTIN  
7/27/51  
333 W. Wacker Drive  
Chicago, IL 60606

Vice President 1997  
and Assistant  
Secretary

Senior Vice President (since 2010),  
formerly, Vice President 246  
(1993-2010), Assistant Secretary and  
Assistant General Counsel of  
Nuveen Investments, LLC; Senior  
Vice President (since 2011) of  
Nuveen Asset Management, LLC:  
Senior Vice President (since 2010),  
formerly, Vice President  
(2005-2010), and Assistant Secretary  
of Nuveen Investments, Inc.; Senior  
Vice President (since 2010),  
formerly Vice President  
(2005-2010), and Assistant Secretary  
(since 1997) of Nuveen Fund  
Advisors, Vice President and  
Assistant Secretary of Nuveen  
Investments Advisers Inc. (since  
2002), NWQ Investment  
Management Company, LLC,  
Symphony Asset Management, LLC  
(since 2003), Tradewinds Global  
Investors, LLC, Santa Barbara Asset  
Management, LLC (since 2006),  
Nuveen HydePark Group, LLC and  
Nuveen Investment Solutions, Inc.  
(since 2007); Vice President and  
Assistant Secretary of Nuveen  
Commodities Asset Management  
LLC (since 2010).

KEVIN J.  
MCCARTHY  
3/26/66  
333 W. Wacker Drive  
Chicago, IL 60606

Vice President 2007  
and Secretary

Managing Director (since 2008),  
formerly, Vice President 246  
(2007-2008), Nuveen Investments,  
LLC; Managing Director (since  
2008), Assistant Secretary (since  
2007) and Co-General Counsel  
(since 2011) of Nuveen Fund  
Advisors, Inc.; Managing Director,  
Assistant Secretary and Associate  
General Counsel (since 2011) of  
Nuveen Asset Management, LLC;  
Managing Director (since 2008), and  
Assistant Secretary, Nuveen  
Investment Holdings, Inc.; Vice  
President (since 2007) and Assistant  
Secretary, Nuveen Investment  
Advisers Inc., NWQ Investment

Management Company, LLC,  
Tradewinds Global Investors LLC,  
NWQ Holdings, LLC, Symphony  
Asset Management LLC, Santa  
Barbara Asset Management, LLC,  
Nuveen HydePark Group, LLC and  
Nuveen Investment Solutions, Inc.  
(since 2007) and of Winslow Capital  
Management, Inc. (since 2010); Vice  
President and Secretary (since 2010)  
of Nuveen Commodities Asset  
Management, LLC; prior thereto,  
Partner, Bell, Boyd & Lloyd LLP  
(1997-2007).

112 Nuveen Investments

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| Name,<br>Birthdate<br>and Address | Position(s) Held<br>with the Funds | Year First<br>Elected or<br>Appointed(4) | Principal<br>Occupation(s)<br>During Past 5 Years | Number<br>of Portfolios<br>in Fund Complex<br>Overseen<br>by Officer |
|-----------------------------------|------------------------------------|--|---|--|
|-----------------------------------|------------------------------------|--|---|--|

Officers of the Funds:

|  |  |      |  |     |
|--|--|------|--|-----|
| KATHLEEN L.<br>PRUDHOMME<br>3/30/53<br>800 Nicollet Mall<br>Minneapolis, MN<br>55402 | Vice President<br>and Assistant<br>Secretary | 2011 | Managing Director, Assistant<br>Secretary and Co-General Counsel<br>(since 2011) of Nuveen Fund<br>Advisors; Managing Director,<br>Assistant Secretary and Associate<br>General Counsel (since 2011) of<br>Nuveen Asset Management, LLC;<br>Managing Director and Assistant<br>Secretary (since 2011) of Nuveen<br>Investments, LLC; formerly,<br>Secretary of FASF (2004-2010);<br>Deputy General Counsel, FAF<br>Advisors, Inc. (2004-2010). | 246 |
|--|--|------|--|-----|

- (1) For California Premium Income (NCU), California Dividend Advantage (NAC), California Dividend Advantage 2 (NVX), California Dividend Advantage 3 (NZH), Insured California Dividend Advantage (NKL), and Insured California Tax-Free Advantage (NKX), Board Members serve three year terms, except for two board members who are elected annually by the holders of Preferred shares. The Board of Trustees for NCU, NAC, NVX, NZH, NKL, and NKX is divided into three classes, Class I, Class II, and Class III, with each being elected to serve until the third succeeding annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed, except two board members are elected by the holders of Preferred shares to serve until the next annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed. For Insured California Premium Income (NPC) and Insured California Premium Income 2 (NCL), the Board Members serve a one year term to serve until the next annual meeting or until their successors shall have been duly elected and qualified. The first year elected or appointed represents the year in which the board member was first elected or appointed to any fund in the Nuveen Complex.
- (2) Also serves as a trustee of the Nuveen Diversified Commodity Fund, an exchange-traded commodity pool managed by Nuveen Commodities Asset Management, LLC, an affiliate of the Adviser.
- (3) Mr. Amboian is an interested trustee because of his position with Nuveen Investments, Inc. and certain of its subsidiaries, which are affiliates of the Nuveen Funds.
- (4) Officers serve one year terms through August of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

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



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,

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

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 California Insured 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

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

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

Annual Investment Management Agreement  
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.

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.

Nuveen Investments

121

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Board Approval of Sub-Advisory  
Arrangements (Unaudited)

Since the May Meeting, Nuveen has engaged in an internal restructuring (the “Restructuring”) pursuant to which the portfolio management services provided by NAM to the Funds were transferred to Nuveen Asset Management, LLC (“NAM LLC”), a newly-organized wholly-owned subsidiary of the Adviser and the Adviser changed its name to Nuveen Fund Advisors, Inc. (“NFA”). The Adviser, under its new name NFA, continues to serve as investment adviser to the Funds and, in that capacity, will continue to provide various oversight, administrative, compliance and other services. To effectuate the foregoing, NFA entered into sub-advisory agreements with NAM LLC on behalf of the Funds (each a “Sub-Advisory Agreement”). Under each Sub-Advisory Agreement, NAM LLC, subject to the oversight of NFA and the Board, will furnish an investment program, make investment decisions for, and place all orders for the purchase and sale of securities for the portion of the respective Fund’s investment portfolio allocated to it by NFA. There have been no changes to the advisory fees paid by the Funds; rather, NFA will pay a portion of the investment advisory fee it receives to NAM LLC for its sub-advisory services. The Independent Board Members reviewed the allocation of fees between NFA and NAM LLC. NFA and NAM LLC do not anticipate any reduction in the nature or level of services provided to the Funds following the Restructuring. The personnel of NFA who engaged in portfolio management activities prior to the spinoff of NAM LLC are not expected to materially change as a result of the spinoff. In light of the foregoing, at a meeting held on November 16-18, 2010, the Board Members, including a majority of the Independent Board Members, approved the Sub-Advisory Agreements on behalf of the Funds. Given that the Restructuring was not expected to reduce the level or nature of services provided and the advisory fees paid by the Funds were the same, the factors considered and determinations made at the May Meeting in approving the Advisory Agreements were equally applicable to the approval of the Sub-Advisory Agreements.

122 Nuveen Investments

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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 Automatic Reinvestment Plan

Your Nuveen Closed-End Fund allows you to conveniently reinvest 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 compounding. Just like distributions in cash, there may be times when income or capital gains taxes may be payable on 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 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. Distributions received to purchase shares in the open market will normally be invested shortly after the distribution payment date. No interest will be paid on distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may

Reinvest Automatically,  
Easily and Conveniently (continued)

exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the 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 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.

124 Nuveen Investments

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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 market-value-weighted average of the effective maturity dates of the individual securities including cash. In the case of a bond that has been advance-refunded to a call date, the effective maturity is the date on which the bond is scheduled to be redeemed using the proceeds of an escrow account. In most other cases the effective maturity is the stated maturity date of the security.

**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.

**Leverage:** Using borrowed money to invest in securities or other assets.

Glossary of Terms  
Used in this Report (continued)

**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.

**Structural Leverage:** Structural Leverage consists of preferred shares or debt issued by the fund. Both of these are part of a fund's capital structure. Structural leverage is sometimes referred to as "40 Act Leverage" and is subject to asset coverage limits set in the Investment Company Act of 1940.

**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.

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  
Virginia L. Stringer  
Terence J. Toth

Fund Manager  
Nuveen Fund Advisors, Inc.  
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).

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  | 1,200                     | 3,193                     |
| NCU  | 2,400                     | 1,375                     |
| NAC  | —                         | —                         |
| NVX  | —                         | 2,153                     |
| NZH  | —                         | —                         |
| NKL  | —                         | 180                       |
| NKX  | —                         | —                         |

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

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 Asset Management, Santa Barbara, Symphony, Tradewinds and Winslow Capital. In total, Nuveen Investments managed approximately \$197 billion of assets as of December 31, 2010.

Find out how we can help you.

To learn more about how 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 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.

Distributed by  
Nuveen Investments, LLC  
333 West Wacker Drive  
Chicago, IL 60606

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

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## ITEM 2. CODE OF ETHICS.

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

## ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

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

Ms. Stone served for five years as Director of the New York State Division of the Budget. As part of her role as Director, Ms. Stone was actively involved in overseeing the development of the State's operating, local assistance and capital budgets, its financial plan and related documents; overseeing the development of the State's bond-related disclosure documents and certifying that they fairly presented the State's financial position; reviewing audits of various State and local agencies and programs; and coordinating the State's system of internal audit and control. Prior to serving as Director, Ms Stone worked as a budget analyst/examiner with increasing levels of responsibility over a 30 year period, including approximately five years as Deputy Budget Director. Ms. Stone has also served as Chair of the New York State Racing Association Oversight Board, as Chair of the Public Authorities Control Board, as a Commissioner on the New York State Commission on Public Authority Reform and as a member of the Boards of Directors of several New York State public authorities. These positions have involved overseeing operations and finances of certain entities and assessing the adequacy of project/entity financing and financial reporting. Currently, Ms. Stone is on the Board of Directors of CBOE Holdings, Inc., of the Chicago Board Options Exchange, and of C2 Options Exchange. Ms. Stone's position on the boards of these entities and as a member of both CBOE Holdings' Audit Committee and its Finance Committee has involved, among other things, the oversight of audits, audit plans and preparation of financial statements.

## ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

### Nuveen Insured California Premium Income Municipal Fund 2, Inc.

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

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

### SERVICES THAT THE FUND'S AUDITOR BILLED TO THE FUND

| Fiscal Year Ended                                      | Audit Fees Billed |        | Audit-Related Fees Billed to |   | Tax Fees Billed to |   | All Other Fees Billed to |       |
|--|-------------------|--------|------------------------------|---|--------------------|---|--------------------------|-------|
|  | to Fund 1         |        | Fund 2                       |   | Fund 3             |   | Fund 4                   |       |
| February 28, 2011                                      | \$                | 18,200 | \$                           | 0 | \$                 | 0 | \$                       | 3,400 |
| Percentage approved pursuant to pre-approval exception | 0                 | %      | 0                            | % | 0                  | % | 0                        | %     |
| February 28, 2010                                      | \$                | 15,808 | \$                           | 0 | \$                 | 0 | \$                       | 3,400 |
| Percentage approved pursuant to pre-approval exception | 0                 | %      | 0                            | % | 0                  | % | 0                        | %     |

1 "Audit Fees" are the aggregate fees billed for professional services for the audit of the Fund's annual financial statements and services provided in connection with statutory and regulatory filings or engagements.

2 "Audit Related Fees" are the aggregate fees billed for assurance and related services reasonably related to the performance of the audit or review of financial statements and are not reported under "Audit Fees".

3 "Tax Fees" are the aggregate fees billed for professional services for tax advice, tax compliance, and tax planning.

4 "All Other Fees" are the aggregate fees billed for products and services for agreed upon procedures engagements performed for leveraged funds.

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

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

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

| Fiscal Year Ended                                      | Audit-Related Fees Billed to Adviser and Affiliated Fund Service Providers | Tax Fees Billed to Adviser and Affiliated Fund Service Providers | All Other Fees Billed to Adviser and Affiliated Fund Service Providers |
|--|--|--|--|
| February 28, 2011                                      | \$ 0   | \$ 0   | \$ 0   |
| Percentage approved pursuant to pre-approval exception | 0 %  | 0 %  | 0 %  |
| February 28, 2010                                      | \$ 0   | \$ 0   | \$ 0   |
| Percentage approved pursuant to pre-approval exception | 0 %  | 0 %  | 0 %  |

#### NON-AUDIT SERVICES

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

| Fiscal Year Ended | Total Non-Audit Fees Billed to Fund | Total Non-Audit Fees billed to Adviser and Affiliated Fund Service Providers (engagements related directly to the operations and financial reporting of the Fund) | Total Non-Audit Fees billed to Adviser and Affiliated Fund Service Providers (all other engagements) | Total    |
|-------------------|-------------------------------------|---|--|----------|
| February 28, 2011 | \$ 3,400                            | \$ 0  | \$ 0   | \$ 3,400 |
| February 28, 2010 | \$ 3,400                            | \$ 0  | \$ 0   | \$ 3,400 |

"Non-Audit Fees billed to Fund" for both fiscal year ends represent "Tax Fees" and "All Other Fees" billed to Fund in their respective

amounts from the previous table.

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

#### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

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

#### 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.

Nuveen Fund Advisors, Inc. ("NFA") is the registrant's investment adviser (NFA is also referred to as the "Adviser"). NFA is responsible for the on-going monitoring of the Fund's investment portfolio, managing the Fund's business affairs and providing certain clerical, bookkeeping and administrative services. The Adviser has engaged Nuveen Asset Management, LLC ("NAM, LLC" or "Sub-Adviser") as Sub-Adviser to provide discretionary investment advisory services. As part of these services, the Adviser has delegated to the Sub-Adviser the full responsibility for proxy voting on securities held in the registrant's portfolio and related duties in accordance with the Sub-Adviser's policy and procedures. The Adviser periodically monitors the Sub-Adviser's voting to ensure that it is carrying out its duties. The Sub-Adviser's proxy voting policies and procedures are attached to this filing as an exhibit and incorporated herein by reference.

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

Nuveen Fund Advisors, Inc. is the registrant's Adviser. The Adviser is responsible for the selection and on-going monitoring of the Fund's investment portfolio, managing the Fund's business affairs and providing certain clerical, bookkeeping and administrative services. The Adviser has engaged Nuveen Asset Management, LLC as Sub-Adviser to provide discretionary investment advisory services. The following section provides information on the portfolio manager at the Sub-Adviser:

##### The Portfolio Manager

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

|                 |   |
|-----------------|---|
| Name            | Fund  |
| Scott R. Romans | Nuveen Insured California Premium Income Municipal Fund 2, Inc. |

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

|                   | Type of Account                  | Number of | Assets*        |
|-------------------|----------------------------------|-----------|----------------|
| Portfolio Manager | Managed                          | Accounts  |                |
| Scott R. Romans   | Registered Investment Company    | 32        | \$7.68 billion |
|                   | Other Pooled Investment Vehicles | 0         | \$0            |
|                   | Other Accounts                   | 2         | \$.6 million   |

\* Assets are as of February 28, 2011. None of the assets in these accounts are subject to an advisory fee based on performance.

Compensation. Each portfolio manager's compensation consists of three basic elements—base salary, cash bonus and long-term incentive compensation. The compensation strategy is to annually compare overall compensation to the market in order to create a compensation structure that is competitive and consistent with similar financial services companies. As discussed below, several factors are considered in determining each portfolio manager's total compensation. In any year these factors may include, among others, the effectiveness of the investment strategies recommended by the portfolio manager's investment team, the investment performance of the accounts managed by the portfolio manager, and the overall performance of Nuveen Investments, Inc. (the parent company of NAM, LLC). Although investment performance is a factor in determining the portfolio manager's compensation, it is not necessarily a decisive factor. The portfolio manager's performance is evaluated in part by comparing manager's performance against a specified investment benchmark. This fund-specific benchmark is a customized subset (limited to bonds in each Fund's specific state and with certain maturity parameters) of the S&P/Investortools Municipal Bond index, an index comprised of bonds held by managed municipal bond fund customers of Standard & Poor's Securities Pricing, Inc. that are priced daily and whose fund holdings aggregate at least \$2 million. As of December 31, 2010, the S&P/Investortools Municipal Bond index was comprised of 57,308 securities with an aggregate current market value of \$1,226 billion.

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

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

Long-term incentive compensation. In connection with the acquisition of Nuveen Investments, Inc., by a group of investors lead by Madison Dearborn Partners in November 2007, certain employees, including portfolio managers, received profit interests in Nuveen's parent. These profit interests entitle the holders to participate in the appreciation in the value of Nuveen beyond the issue date and vest over five to seven years, or earlier in the case of a liquidity event. In addition, in July 2009, Nuveen Investments created and funded a trust, as part of a newly-established incentive program, which purchased shares of certain Nuveen Mutual Funds and awarded such shares, subject to vesting, to certain employees, including portfolio managers.

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

**Beneficial Ownership of Securities.** As of February 28, 2011, the portfolio manager beneficially owned the following dollar range of equity securities issued by the Registrant and other Nuveen Funds managed by NAM’s municipal investment team.

| Name of Portfolio Manager | Fund  | Dollar range of equity securities beneficially owned in Fund | Dollar range of equity securities beneficially owned in the remainder of Nuveen funds managed by NAM’s municipal investment team |
|---------------------------|---|--|--|
| Scott R. Romans           | Nuveen Insured California Premium Income Municipal Fund 2, Inc. | \$0  | \$1-\$10,000   |

**PORTFOLIO MANAGER BIO:**

Scott R. Romans, PhD, Senior Vice President of NAM, LLC, joined Nuveen Investments in 2000 as a senior analyst in the education sector. In 2003, he was assigned management responsibility for several closed- and open-ended municipal bond funds most of which are state funds covering California and other western states. Currently, he manages investments for 33 Nuveen-sponsored investment companies. He holds an undergraduate degree from the University of Pennsylvania and an MA and PhD from the University of Chicago.

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

| Period* | (a)<br>TOTAL<br>NUMBER OF<br>SHARES (OR<br>UNITS)<br><br>PURCHASED | (b)<br>AVERAGE<br>PRICE<br>PAID PER | (c)<br>TOTAL NUMBER OF<br>SHARES<br>(OR UNITS)<br>PURCHASED AS<br>PART OF PUBLICLY | (d)*<br>MAXIMUM NUMBER (OR<br>APPROXIMATE DOLLAR<br>VALUE) OF<br>SHARES (OR UNITS) THAT<br>MAY YET |
|---------|--|-------------------------------------|--|--|
|---------|--|-------------------------------------|--|--|

|                         | SHARE<br>(OR<br>UNIT) | ANNOUNCED PLANS<br>OR<br>PROGRAMS | BE PURCHASED UNDER THE<br>PLANS OR<br>PROGRAMS |
|-------------------------|-----------------------|-----------------------------------|--|
| MARCH 1-31, 2010        | 0                     | 0                                 | 1,265,000                                      |
| APRIL 1-30, 2010        | 0                     | 0                                 | 1,265,000                                      |
| MAY 1-31, 2010          | 0                     | 0                                 | 1,265,000                                      |
| JUNE 1-30, 2010         | 0                     | 0                                 | 1,265,000                                      |
| JULY 1-31, 2010         | 0                     | 0                                 | 1,265,000                                      |
| AUGUST 1-31, 2010       | 0                     | 0                                 | 1,265,000                                      |
| SEPTEMBER 1-30,<br>2010 | 0                     | 0                                 | 1,265,000                                      |
| OCTOBER 1-31, 2010      | 0                     | 0                                 | 1,265,000                                      |
| NOVEMBER 1-30,<br>2010  | 1,200                 | \$12.14                           | 1,263,800                                      |
| DECEMBER 1-31,<br>2010  | 0                     | 0                                 | 1,263,800                                      |
| JANUARY 1-31, 2011      | 0                     | 0                                 | 1,263,800                                      |
| FEBRUARY 1-28,<br>2011  | 0                     | 0                                 | 1,263,800                                      |
| <b>TOTAL</b>            | <b>1,200</b>          |                                   |  |

\* The registrant's repurchase program, which authorized the repurchase of 1,265,000 shares, was announced October 3, 2009. On November 16, 2010, the program was reauthorized for a maximum repurchase amount of 1,265,000 shares. Any repurchases made by the registrant pursuant to the program were made through open-market transactions.

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

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

#### ITEM 11. CONTROLS AND PROCEDURES.

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

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

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

#### ITEM 12. EXHIBITS.

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

- (a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable because the code is posted on registrant's website at [www.nuveen.com/CEF/Info/Shareholder](http://www.nuveen.com/CEF/Info/Shareholder) and there were no amendments during the period covered by this report. (To view the code, click on Fund Governance and then Code of Conduct.)
- (a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)) in the exact form set forth below:  
Ex-99.CERT Attached hereto.
- (a)(3) Any written solicitation to purchase securities under Rule 23c-1 under the 1940 Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons. Not applicable.
- (b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the 1940 Act (17 CFR 270.30a-2(b)); Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed "filed" for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.  
Ex-99.906 CERT attached hereto.
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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 Insured California Premium Income Municipal Fund 2, Inc.

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

Date: May 6, 2011

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: May 6, 2011

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

Date: May 6, 2011