

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2  
Form N-CSR  
November 08, 2006

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

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

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

Jessica R. Droeger  
Nuveen Investments  
333 West Wacker Drive  
Chicago, IL 60606  
-----

(Name and address of agent for service)

Registrant's telephone number, including area code: (312) 917-7700  
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Date of fiscal year end: August 31  
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Date of reporting period: August 31, 2006  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

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

ITEM 1. REPORTS TO STOCKHOLDERS.

ANNUAL REPORT August 31, 2006

Nuveen Investments  
Municipal Closed-End Funds

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

Photo of: Woman and man at the beach.

Photo of: A child.

DEPENDABLE, TAX-FREE INCOME BECAUSE IT'S NOT WHAT YOU EARN, IT'S WHAT YOU  
KEEP. (R)

Logo: NUVEEN Investments

Photo of: Woman

Photo of: Woman

Photo of: Man and child

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and statements from your financial  
advisor or brokerage account.

OR

[WWW.NUVEEN.COM/ACCOUNTACCESS](http://WWW.NUVEEN.COM/ACCOUNTACCESS)

if you get your Nuveen Fund dividends  
and statements directly from Nuveen.

(Be sure to have the address sheet that  
accompanied this report handy. You'll need  
it to complete the enrollment process.)

Logo: NUVEEN Investments

Photo of: Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

Chairman's  
LETTER TO SHAREHOLDERS

Once again, I am pleased to report that over the twelve-month period covered by this report your Fund continued to provide you with attractive monthly tax-free income. For more details about the management strategy and

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performance of your Fund, please read the Portfolio Manager's Comments, the Dividend and Share Price Information, and the Performance Overview sections of this report.

For some time, I've used these letters to remind you that municipal bonds can be an important building block in a well balanced investment portfolio. In addition to providing attractive tax-free monthly income, a municipal bond investment like your Fund may help you achieve and benefit from greater portfolio diversification. Portfolio diversification is a recognized way to try to reduce some of the risk that comes with investing. For more information about this important investment strategy, I encourage you to contact your personal financial advisor.

"IN ADDITION TO PROVIDING ATTRACTIVE TAX-FREE MONTHLY INCOME, A MUNICIPAL BOND INVESTMENT LIKE YOUR FUND MAY HELP YOU ACHIEVE AND BENEFIT FROM GREATER PORTFOLIO DIVERSIFICATION."

We also are pleased to be able to offer you a choice concerning how you receive your shareholder reports and other Fund information. As an alternative to mailed copies, you can sign up to receive future Fund reports and other Fund information by e-mail and the Internet. The inside front cover of this report contains information on how you can sign up.

We are grateful that you have chosen us as a partner as you pursue your financial goals, and we look forward to continuing to earn your trust in the months and years ahead. At Nuveen Investments, our mission continues to be to assist you and your financial advisor by offering investment services and products that can help you to secure your financial objectives.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

October 16, 2006

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

Portfolio Manager's  
COMMENTS

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

WHAT FACTORS AFFECTED THE U.S. ECONOMY AND MUNICIPAL MARKET DURING THE ANNUAL REPORTING PERIOD ENDED AUGUST 31, 2006?

During this reporting period, we saw increases in interest rates across virtually the entire yield curve, resulting in a general decline in bond prices. Through much of the period, however, rates at the longer end of the curve

remained more stable than those at the short end. Between September 1, 2005 and August 31, 2006, the Federal Reserve announced increases in the fed funds rate at seven of its eight Open Market Committee meetings, leaving the rate unchanged at the August 8, 2006 session. These seven 0.25% increases raised the short-term target by 175 basis points, from 3.50% to 5.25%, its highest level since March 2001. By comparison, the yield on the benchmark 10-year U.S. Treasury note rose 71 basis points during this period to end August 2006 at 4.73%. As short-term rates approached and exceeded the levels of long-term rates, the yield curve flattened and then inverted.

In the municipal market, the yield on the Bond Buyer 25 Revenue Bond Index, a widely followed measure of longer-term municipal market rates, stood at 4.91% at the end of August 2006, an increase of just four basis points from the end of August 2005.

Despite rising interest rates, elevated energy prices and a softening housing market, the overall economy remained relatively resilient. After expanding at a rate of 4.2% in the third quarter of 2005, the U.S. gross domestic product (GDP) growth rate slowed to 1.8% in the fourth quarter of 2005, then rebounded sharply to 5.6% in the first quarter of 2006 (all GDP numbers annualized). In the second quarter of 2006, GDP growth moderated to 2.6% with the deceleration reflecting a decline in federal spending as well as a major downturn in residential investment. In general, the jobs picture remained positive, with national unemployment at 4.7% in August 2006, down from 4.9% in August 2005. However, the markets continued to keep a close eye on inflation trends, as the year-

4

over-year increase in the Consumer Price Index registered 3.8% in August 2006. During the first eight months of 2006, the increase in inflation was driven mainly by higher energy and transportation costs, rising at an annualized rate of 4.6%, compared with 3.4% for all of 2005.

Over the 12 months ended August 2006, municipal bond issuance nationwide totaled \$368.2 billion, down 7% from the previous 12 months. This total reflected the general decrease in the supply of municipal securities during 2006. During the first eight months of 2006, \$235.5 billion in new securities came to market, off 15% from the same period in 2005. A major factor in 2006's drop-off was the sharp reduction in pre-refunding volume, which fell more than 56% from 2005 levels as rising interest rates made advance refundings less economically attractive. Overall, demand for municipal bonds, especially those offering higher yields, continued to be strong and broad-based, with individual investors, property and casualty insurance companies, and hedge funds all participating in the market.

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

California ranked as the 15th fastest growing state economy in the nation in 2005, led by the leisure and hospitality sector, professional and business services, and construction. California's \$1.6 trillion economy remained diverse, with international trade, technology, financial services and defense serving as additional key drivers. Over the past six months, the state's ports benefited from the nearly 10% growth in Asian trade, while Mexico remained California's largest international trading partner. In August 2006, California's unemployment rate was 4.9%, down from 5.2% in August 2005. While approximately 20% of the jobs created in California during the 12-month period were generated by the construction industry, concerns about the disproportionate impact of a housing slowdown on the California economy have not yet been realized. Population trends in the state, with growth of more than 8% over the past five years, remained

positive.

5

Due to strong revenue growth resulting from economic expansion, California's fiscal condition improved over the past 12 months, as personal income tax receipts for fiscal 2006 surpassed the previous peak posted in 2001. The state's general fund ended fiscal 2006 with an estimated balance of \$6.5 billion, and plans call for carrying forward the majority of these funds into fiscal 2007 to offset a \$3.7 billion deficit in the \$125.6 billion fiscal 2007 budget and prepay internal and external debt. Even with improvements, however, California's budget remained structurally imbalanced, and deficits in excess of \$3 billion were forecast for fiscal 2008 and 2009. Citing the improved tax revenue trends, both Moody's and Standard & Poor's upgraded California's general obligation bonds to A1 and A+, respectively, from A2 and A in May 2006. For the 12 months ended August 31, 2006, municipal issuance in California totaled \$51.0 billion, on par with issuance for the previous 12 months. During the first eight months of 2006, however, California supply declined sharply, falling 20% from that of January-August 2005, to \$30.3 billion. California remained the largest state issuer in the nation for both the 12-month and year-to-date periods. A referendum authorizing the issuance of \$37 billion of additional general obligation debt, down from the original proposal of \$68 billion, is scheduled to appear on the state's November 2006 ballot. If passed, this referendum would increase California's general fund-supported debt by 67%.

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

As short term interest rates rose and the municipal bond yield curve flattened during this 12-month period, we continued to emphasize a disciplined approach to duration management and yield curve positioning. Over this period, two factors caused the durations of some of these California Funds to shorten more quickly relative to the general market. First, with the flattening of the curve, we saw a major acceleration in advance refunding<sup>2</sup> activity during the first half of this period. While these pre-refundings benefited the Funds' performance in the short-term, they also had a shortening effect on the Funds' durations. The second factor was the natural tendency of a bond's duration to shorten as time passes. During the second half of this period, we took a proactive

- 1 Duration is a measure of a bond's price sensitivity as interest rates change, with longer duration bonds displaying more sensitivity to these changes than bonds with shorter durations.
- 2 Advance refundings, also known as pre-refundings or refinancings, occur when an issuer sells new bonds and uses the proceeds to fund principal and interest payments of older, existing bonds. This process often results in lower borrowing costs for bond issuers.

6

approach to mitigating some of the potential risks associated with these changes in duration. (A fund's price performance can also be hampered if the fund's duration is too short during a period when the market rallies.)

Because interest rates at the longer end of the yield curve remained relatively low over this period, we believed the most prudent approach to maintaining the Funds' durations within our preferred strategic range was the use of forward interest rate swaps, a type of derivative financial instrument. As discussed in previous shareholder reports, we began using these swaps strategies in late 2004 in an effort to control interest rate risk, that is, to reduce the impact of movements in interest rates on the value of the Funds' investments. The swaps are not an attempt to profit from correctly predicting the timing and direction of interest rate movements. Instead, our sole objective is to manage the durations of these Funds without having a negative impact on their income streams or common share dividends over the short term. In line with this objective, we placed swaps on NAC in June 2006, and NPC, NCL, and NVX in July 2006. These swaps performed as expected for the remainder of the period. In NKL and NKX, where we had implemented swaps in a previous period, the natural reduction in duration that occurs with the passage of time had brought these funds close enough to duration targets to allow us to remove the swaps during this period. (NCU and NZH did not use swaps during this period because we believed their durations were appropriate relative to the general market.) We also purchased a small number of U.S. Treasury note futures contracts for NAC.

This strategy also enhanced our management of the Funds' yield curve positioning. Because of the low, longer term interest rate environment over the past few years that, as noted, made advance refundings more attractive, the potential call exposure for bonds in these Funds had become unevenly distributed along the yield curve. Forward interest rate swaps provided a way to smooth out these distributions and neutralize the Funds' over or under exposure to certain parts of the yield curve.

7

Overall, portfolio turnover was relatively light during much of this period, because the rate environment was not advantageous for active trading. In addition, as previously mentioned, issuance in California declined sharply during the first eight months of 2006. In watching the market for potential new additions for our portfolios, we focused mainly on attractively priced, premium coupon<sup>3</sup> bonds maturing in 15 to 25 years. Overall, we believed that bonds in this part of the yield curve offered strong performance potential, better value, and attractive reward opportunities without excessive risk. Since California is a relatively high-quality state, much of the new supply was highly rated and/or insured, and the majority of our new purchases were higher-rated credits. One of our major purchases during this period was A+ rated bonds issued by the California Statewide Community Development Authority for the Kaiser Permanente Hospital System, which we added to NCU, NAC, NVX and NZH.

We also continued to emphasize maintaining weightings of lower-quality bonds in the four uninsured Funds (NCU, NAC, NVX, and NZH) and NKL and NKX (which can invest up to 20% of their assets in non AAA rated insured investment-grade quality securities). However, as credit spreads continued to narrow and municipal supply tightened in 2006, we generally found fewer attractively structured lower-rated credit opportunities in the California market, and we added very little in the way of new positions at the lower end of the credit spectrum. Overall, these California Funds continued to have good exposure to the lower-rated credit categories.

Given market concerns about oil prices, inflation and the actions of the Federal Reserve over the past 12 months, we did see some volatility in longer term yields over this period, with rates peaking in October 2005 and again in June 2006. These spikes in rates provided us with opportunities to sell a few of our

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holdings that were purchased when yields were lower and replace them with similar, newer credits with comparatively higher yields. This allowed us to maintain much of the Funds' current favorable portfolio characteristics while strengthening their future income streams. We also sold some of our holdings of state of California general obligation bonds (G.O.) when we believed that current prices made these bonds attractive sales candidates.

- 3 Premium coupon bonds are credits that, at the time of purchase, are trading above their par values because their coupons are higher than the current coupon levels of par bonds with similar durations. Historically, these bonds have held their value better than current coupon bonds when interest rates rise.

HOW DID THE FUNDS PERFORM?

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

TOTAL RETURNS ON NET ASSET VALUE\*  
For periods ended 8/31/06

| UNINSURED FUNDS                                 | 1-YEAR | 5-YEAR | 10-YEAR |
|-------------------------------------------------|--------|--------|---------|
| NCU                                             | 2.72%  | 6.62%  | 7.43%   |
| NAC                                             | 3.63%  | 7.00%  | NA      |
| NVX                                             | 3.82%  | 6.48%  | NA      |
| NZH                                             | 3.81%  | NA     | NA      |
| Lehman Brothers<br>CA Tax-Exempt<br>Bond Index4 |        |        |         |
|                                                 | 3.32%  | 5.02%  | 6.13%   |
| Lipper CA<br>Municipal Debt<br>Funds Average5   |        |        |         |
|                                                 | 4.10%  | 6.27%  | 6.66%   |
| INSURED FUNDS                                   |        |        |         |
| NPC                                             | 2.23%  | 5.74%  | 6.79%   |
| NCL                                             | 2.91%  | 5.83%  | 7.03%   |
| NKL                                             | 3.62%  | NA     | NA      |
| NKX                                             | 3.43%  | NA     | NA      |

Lehman Brothers Insured



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|                                                                   |       |       |       |
|-------------------------------------------------------------------|-------|-------|-------|
| CA Tax-Exempt<br>Bond Index <sup>4</sup>                          | 3.42% | 4.95% | 6.20% |
| -----                                                             |       |       |       |
| Lipper Insured<br>CA Municipal Debt<br>Funds Average <sup>6</sup> | 3.63% | 5.17% | 6.48% |
| -----                                                             |       |       |       |

\*Annualized.

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

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

For the 12 months ended August 31, 2006, the total returns on NAV for NAC, NVX and NZH exceeded the return on the Lehman Brothers California Tax-Exempt Bond Index, while NCU trailed this measure. The returns on all four uninsured Funds underperformed the Lipper California peer group. Among the insured Funds, NKL outperformed the return on the Lehman Brothers Insured California Tax-Exempt Bond Index, while NKX performed

- 4 The Lehman Brothers California Tax-Exempt Bond Index is an unleveraged, unmanaged index comprising a broad range of investment-grade California municipal bonds, while the Lehman Brothers Insured California Tax-Exempt Bond Index is an unleveraged, unmanaged index containing a broad range of insured California municipal bonds. Results for the Lehman indexes do not reflect any expenses.
- 5 The Lipper California Municipal Debt Funds category average is calculated using the returns of all closed-end funds in this category for each period as follows: 1 year, 26 funds; 5 years, 15 funds ; and 10 years, 13 funds. Fund and Lipper returns assume reinvestment of dividends.
- 6 The Lipper Insured California Municipal Debt Funds average is calculated using the returns of all closed-end funds in its category for each period as follows: 1 year, 13 funds ; 5 years, 8 funds; and 10 years, 6 funds. Fund and Lipper returns assume reinvestment of dividends.

in line with the index return and NPC and NCL lagged the index return. The return on NKL performed relatively in line with the average return for the Lipper Insured California peer group, while NPC, NCL and NKX trailed the group average.

Factors that influenced the Funds' returns during this period included yield curve positioning and duration management; allocations to lower-rated credits in the four uninsured Funds, NKL, and NKX; and pre-refunding activity. The use of hedges in NPC, NCL, NAC, NVX, NKL and NKX was also a positive contributor to the performances of these Funds.

As the yield curve continued to flatten over the course of this period, bonds with effective maturities between two and six years were the most adversely impacted, generally underperforming long-intermediate bonds (those with maturities between 17 and 22 years) and longer bonds (those with maturities of at least 22 years). Yield curve positioning or, more specifically, greater exposure to those parts of the yield curve that performed well helped the performances of these Funds during this period.

Bonds rated BBB or lower and non-rated bonds generally outperformed other credit quality sectors during this period and the four uninsured Funds as well as NKL and NKX (which can invest up to 20% of their assets in non AAA rated insured investment-grade quality securities) benefited from their allocations of lower-quality credits. The performance of this sector was largely the result of investor demand for the higher yields typically associated with lower-quality bonds, which drove up their value. As of August 31, 2006, bonds rated BBB or lower and non-rated bonds accounted for 15% to 18% of the of the four noninsured Funds, while NKL and NKX each had an allocation of 6% to bonds rated BBB. This allocation accounted for much of the performance differential between NKL and NKX and NPC and NCL, which, as 100% insured Funds, cannot hold any lower-rated credits.

Among the lower-rated holdings making positive contributions to the total returns of NCU, NAC, NVX, NZH, NKL and NKX during this period were industrial development bonds and health care (including hospitals) credits, which ranked as the top performing

10

revenue sectors in the Lehman Brothers municipal index, as well as bonds backed by the 1998 master tobacco settlement agreement, which comprised approximately 1% to 4% of the portfolios of these six Funds as of August 31, 2006.

As noted earlier, we continued to see a number of advance refundings, which can benefit the Funds through price appreciation and enhanced credit quality. During this reporting period, advance refundings ranged from 5% to 12% of these Funds' portfolios, with NPC and NCU representing the lower end of the range, which hampered their performance.

While advance refundings generally enhanced performance for this 12-month period, the rising interest rate environment meant that the Funds' holdings of previously pre-refunded bonds tended to underperform the general municipal market. A higher number of bond calls affecting approximately 4.5% of NCU's portfolio (compared with approximately 1% in NAC, NVX and NZH) also detracted from this Fund's performance.

HOW WERE THE FUNDS POSITIONED IN TERMS OF CREDIT QUALITY AND BOND CALLS AS OF AUGUST 31, 2006?

We continued to believe that maintaining strong credit quality was an important requirement. As of August 31, 2006, the four uninsured Funds continued to offer excellent credit quality, with allocations of bonds rated AAA/U.S. guaranteed and AA ranging from 69% in NAC and NZH to 72% in NVX and NCU. NPC and NCL continued to be 100% invested in insured and/or U.S. guaranteed securities, while NKL and NKX, which can invest up to 20% of their assets in non AAA rated insured investment-grade quality securities, had allocated 83% and 84% of their portfolios, respectively, to insured and U.S. guaranteed bonds.

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As of August 31, 2006, potential call exposure for the period September 2006 through the end of 2008 ranged from 4% in NZH to 6% in NKL, to 10% in NVX and NKX, 12% in NAC, 13% in NPC and NCU, and 15% in NCL. The number of actual bond calls in all of these Funds depends largely on future market interest rates.

Dividend and Share Price  
INFORMATION

All of the Funds in this report use leverage to potentially enhance opportunities for additional income for common shareholders. The benefits of leveraging are tied in part to the short-term rates leveraged Funds pay their MuniPreferred(R) shareholders. During periods of low short-term rates, these Funds generally pay lower dividends to their MuniPreferred shareholders, which can leave more earnings to support common share dividends. Conversely, when short-term interest rates rise, as they did during this reporting period, the Funds' borrowing costs also rise, reducing the extent of the benefits of leveraging and impacting the Funds' income streams and total returns. The Funds' income streams were also affected as the proceeds from older, higher-yielding bonds that matured or were called were reinvested into bonds currently available in the market, which generally offered lower yields. These factors resulted in a single monthly dividend reduction in NKL and NKX and two in NPC, NCL, NCU, NAC, NVX and NZH over the 12-month period ended August 31, 2006.

Due to capital gains generated by normal portfolio activity, common shareholders of the following Funds received capital gains and net ordinary income distributions at the end of December 2005, as follows:

|     | LONG-TERM CAPITAL GAINS<br>(PER SHARE) | ORDINARY INCOME<br>(PER SHARE) |
|-----|----------------------------------------|--------------------------------|
| NPC | \$0.1367                               | \$0.0109                       |
| NCU | \$0.0122                               | --                             |
| NAC | \$0.0334                               | --                             |

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 August 31, 2006, NPC, NCL, NCU, NAC, NVX, and NZH had positive UNII balances for both financial statement and tax purposes, while NKL and NKX had negative UNII balances for financial statement purposes and positive UNII balances for tax purposes.

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At the end of the reporting period, the Funds' share prices were trading at premiums or discounts to their NAVs as shown in the accompanying chart:

|     | 8/31/06<br>PREMIUM/DISCOUNT | 12-MONTH AVERAGE<br>PREMIUM/DISCOUNT |
|-----|-----------------------------|--------------------------------------|
| NPC | -3.21%                      | - 1.74%                              |
| NCL | -5.34%                      | - 3.09%                              |
| NCU | -4.24%                      | - 4.65%                              |
| NAC | +2.44%                      | + .62%                               |
| NVX | -2.67%                      | - 4.26%                              |
| NZH | -1.26%                      | - 4.13%                              |
| NKL | +1.29%                      | - 2.03%                              |
| NKX | -4.36%                      | - 4.07%                              |

13

Nuveen Insured California Premium Income Municipal Fund, Inc.  
NPC

Performance

OVERVIEW As of August 31, 2006

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

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

Bar Chart:

2005-2006 MONTHLY TAX-FREE DIVIDENDS PER SHARE<sup>2</sup>

|     |        |
|-----|--------|
| Sep | 0.0705 |
| Oct | 0.0705 |
| Nov | 0.0705 |
| Dec | 0.0705 |
| Jan | 0.0705 |
| Feb | 0.0705 |
| Mar | 0.067  |
| Apr | 0.067  |
| May | 0.067  |
| Jun | 0.0635 |
| Jul | 0.0635 |
| Aug | 0.0635 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

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|         |       |
|---------|-------|
| 9/01/05 | 15.91 |
|         | 16.08 |
|         | 16.14 |
|         | 16.21 |
|         | 16.21 |
|         | 16.35 |
|         | 16.2  |
|         | 16    |
|         | 16.14 |
|         | 16.04 |
|         | 16.04 |
|         | 15.87 |
|         | 15.82 |
|         | 15.76 |
|         | 15.71 |
|         | 15.71 |
|         | 15.65 |
|         | 15.64 |
|         | 15.64 |
|         | 15.6  |
|         | 15.67 |
|         | 15.7  |
|         | 15.61 |
|         | 15.61 |
|         | 15.61 |
|         | 15.53 |
|         | 15.62 |
|         | 15.54 |
|         | 15.55 |
|         | 15.4  |
|         | 15.29 |
|         | 15.45 |
|         | 15.46 |
|         | 15.46 |
|         | 15.3  |
|         | 15.45 |
|         | 15.42 |
|         | 15.15 |
|         | 15.08 |
|         | 14.94 |
|         | 14.99 |
|         | 15    |
|         | 15    |
|         | 15.03 |
|         | 14.89 |
|         | 15.01 |
|         | 14.83 |
|         | 14.97 |
|         | 14.9  |
|         | 14.93 |
|         | 14.93 |
|         | 14.93 |
|         | 14.85 |
|         | 14.98 |
|         | 14.95 |
|         | 15.07 |
|         | 15.09 |
|         | 15.23 |
|         | 15.12 |
|         | 15.12 |
|         | 15.02 |
|         | 15.04 |

14.95  
14.89  
14.9  
14.78  
14.86  
14.97  
14.87  
14.8  
14.8  
14.52  
14.39  
14.42  
14.43  
14.4  
14.66  
14.52  
14.54  
14.56  
14.74  
14.74  
14.84  
14.95  
14.95  
15  
15.15  
15.36  
15.44  
15.45  
15.44  
15.41  
15.46  
15.51  
15.75  
15.7  
15.76  
15.75  
15.87  
15.7  
15.47  
15.38  
15.4  
15.29  
15.34  
15.5  
15.73  
15.89  
15.88  
15.88  
15.87  
15.8  
15.8  
16.1  
16.1  
16.25  
16.2  
16.05  
15.68  
16.08  
15.59  
15.72  
15.9  
16.04

16.25  
16.29  
15.9  
15.86  
15.85  
15.85  
15.87  
15.62  
15.41  
15.5  
15.3  
15.25  
15.2799  
15.34  
15.21  
15.24  
15.35  
15.35  
15.35  
15.42  
15.57  
15.23  
15.39  
15.4  
15.46  
15.5  
15.65  
15.42  
15.45  
15.85  
15.8  
15.84  
15.34  
15.34  
15.65  
15.76  
15.51  
15.3  
15.49  
15.85  
15.85  
15.61  
15.61  
15.67  
15.6  
15.45  
15.7  
15.86  
15.8  
15.57  
15.43  
15.24  
15.69  
15.53  
15.6799  
15.41  
15.4101  
15.4101  
15.43  
15.42  
15.41  
15.35

15.03  
14.67  
14.55  
14.69  
14.73  
14.74  
14.72  
14.78  
14.81  
14.83  
14.85  
14.73  
14.71  
14.71  
14.82  
14.71  
14.76  
14.73  
14.82  
14.77  
14.8  
14.66  
14.84  
14.63  
14.68  
14.8  
14.76  
14.88  
14.83  
14.73  
14.74  
14.7  
14.62  
14.6105  
14.68  
14.64  
14.64  
14.61  
14.61  
14.58  
14.69  
14.69  
14.7601  
14.78  
14.66  
14.83  
14.76  
14.79  
14.79  
14.81  
14.88  
14.89  
15.02  
14.97  
14.84  
14.8001  
14.85  
14.88  
14.95  
15.01  
15.09  
15.11



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|         |       |
|---------|-------|
|         | 15.11 |
|         | 15.07 |
|         | 14.98 |
|         | 15    |
|         | 14.98 |
| 8/31/06 | 15.08 |

FUND SNAPSHOT

|                                                     |           |
|-----------------------------------------------------|-----------|
| Common Share Price                                  | \$15.08   |
| Common Share<br>Net Asset Value                     | \$15.58   |
| Premium/(Discount) to NAV                           | -3.21%    |
| Market Yield                                        | 5.05%     |
| Taxable-Equivalent Yield <sup>1</sup>               | 7.71%     |
| Net Assets Applicable<br>to Common Shares (\$000)   | \$100,581 |
| Average Effective Maturity<br>on Securities (Years) | 15.37     |
| Leverage-Adjusted Duration                          | 8.26      |

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

|         | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year  | 1.00%          | 2.23%  |
| 5-Year  | 5.66%          | 5.74%  |
| 10-Year | 7.04%          | 6.79%  |

INDUSTRIES

(as a % of total investments)

|                                      |       |
|--------------------------------------|-------|
| U.S. Guaranteed                      | 29.3% |
| Tax Obligation/General               | 21.8% |
| Tax Obligation/Limited               | 17.8% |
| Water and Sewer                      | 17.7% |
| Education and Civic<br>Organizations | 6.0%  |
| Other                                | 7.4%  |

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

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rate of 34.5%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

- 2 The Fund paid shareholders capital gains and net ordinary income distributions in December 2005 of \$0.1476 per share.

14

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

Performance

OVERVIEW As of August 31, 2006

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

|                 |     |
|-----------------|-----|
| Insured         | 74% |
| U.S. Guaranteed | 26% |

Bar Chart:

2005-2006 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |        |
|-----|--------|
| Sep | 0.066  |
| Oct | 0.066  |
| Nov | 0.066  |
| Dec | 0.066  |
| Jan | 0.066  |
| Feb | 0.066  |
| Mar | 0.0625 |
| Apr | 0.0625 |
| May | 0.0625 |
| Jun | 0.059  |
| Jul | 0.059  |
| Aug | 0.059  |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

|         |       |
|---------|-------|
| 9/01/05 | 15.13 |
|         | 15.21 |
|         | 15.32 |
|         | 15.25 |
|         | 15.29 |
|         | 15.2  |
|         | 15.2  |
|         | 15.18 |
|         | 15.08 |
|         | 15.15 |
|         | 15.18 |
|         | 15.08 |
|         | 14.91 |
|         | 14.96 |
|         | 14.99 |
|         | 14.98 |
|         | 15    |
|         | 14.89 |
|         | 15.09 |
|         | 15.03 |

15.15  
15.1  
15.11  
15.17  
15.15  
14.97  
15.05  
14.9  
14.82  
14.78  
14.65  
14.65  
14.62  
14.7  
14.67  
14.8  
14.79  
14.61  
14.8  
14.55  
14.49  
14.5  
14.46  
14.4  
14.3  
14.45  
14.45  
14.43  
14.4  
14.19  
14  
13.99  
13.86  
13.9  
13.8701  
13.86  
13.82  
13.84  
13.78  
13.78  
13.85  
13.78  
13.74  
13.85  
13.98  
13.89  
13.9  
13.92  
13.87  
13.8  
13.76  
13.73  
13.69  
13.62  
13.67  
13.68  
13.72  
13.76  
13.78  
13.8  
13.89  
13.92

13.99  
14.2  
14.2  
14.48  
14.39  
14.44  
14.44  
14.46  
14.44  
14.4  
14.5  
14.45  
14.38  
14.4  
14.54  
14.54  
14.53  
14.54  
14.47  
14.54  
14.59  
14.7  
14.69  
14.71  
14.77  
14.81  
14.85  
14.8  
14.86  
14.9  
14.89  
14.87  
14.81  
15  
15  
15.15  
15.01  
14.98  
14.98  
14.96  
14.95  
15.09  
15.17  
15.11  
15.05  
14.9  
14.8  
14.82  
14.8  
14.71  
14.77  
14.699  
14.68  
14.77  
14.76  
14.82  
14.71  
14.74  
14.69  
14.66  
14.39  
14.47

14.55  
14.45  
14.62  
14.57  
14.65  
14.67  
14.53  
14.53  
14.54  
14.75  
14.82  
14.79  
14.64  
14.59  
14.52  
14.45  
14.5  
14.56  
14.5399  
14.55  
14.45  
14.42  
14.42  
14.59  
14.53  
14.53  
14.46  
14.46  
14.46  
14.35  
14.28  
14.19  
14.18  
14.36  
14.5  
14.25  
14.14  
14.13  
13.95  
13.97  
13.97  
14.08  
14.1299  
14.12  
14.06  
14.04  
14.12  
14.13  
14.07  
14.16  
14.1  
14.15  
14.16  
14.15  
13.98  
14.02  
13.97  
13.91  
13.88  
13.96  
14.06  
14.03

|         |         |
|---------|---------|
|         | 13.79   |
|         | 13.79   |
|         | 13.8899 |
|         | 13.79   |
|         | 13.7899 |
|         | 13.89   |
|         | 13.9    |
|         | 13.86   |
|         | 13.9699 |
|         | 13.99   |
|         | 14.05   |
|         | 13.8901 |
|         | 13.83   |
|         | 13.69   |
|         | 13.7199 |
|         | 13.52   |
|         | 13.6501 |
|         | 13.71   |
|         | 13.69   |
|         | 13.78   |
|         | 13.91   |
|         | 13.94   |
|         | 13.95   |
|         | 14.14   |
|         | 13.98   |
|         | 13.95   |
|         | 14.06   |
|         | 14.12   |
|         | 14.21   |
|         | 14.1    |
|         | 14      |
|         | 14.07   |
|         | 14.1    |
|         | 14.12   |
|         | 14.1    |
|         | 14.11   |
|         | 14.15   |
|         | 14.16   |
|         | 14.19   |
|         | 14.14   |
|         | 14.22   |
|         | 14.11   |
|         | 14.1    |
|         | 14.21   |
|         | 14.16   |
|         | 14.18   |
|         | 14.2399 |
| 8/31/06 | 14.1899 |

FUND SNAPSHOT

|                            |         |
|----------------------------|---------|
| -----                      |         |
| Common Share Price         | \$14.19 |
| -----                      |         |
| Common Share               |         |
| Net Asset Value            | \$14.99 |
| -----                      |         |
| Premium/ (Discount) to NAV | -5.34%  |
| -----                      |         |
| Market Yield               | 4.99%   |
| -----                      |         |
| Taxable-Equivalent Yield1  | 7.62%   |

|                                                     |           |
|-----------------------------------------------------|-----------|
| Net Assets Applicable to<br>Common Shares (\$000)   | \$190,571 |
| Average Effective Maturity<br>on Securities (Years) | 15.20     |
| Leverage-Adjusted Duration                          | 8.44      |

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

|         | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year  | -0.63%         | 2.91%  |
| 5-Year  | 5.00%          | 5.83%  |
| 10-Year | 7.19%          | 7.03%  |

INDUSTRIES  
(as a % of total investments)

|                        |       |
|------------------------|-------|
| Tax Obligation/Limited | 27.3% |
| U.S. Guaranteed        | 25.9% |
| Water and Sewer        | 15.8% |
| Tax Obligation/General | 14.3% |
| Utilities              | 6.6%  |
| Other                  | 10.1% |

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 34.5%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

Nuveen California Premium Income Municipal Fund  
NCU

Performance  
OVERVIEW As of August 31, 2006

Pie Chart:

CREDIT QUALITY  
(as a % of total investments)

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 66% |
| AA                  | 6%  |
| A                   | 10% |
| BBB                 | 13% |
| BB or Lower         | 4%  |

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N/R 1%

Bar Chart:

2005-2006 MONTHLY TAX-FREE DIVIDENDS PER SHARE2

|     |        |
|-----|--------|
| Sep | 0.067  |
| Oct | 0.067  |
| Nov | 0.067  |
| Dec | 0.067  |
| Jan | 0.067  |
| Feb | 0.067  |
| Mar | 0.0635 |
| Apr | 0.0635 |
| May | 0.0635 |
| Jun | 0.0595 |
| Jul | 0.0595 |
| Aug | 0.0595 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

|         |       |
|---------|-------|
| 9/01/05 | 14.43 |
|         | 14.43 |
|         | 14.48 |
|         | 14.5  |
|         | 14.44 |
|         | 14.48 |
|         | 14.5  |
|         | 14.35 |
|         | 14.3  |
|         | 14.23 |
|         | 14.1  |
|         | 14.06 |
|         | 14.03 |
|         | 14.09 |
|         | 14.19 |
|         | 13.89 |
|         | 13.91 |
|         | 13.79 |
|         | 13.95 |
|         | 13.9  |
|         | 13.87 |
|         | 13.98 |
|         | 13.95 |
|         | 13.96 |
|         | 13.95 |
|         | 13.95 |
|         | 14    |
|         | 13.9  |
|         | 13.92 |
|         | 13.88 |
|         | 13.9  |
|         | 13.88 |
|         | 13.92 |
|         | 13.9  |
|         | 13.92 |
|         | 13.96 |
|         | 14.05 |
|         | 14.09 |
|         | 14    |
|         | 14.03 |
|         | 14    |



14.02  
14.07  
14.07  
13.95  
13.92  
13.94  
13.82  
13.69  
13.69  
13.7  
13.55  
13.8  
13.8  
13.76  
13.76  
13.7  
13.49  
13.45  
13.4  
13.5  
13.55  
13.5  
13.57  
13.9  
13.78  
13.83  
13.81  
13.74  
13.77  
13.77  
13.9  
14.11  
14  
13.92  
13.87  
13.73  
13.66  
13.67  
13.64  
13.51  
13.49  
13.54  
13.62  
13.62  
13.651  
13.75  
13.88  
14  
14  
14.02  
14.2  
14.12  
14.1  
13.96  
14  
14.02  
14.13  
14.12  
14.15  
14.15  
14.3  
14.2

14.2  
14.23  
14.5  
14.23  
14.24  
14.5  
14.45  
14.6  
14.5  
14.44  
14.3  
14.28  
14.26  
14.25  
14.26  
14  
14.03  
14.02  
14.18  
14.12  
14.15  
14.25  
14.2  
13.96  
14.03  
13.99  
14.08  
14.0001  
13.92  
13.85  
13.92  
13.92  
14.11  
14.03  
14.06  
14.04  
14.02  
14.099  
14.1  
14  
14.02  
13.95  
13.86  
13.9  
14.01  
13.9  
14.05  
13.901  
13.87  
13.92  
13.8  
13.82  
13.67  
13.6  
13.55  
13.46  
13.58  
13.55  
13.65  
13.69  
13.8  
13.65

13.66  
13.66  
13.82  
13.83  
14.05  
13.99  
14.05  
13.97  
14.05  
14.05  
14.02  
14.04  
13.95  
13.76  
13.7401  
13.88  
13.95  
13.81  
13.9  
13.72  
13.7301  
13.85  
13.83  
13.8  
13.85  
13.98  
13.91  
13.86  
13.72  
13.73  
13.67  
13.65  
13.5416  
13.44  
13.51  
13.4  
13.36  
13.37  
13.28  
13.11  
13.11  
13.17  
13.03  
13.07  
13.06  
13.16  
13.22  
13.21  
13.22  
13.32  
13.28  
13.22  
13.25  
13.3  
13.3  
13.28  
13.2899  
13.3  
13.35  
13.4  
13.54  
13.62

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|         |         |
|---------|---------|
|         | 13.58   |
|         | 13.6301 |
|         | 13.83   |
|         | 13.98   |
|         | 13.89   |
|         | 13.87   |
|         | 13.88   |
|         | 13.88   |
|         | 13.96   |
|         | 13.95   |
|         | 14      |
|         | 13.87   |
|         | 13.66   |
|         | 13.65   |
|         | 13.83   |
|         | 13.85   |
|         | 13.86   |
|         | 13.97   |
|         | 13.95   |
|         | 13.95   |
|         | 13.95   |
|         | 13.88   |
|         | 13.99   |
|         | 13.99   |
|         | 13.91   |
|         | 13.95   |
| 8/31/06 | 14.01   |

FUND SNAPSHOT

|                                                     |          |
|-----------------------------------------------------|----------|
| Common Share Price                                  | \$14.01  |
| Common Share<br>Net Asset Value                     | \$14.63  |
| Premium/(Discount) to NAV                           | -4.24%   |
| Market Yield                                        | 5.10%    |
| Taxable-Equivalent Yield <sup>1</sup>               | 7.79%    |
| Net Assets Applicable to<br>Common Shares (\$000)   | \$84,467 |
| Average Effective Maturity<br>on Securities (Years) | 16.85    |
| Leverage-Adjusted Duration                          | 7.86     |

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

|         | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year  | 3.14%          | 2.72%  |
| 5-Year  | 6.05%          | 6.62%  |
| 10-Year | 7.86%          | 7.43%  |

INDUSTRIES  
(as a % of total investments)

|                        |       |
|------------------------|-------|
| Tax Obligation/Limited | 32.6% |
| Tax Obligation/General | 19.8% |
| Water and Sewer        | 12.1% |
| U.S. Guaranteed        | 11.2% |
| Health Care            | 9.6%  |
| Other                  | 14.7% |

- 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 34.5%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 The Fund paid shareholders a capital gains distribution in December 2005 of \$0.0122 per share.

Nuveen California Dividend Advantage Municipal Fund  
NAC

Performance  
OVERVIEW As of August 31, 2006

Pie Chart:  
CREDIT QUALITY  
(as a % of total investments)

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 66% |
| AA                  | 3%  |
| A                   | 16% |
| BBB                 | 8%  |
| N/R                 | 7%  |

Bar Chart:  
2005-2006 MONTHLY TAX-FREE DIVIDENDS PER SHARE<sup>2</sup>

|     |        |
|-----|--------|
| Sep | 0.0785 |
| Oct | 0.0785 |
| Nov | 0.0785 |
| Dec | 0.0785 |
| Jan | 0.0785 |
| Feb | 0.0785 |
| Mar | 0.0745 |
| Apr | 0.0745 |
| May | 0.0745 |
| Jun | 0.0705 |
| Jul | 0.0705 |
| Aug | 0.0705 |

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Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

|         |         |
|---------|---------|
| 9/01/05 | 16.09   |
|         | 16.14   |
|         | 16.12   |
|         | 16.16   |
|         | 16.11   |
|         | 16.2    |
|         | 16.15   |
|         | 16.06   |
|         | 16.04   |
|         | 15.89   |
|         | 15.85   |
|         | 15.83   |
|         | 15.77   |
|         | 15.89   |
|         | 15.81   |
|         | 15.65   |
|         | 15.63   |
|         | 15.59   |
|         | 15.65   |
|         | 15.61   |
|         | 15.67   |
|         | 15.71   |
|         | 15.72   |
|         | 15.67   |
|         | 15.64   |
|         | 15.56   |
|         | 15.54   |
|         | 15.59   |
|         | 15.28   |
|         | 15.03   |
|         | 14.99   |
|         | 15      |
|         | 14.97   |
|         | 14.95   |
|         | 14.9    |
|         | 15      |
|         | 15.08   |
|         | 15.06   |
|         | 14.98   |
|         | 14.9    |
|         | 14.97   |
|         | 15.03   |
|         | 15      |
|         | 14.99   |
|         | 15.08   |
|         | 14.95   |
|         | 15.04   |
|         | 15      |
|         | 15.04   |
|         | 14.91   |
|         | 14.92   |
|         | 14.89   |
|         | 14.89   |
|         | 14.94   |
|         | 14.9401 |
|         | 14.91   |
|         | 14.99   |
|         | 15.06   |

15.2  
15.3  
15.35  
15.26  
15.35  
15.63  
15.64  
15.55  
15.6  
15.6  
15.73  
15.87  
15.8  
15.8  
15.94  
15.85  
15.87  
16.05  
15.86  
15.89  
15.9  
15.96  
15.96  
15.96  
16.0299  
16.1399  
16.1399  
16.29  
16.35  
16.27  
16.3  
16.27  
16.2  
16.18  
16.1  
16.01  
15.97  
15.97  
16.1  
16.1  
16.15  
16.16  
16.16  
16.15  
16.24  
16.21  
16.21  
16.32  
16.3199  
16.34  
16.31  
16.15  
16.15  
16.05  
16.05  
15.89  
15.9  
16.04  
15.981  
15.93  
16.03  
15.91

15.9  
15.9  
15.98  
16.01  
16.16  
16.03  
16.01  
15.93  
15.98  
16.03  
16.2  
16  
15.89  
15.76  
15.84  
15.87  
15.84  
15.85  
15.7  
15.6  
15.65  
15.65  
15.6  
15.58  
15.67  
15.67  
15.74  
15.82  
15.67  
15.64  
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15.46  
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15.01  
15.01  
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15.41  
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15.4  
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15.63  
15.5  
15.54  
15.84  
15.57  
15.34  
15.48  
15.33  
15.2  
15.25  
15.23



15.37  
15.44  
15.5  
15.57  
15.7  
15.56  
15.52  
15.78  
15.87  
15.77  
15.83  
15.85  
15.7  
15.63  
15.55  
15.22  
15.2899  
15.31  
15.25  
15.34  
15.35  
15.28  
15.3  
15.21  
15.12  
15.1  
15.15  
15.15  
15.18  
15.34  
15.26  
15.28  
15.45  
15.3651  
15.32  
15.14  
15.16  
15.28  
15.24  
15.23  
15.41  
15.4  
15.45  
15.41  
15.37  
15.35  
15.44  
15.46  
15.6901  
15.71  
15.74  
15.84  
15.89  
15.89  
15.82  
15.7  
15.89  
15.8699  
15.66  
15.74  
15.65  
15.67

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|         |       |
|---------|-------|
|         | 15.53 |
|         | 15.58 |
|         | 15.68 |
|         | 15.6  |
|         | 15.79 |
|         | 15.73 |
|         | 15.77 |
|         | 15.88 |
|         | 15.91 |
| 8/31/06 | 15.97 |

FUND SNAPSHOT

|                                                     |           |
|-----------------------------------------------------|-----------|
| Common Share Price                                  | \$15.97   |
| Common Share<br>Net Asset Value                     | \$15.59   |
| Premium/(Discount) to NAV                           | 2.44%     |
| Market Yield                                        | 5.30%     |
| Taxable-Equivalent Yield <sup>1</sup>               | 8.09%     |
| Net Assets Applicable to<br>Common Shares (\$000)   | \$365,516 |
| Average Effective Maturity<br>on Securities (Years) | 16.87     |
| Leverage-Adjusted Duration                          | 7.73      |

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

|                    | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year             | 5.47%          | 3.63%  |
| 5-Year             | 8.03%          | 7.00%  |
| Since<br>Inception | 7.33%          | 7.51%  |

INDUSTRIES

(as a % of total investments)

|                                      |       |
|--------------------------------------|-------|
| Tax Obligation/Limited               | 24.5% |
| U.S. Guaranteed                      | 15.0% |
| Tax Obligation/General               | 13.6% |
| Transportation                       | 12.8% |
| Health Care                          | 7.3%  |
| Education and Civic<br>Organizations | 7.3%  |

|                     |      |
|---------------------|------|
| Housing/Multifamily | 5.5% |
| Utilities           | 5.4% |
| Water and Sewer     | 5.3% |
| Other               | 3.3% |

- 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 34.5%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 The Fund paid shareholders a capital gains distribution in December 2005 of \$0.0334 per share.

17

Nuveen California Dividend Advantage Municipal Fund 2  
NVX

Performance

OVERVIEW As of August 31, 2006

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 71% |
| AA                  | 1%  |
| A                   | 12% |
| BBB                 | 9%  |
| N/R                 | 7%  |

Bar Chart:

2005-2006 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |        |
|-----|--------|
| Sep | 0.0725 |
| Oct | 0.0725 |
| Nov | 0.0725 |
| Dec | 0.0725 |
| Jan | 0.0725 |
| Feb | 0.0725 |
| Mar | 0.0685 |
| Apr | 0.0685 |
| May | 0.0685 |
| Jun | 0.0655 |
| Jul | 0.0655 |
| Aug | 0.0655 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

|         |       |
|---------|-------|
| 9/01/05 | 15.16 |
|         | 15.25 |
|         | 15.17 |

15.24  
15.1  
15.12  
15.14  
15.05  
14.95  
14.87  
14.85  
14.94  
14.9  
14.98  
14.95  
14.7  
14.6  
14.43  
14.49  
14.68  
14.57  
14.6  
14.65  
14.64  
14.52  
14.4  
14.42  
14.23  
14.09  
13.97  
13.75  
13.86  
13.86  
13.91  
13.97  
13.97  
14.11  
13.98  
13.9  
14.16  
14.12  
14.14  
14.14  
14.24  
14.17  
14.12  
14.19  
14.19  
14.2  
14.11  
13.95  
13.9  
14.03  
14  
14.05  
14.06  
14.12  
14.04  
14.16  
14.19  
14.2  
14.25  
14.2  
14.21  
14.25

14.2  
14.25  
14.35  
14.34  
14.5  
14.5  
14.44  
14.44  
14.6  
14.47  
14.46  
14.54  
14.57  
14.6  
14.59  
14.57  
14.6  
14.67  
14.52  
14.52  
14.75  
14.82  
14.85  
15  
15.24  
15.32  
15.05  
15.21  
15.35  
15.14  
15.27  
15.14  
15.2  
15.17  
15.35  
15  
15.06  
15.2  
15.07  
15.11  
15.23  
15.23  
15.1  
15.1  
14.84  
14.99  
15.04  
14.92  
14.8  
14.75  
14.8  
14.8  
14.84  
14.9  
14.8  
14.82  
14.9  
14.79  
14.92  
14.9  
14.949  
14.63

14.75  
14.76  
14.57  
14.57  
14.67  
14.67  
14.62  
14.5  
14.52  
14.55  
14.6  
14.53  
14.47  
14.55  
14.51  
14.43  
14.59  
14.52  
14.54  
14.55  
14.6  
14.4  
14.4  
14.42  
14.41  
14.41  
14.6  
14.45  
14.35  
14.3  
14.38  
14.45  
14.3576  
14.42  
14.42  
14.2  
14.19  
14.28  
14.35  
14.35  
14.4  
14.29  
14.31  
14.38  
14.65  
14.72  
14.85  
14.75  
14.54  
14.67  
14.8  
14.73  
14.65  
14.76  
14.75  
14.78  
14.65  
14.8  
14.7  
14.73  
14.68  
14.72

14.77  
14.9  
14.93  
14.92  
14.94  
14.77  
14.75  
14.68  
14.45  
14.48  
14.43  
14.49  
14.54  
14.36  
14.26  
14.13  
14.14  
14.07  
14.07  
14.14  
14.1  
14.15  
14.28  
14.15  
14.18  
14.2  
14.19  
14.12  
14.09  
14.09  
14.19  
14.1  
14  
14.11  
14.05  
14.17  
14.31  
14.23  
14.44  
14.52  
14.7  
14.68  
14.7  
14.7  
14.74  
14.81  
14.74  
14.68  
14.77  
14.7701  
14.69  
14.52  
14.66  
14.67  
14.77  
14.75  
14.68  
14.66  
14.68  
14.75  
14.8  
14.8

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|         |       |
|---------|-------|
|         | 14.87 |
|         | 14.9  |
| 8/31/06 | 14.95 |

FUND SNAPSHOT

|                                                     |           |
|-----------------------------------------------------|-----------|
| Common Share Price                                  | \$14.95   |
| Common Share<br>Net Asset Value                     | \$15.36   |
| Premium/(Discount) to NAV                           | -2.67%    |
| Market Yield                                        | 5.26%     |
| Taxable-Equivalent Yield1                           | 8.03%     |
| Net Assets Applicable<br>to Common Shares (\$000)   | \$227,160 |
| Average Effective Maturity<br>on Securities (Years) | 14.99     |
| Leverage-Adjusted Duration                          | 8.42      |

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

|                    | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year             | 4.19%          | 3.82%  |
| 5-Year             | 6.10%          | 6.48%  |
| Since<br>Inception | 6.25%          | 7.38%  |

INDUSTRIES

(as a % of total investments)

|                                      |       |
|--------------------------------------|-------|
| Tax Obligation/Limited               | 20.0% |
| U.S. Guaranteed                      | 16.9% |
| Tax Obligation/General               | 12.9% |
| Education and Civic<br>Organizations | 10.3% |
| Water and Sewer                      | 9.7%  |
| Health Care                          | 8.5%  |
| Housing/Multifamily                  | 7.9%  |
| Transportation                       | 6.8%  |
| Other                                | 7.0%  |



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 34.5%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

18

Nuveen California Dividend Advantage Municipal Fund 3  
NZH

Performance

OVERVIEW As of August 31, 2006

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 68% |
| AA                  | 1%  |
| A                   | 15% |
| BBB                 | 8%  |
| N/R                 | 8%  |

Bar Chart:

2005-2006 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |        |
|-----|--------|
| Sep | 0.072  |
| Oct | 0.072  |
| Nov | 0.072  |
| Dec | 0.072  |
| Jan | 0.072  |
| Feb | 0.072  |
| Mar | 0.068  |
| Apr | 0.068  |
| May | 0.068  |
| Jun | 0.0655 |
| Jul | 0.0655 |
| Aug | 0.0655 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

|         |       |
|---------|-------|
| 9/01/05 | 14.5  |
|         | 14.64 |
|         | 14.65 |
|         | 14.72 |
|         | 14.73 |
|         | 14.75 |
|         | 14.71 |
|         | 14.67 |
|         | 14.57 |
|         | 14.46 |
|         | 14.41 |
|         | 14.53 |
|         | 14.53 |
|         | 14.45 |
|         | 14.19 |
|         | 14.08 |

14.1  
13.86  
14  
14.04  
14.01  
14  
14.02  
13.89  
13.86  
13.9  
14  
13.95  
13.83  
13.66  
13.8  
13.69  
13.7  
13.73  
13.64  
13.73  
13.62  
13.58  
13.57  
13.61  
13.69  
13.74  
13.8  
13.84  
13.9  
13.78  
13.99  
13.8  
13.69  
13.66  
13.57  
13.65  
13.76  
13.67  
13.83  
13.71  
13.641  
13.66  
13.62  
13.85  
13.88  
14.03  
13.89  
13.88  
13.84  
13.83  
14  
14.05  
14.01  
13.95  
14.04  
13.95  
14.05  
14.02  
13.93  
13.9  
14.06  
14.08

14.15  
14.13  
14.18  
14.2001  
14.39  
14.45  
14.45  
14.48  
14.49  
14.5  
14.66  
14.64  
14.71  
14.64  
14.57  
14.64  
14.58  
14.52  
14.54  
14.58  
14.53  
14.59  
14.65  
14.85  
14.77  
14.67  
14.54  
14.6  
14.65  
14.74  
14.65  
14.51  
14.5  
14.59  
14.57  
14.47  
14.3  
14.42  
14.56  
14.56  
14.55  
14.49  
14.46  
14.5  
14.5  
14.64  
14.71  
14.75  
14.56  
14.53  
14.43  
14.42  
14.4  
14.4  
14.3  
14.25  
14.21  
14.29  
14.41  
14.25  
14.23  
14.2

14.38  
14.29  
14.39  
14.4  
14.5  
14.5  
14.5  
14.6  
14.5  
14.5  
14.55  
14.5  
14.43  
14.35  
14.19  
14.2  
14.01  
14.08  
14.22  
14.1  
14.11  
14.14  
14.11  
14.15  
14.2  
14.3  
14.3  
14.4  
14.42  
14.24  
14.45  
14.39  
14.41  
14.45  
14.48  
14.36  
14.31  
14.42  
14.3  
14.18  
14.33  
14.38  
14.35  
14.26  
14.24  
14.35  
14.45  
14.47  
14.43  
14.53  
14.52  
14.45  
14.5  
14.52  
14.46  
14.43  
14.5  
14.19  
14.1  
14.12  
14.22  
14.1932

14.26  
 14.12  
 14.05  
 14.07  
 14.02  
 14.02  
 14.05  
 14.01  
 14.11  
 14.2  
 14.2  
 14.24  
 14.16  
 14.15  
 14.09  
 14.05  
 14.08  
 14.13  
 14.08  
 14.06  
 14.2  
 14.09  
 14.22  
 14.28  
 14.21  
 14.28  
 14.31  
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 14.5  
 14.53  
 14.56  
 14.49  
 14.54  
 14.61  
 14.56  
 14.66  
 14.58  
 14.55  
 14.39  
 14.49  
 14.5226  
 14.52  
 14.6  
 14.52  
 14.58  
 14.6  
 14.64  
 14.67  
 14.74  
 14.83  
 14.82  
 14.84

8/31/06

FUND SNAPSHOT

|                                 |         |
|---------------------------------|---------|
| Common Share Price              | \$14.84 |
| Common Share<br>Net Asset Value | \$15.03 |
| Premium/(Discount) to NAV       | -1.26%  |

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|                                                     |           |
|-----------------------------------------------------|-----------|
| Market Yield                                        | 5.30%     |
| Taxable-Equivalent Yield <sup>1</sup>               | 8.09%     |
| Net Assets Applicable to<br>Common Shares (\$000)   | \$362,473 |
| Average Effective Maturity<br>on Securities (Years) | 16.56     |
| Leverage-Adjusted Duration                          | 7.81      |

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

|                    | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year             | 8.50%          | 3.81%  |
| Since<br>Inception | 6.08%          | 6.98%  |

INDUSTRIES  
(as a % of total investments)

|                                      |       |
|--------------------------------------|-------|
| Tax Obligation/Limited               | 27.6% |
| Tax Obligation/General               | 16.5% |
| Health Care                          | 11.0% |
| Water and Sewer                      | 9.1%  |
| U.S. Guaranteed                      | 8.0%  |
| Transportation                       | 7.1%  |
| Housing/Multifamily                  | 6.7%  |
| Utilities                            | 6.1%  |
| Education and Civic<br>Organizations | 5.2%  |
| Other                                | 2.7%  |

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 34.5%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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## Performance

OVERVIEW As of August 31, 2006

### Pie Chart:

#### CREDIT QUALITY

(as a % of total investments)

|                      |     |
|----------------------|-----|
| Insured              | 74% |
| U.S. Guaranteed      | 9%  |
| GNMA/FNMA Guaranteed | 1%  |
| AA (Uninsured)       | 3%  |
| A (Uninsured)        | 7%  |
| BBB (Uninsured)      | 6%  |

### Bar Chart:

#### 2005-2006 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |       |
|-----|-------|
| Sep | 0.072 |
| Oct | 0.072 |
| Nov | 0.072 |
| Dec | 0.072 |
| Jan | 0.072 |
| Feb | 0.072 |
| Mar | 0.072 |
| Apr | 0.072 |
| May | 0.072 |
| Jun | 0.068 |
| Jul | 0.068 |
| Aug | 0.068 |

### Line Chart:

#### SHARE PRICE PERFORMANCE

#### Weekly Closing Price

Past performance is not predictive of future results.

|         |       |
|---------|-------|
| 9/01/05 | 15.01 |
|         | 15.07 |
|         | 15.1  |
|         | 15.16 |
|         | 15.22 |
|         | 15.25 |
|         | 15.33 |
|         | 15.31 |
|         | 15.31 |
|         | 15.26 |
|         | 15.3  |
|         | 15.23 |
|         | 15.22 |
|         | 15.04 |
|         | 14.89 |
|         | 14.97 |
|         | 14.92 |
|         | 14.82 |
|         | 15    |
|         | 14.99 |
|         | 14.97 |
|         | 14.86 |
|         | 14.99 |
|         | 15.03 |
|         | 15.03 |
|         | 14.96 |
|         | 15.01 |
|         | 14.96 |

14.63  
14.5  
14.25  
14.32  
14.3  
14.39  
14.36  
14.47  
14.71  
14.65  
14.6  
14.67  
14.6  
14.59  
14.56  
14.52  
14.54  
14.42  
14.45  
14.42  
14.45  
14.35  
14.35  
14.25  
14.24  
14.12  
14.1  
14.12  
14.15  
14.2001  
14.2  
14.25  
14.38  
14.29  
14.2899  
14.35  
14.41  
14.41  
14.57  
14.53  
14.6  
14.71  
14.79  
14.661  
14.89  
14.88  
14.95  
14.91  
14.99  
15.01  
14.89  
14.88  
14.88  
14.98  
15.02  
15.1  
15.1  
15.0801  
15.14  
15.01  
15.21  
15.25



15.23  
15.22  
15.18  
15.37  
15.23  
15.23  
15.24  
15.2  
15.2  
15.09  
15.15  
15.0701  
15.14  
15.07  
15.12  
15.3  
15.16  
15.2999  
15.22  
15.21  
15.17  
15.13  
15.24  
15.18  
15.19  
15.16  
15.16  
15.14  
15.16  
15.06  
15.35  
15.3101  
15.36  
15.25  
15.25  
15.29  
15.2  
15.25  
15.3199  
15.3  
15.25  
15.27  
15.16  
15.069  
15.08  
15.1  
15.09  
15.18  
15.25  
15.2  
15.34  
15.41  
15.26  
15.3  
15.32  
15.22  
15.28  
15.34  
15.25  
15.35  
15.34  
15.2

15.33  
15.35  
15.25  
15.239  
15.18  
15.23  
15.33  
15.42  
15.36  
15.1  
15.1  
15.26  
15.25  
15.29  
15.29  
15.14  
15.25  
15.34  
15.48  
15.4  
15.27  
15.45  
15.5  
15.4  
15.35  
15.38  
15.42  
15.16  
15.15  
15.14  
15.24  
15.13  
15.39  
15.31  
15.42  
15.43  
15.46  
15.57  
15.46  
15.37  
15.52  
15.43  
15.34  
15.46  
15.4  
15.01  
15.0599  
14.98  
15.02  
14.89  
14.9999  
14.96  
14.93  
14.85  
14.65  
14.6  
14.66  
14.64  
14.5701  
14.78  
14.9  
14.78

14.85  
 14.8001  
 14.82  
 14.74  
 14.9  
 14.92  
 14.74  
 14.81  
 14.7899  
 14.85  
 14.86  
 15.06  
 14.93  
 15.06  
 15.15  
 15.08  
 15.25  
 15.34  
 15.35  
 15.56  
 15.3  
 15.3599  
 15.39  
 15.46  
 15.36  
 15.35  
 15.35  
 15.4  
 15.4099  
 15.41  
 15.46  
 15.46  
 15.42  
 15.46  
 15.41  
 15.51  
 15.5  
 15.57  
 15.5999  
 15.7

8/31/06

FUND SNAPSHOT

|                                                  |           |
|--------------------------------------------------|-----------|
| Common Share Price                               | \$15.70   |
| Common Share Net Asset Value                     | \$15.50   |
| Premium/(Discount) to NAV                        | 1.29%     |
| Market Yield                                     | 5.20%     |
| Taxable-Equivalent Yield <sup>1</sup>            | 7.94%     |
| Net Assets Applicable to Common Shares (\$000)   | \$236,525 |
| Average Effective Maturity on Securities (Years) | 18.34     |
| Leverage-Adjusted Duration                       | 7.58      |

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

|                 | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year          | 10.72%         | 3.62%  |
| Since Inception | 7.54%          | 8.11%  |

INDUSTRIES  
(as a % of total investments)

|                                   |       |
|-----------------------------------|-------|
| Tax Obligation/Limited            | 28.6% |
| Tax Obligation/General            | 20.6% |
| Water and Sewer                   | 11.8% |
| Utilities                         | 11.5% |
| U.S. Guaranteed                   | 9.0%  |
| Education and Civic Organizations | 5.8%  |
| Other                             | 12.7% |

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 34.5%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

20

Nuveen Insured California Tax-Free Advantage Municipal Fund  
NKX

Performance  
OVERVIEW As of August 31, 2006

Pie Chart:

CREDIT QUALITY  
(as a % of total investments)

|                 |     |
|-----------------|-----|
| Insured         | 81% |
| U.S. Guaranteed | 3%  |
| A (Uninsured)   | 10% |
| BBB (Uninsured) | 6%  |

Bar Chart:

2005-2006 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |       |
|-----|-------|
| Sep | 0.063 |
| Oct | 0.063 |
| Nov | 0.063 |

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|     |       |
|-----|-------|
| Dec | 0.063 |
| Jan | 0.063 |
| Feb | 0.063 |
| Mar | 0.063 |
| Apr | 0.063 |
| May | 0.063 |
| Jun | 0.059 |
| Jul | 0.059 |
| Aug | 0.059 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

|         |       |
|---------|-------|
| 9/01/05 | 14.44 |
|         | 14.59 |
|         | 14.5  |
|         | 14.64 |
|         | 14.66 |
|         | 14.61 |
|         | 14.67 |
|         | 14.7  |
|         | 14.57 |
|         | 14.42 |
|         | 14.41 |
|         | 14.41 |
|         | 14.46 |
|         | 14.46 |
|         | 14.56 |
|         | 14.59 |
|         | 14.7  |
|         | 14.51 |
|         | 14.53 |
|         | 14.21 |
|         | 14.35 |
|         | 14.5  |
|         | 14.55 |
|         | 14.6  |
|         | 14.6  |
|         | 14.26 |
|         | 14.28 |
|         | 14.45 |
|         | 14.31 |
|         | 14.3  |
|         | 14.31 |
|         | 14.31 |
|         | 14.3  |
|         | 14.25 |
|         | 14.16 |
|         | 14.2  |
|         | 13.92 |
|         | 13.87 |
|         | 13.83 |
|         | 13.84 |
|         | 13.89 |
|         | 14.08 |
|         | 14    |
|         | 13.93 |
|         | 13.77 |
|         | 13.95 |
|         | 13.82 |
|         | 13.93 |

13.93  
13.63  
13.89  
13.8501  
13.6  
13.5799  
13.55  
13.49  
13.4  
13.54  
13.54  
13.6  
13.59  
13.46  
13.67  
13.62  
13.55  
13.49  
13.45  
13.44  
13.45  
13.45  
13.74  
13.45  
13.42  
13.37  
13.43  
13.36  
13.44  
13.51  
13.48  
13.58  
13.95  
13.67  
13.52  
13.689  
13.689  
13.76  
13.93  
14.07  
14.2  
14.25  
14.27  
14.3  
14.3  
14.24  
14.31  
14.43  
14.45  
14.35  
14.6  
14.48  
14.52  
14.41  
14.41  
14.48  
14.34  
14.44  
14.42  
14.74  
14.6599  
14.6

14.41  
14.41  
14.44  
14.39  
14.35  
14.3  
14.25  
14.04  
14.2  
14.22  
14.16  
14.17  
14.1601  
14.46  
14.4  
14.48  
14.47  
14.35  
14.6  
14.26  
14.36  
14.32  
14.21  
14.3199  
14.31  
14.4  
14.13  
14.35  
14.25  
14.28  
14.3  
14.37  
14.28  
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14.361  
14.37  
14.4  
14.48  
14.49  
14.5  
14.51  
14.52  
14.32  
14.52  
14.39  
14.49  
14.45  
14.41  
14.39  
14.32  
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14.48  
14.39  
14.43  
14.43  
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14.52  
14.67  
14.53  
14.49

14.37  
14.48  
14.42  
14.1  
14.02  
14.06  
14.4  
14.2  
14.15  
14.15  
14.06  
14.1  
14.11  
14.11  
14.18  
14.34  
14.29  
14.51  
14.8899  
14.47  
14.4  
14.16  
14.3  
14.43  
14.34  
14  
13.9  
13.8  
14  
13.92  
13.95  
14.08  
13.62  
13.69  
13.42  
13.4  
13.51  
13.5675  
13.68  
13.83  
13.76  
13.83  
13.79  
13.71  
13.71  
13.7  
13.76  
13.36  
13.68  
13.72  
13.8  
14  
13.99  
14.05  
14.39  
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14.4  
14.28  
14.26  
14.25  
14.66  
14.35



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|         |         |
|---------|---------|
|         | 14.45   |
|         | 14.5399 |
|         | 14.5    |
|         | 14.56   |
|         | 14.51   |
|         | 14.54   |
|         | 14.32   |
|         | 14.31   |
|         | 14.25   |
|         | 14.2    |
|         | 14.05   |
|         | 14.08   |
|         | 14.09   |
|         | 14.09   |
|         | 14      |
|         | 13.96   |
|         | 14.12   |
|         | 14.12   |
|         | 14.19   |
| 8/31/06 | 14.27   |

FUND SNAPSHOT

|                                                     |          |
|-----------------------------------------------------|----------|
| Common Share Price                                  | \$14.27  |
| Common Share<br>Net Asset Value                     | \$14.92  |
| Premium/(Discount) to NAV                           | -4.36%   |
| Market Yield                                        | 4.96%    |
| Taxable-Equivalent Yield <sup>1</sup>               | 7.57%    |
| Net Assets Applicable to<br>Common Shares (\$000)   | \$87,775 |
| Average Effective Maturity<br>on Securities (Years) | 18.80    |
| Leverage-Adjusted Duration                          | 7.56     |

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

|                    | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year             | 4.56%          | 3.43%  |
| Since<br>Inception | 4.49%          | 6.90%  |

INDUSTRIES  
(as a % of total investments)

|                        |       |
|------------------------|-------|
| Tax Obligation/General | 31.5% |
| Tax Obligation/Limited | 29.0% |

|                 |       |
|-----------------|-------|
| Transportation  | 9.4%  |
| -----           | ----- |
| Health Care     | 8.7%  |
| -----           | ----- |
| Water and Sewer | 8.1%  |
| -----           | ----- |
| Other           | 13.3% |
| -----           | ----- |

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 34.5%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

Report of  
 INDEPENDENT REGISTERED  
 PUBLIC ACCOUNTING FIRM

THE BOARDS OF DIRECTORS/TRUSTEES AND SHAREHOLDERS  
 NUVEEN INSURED CALIFORNIA PREMIUM INCOME MUNICIPAL FUND, INC.  
 NUVEEN INSURED CALIFORNIA PREMIUM INCOME MUNICIPAL FUND 2, INC.  
 NUVEEN CALIFORNIA PREMIUM INCOME MUNICIPAL FUND  
 NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND  
 NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2  
 NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 3  
 NUVEEN INSURED CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND  
 NUVEEN INSURED CALIFORNIA TAX-FREE ADVANTAGE MUNICIPAL FUND

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Nuveen Insured California Premium Income Municipal Fund, Inc., Nuveen Insured California Premium Income Municipal Fund 2, Inc., Nuveen California Premium Income Municipal Fund, Nuveen California Dividend Advantage Municipal Fund, Nuveen California Dividend Advantage Municipal Fund 2, Nuveen California Dividend Advantage Municipal Fund 3, Nuveen Insured California Dividend Advantage Municipal Fund and Nuveen Insured California Tax-Free Advantage Municipal Fund (the "Funds"), as of August 31, 2006, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Funds' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a

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test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of August 31, 2006, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of Nuveen Insured California Premium Income Municipal Fund, Inc., Nuveen Insured California Premium Income Municipal Fund 2, Inc., Nuveen California Premium Income Municipal Fund, Nuveen California Dividend Advantage Municipal Fund, Nuveen California Dividend Advantage Municipal Fund 2, Nuveen California Dividend Advantage Municipal Fund 3, Nuveen Insured California Dividend Advantage Municipal Fund and Nuveen Insured California Tax-Free Advantage Municipal Fund at August 31, 2006, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the periods indicated therein in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Chicago, Illinois  
October 13, 2006

22

Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC)  
Portfolio of  
INVESTMENTS August 31, 2006

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1)                                                                                                                                                   | OPTIONAL C PROVISIONS |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| -----                  |                                                                                                                                                                   |                       |
|                        | EDUCATION AND CIVIC ORGANIZATIONS - 8.5% (6.0% OF TOTAL INVESTMENTS)                                                                                              |                       |
| \$ 2,125               | California Educational Facilities Authority, Student Loan Revenue Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 - MBIA Insured (Alternative Minimum Tax) | 3/08 at 102           |
| 2,500                  | California State University, Systemwide Revenue Bonds, Series 2004A, 5.000%, 11/01/18 - FSA Insured                                                               | 5/14 at 100           |
| 1,500                  | California State University, Systemwide Revenue Bonds, Series 2005A, 5.000%, 11/01/25 - AMBAC Insured                                                             | 5/15 at 100           |
| 2,000                  | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2002O, 5.125%, 9/01/31 - FGIC Insured                                                     | 9/10 at 101           |
| -----                  |                                                                                                                                                                   |                       |
| 8,125                  | Total Education and Civic Organizations                                                                                                                           |                       |
| -----                  |                                                                                                                                                                   |                       |

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HEALTH CARE - 4.7% (3.3% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                |             |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 3,000 | California Health Facilities Financing Authority, Insured Revenue Bonds, Sutter Health, Series 1998A, 5.375%, 8/15/30 - MBIA Insured                           | 8/08 at 101 |
| 1,500 | California Statewide Community Development Authority, Certificates of Participation, Sutter Health Obligated Group, Series 1999, 5.500%, 8/15/19 - FSA Insured | 8/09 at 101 |
| ----- |                                                                                                                                                                |             |
| 4,500 | Total Health Care                                                                                                                                              |             |
| ----- |                                                                                                                                                                |             |

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

|       |                                                                                                                                              |             |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 130   | California Housing Finance Agency, Single Family Mortgage Bonds II, Series 1997A-1, 6.000%, 8/01/20 - MBIA Insured (Alternative Minimum Tax) | 2/07 at 102 |
| ----- |                                                                                                                                              |             |

TAX OBLIGATION/GENERAL - 31.2% (21.8% OF TOTAL INVESTMENTS)

|                                                                                                            |                                                                                                                                                  |             |
|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Bonita Unified School District, San Diego County, California, General Obligation Bonds, Series 2004A:      |                                                                                                                                                  |             |
| 1,890                                                                                                      | 5.250%, 8/01/23 - MBIA Insured                                                                                                                   | 8/14 at 100 |
| 1,250                                                                                                      | 5.250%, 8/01/25 - MBIA Insured                                                                                                                   | 8/14 at 100 |
| 2,000                                                                                                      | California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.375%, 12/01/24 - MBIA Insured (Alternative Minimum Tax)                  | 6/07 at 101 |
| El Segundo Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2004: |                                                                                                                                                  |             |
| 2,580                                                                                                      | 5.250%, 9/01/21 - FGIC Insured                                                                                                                   | 9/14 at 100 |
| 1,775                                                                                                      | 5.250%, 9/01/22 - FGIC Insured                                                                                                                   | 9/14 at 100 |
| 1,225                                                                                                      | Fresno Unified School District, Fresno County, California, General Obligation Refunding Bonds, Series 1998A, 6.550%, 8/01/20 - MBIA Insured      | 2/13 at 103 |
| 1,180                                                                                                      | Jurupa Unified School District, Riverside County, California, General Obligation Bonds, Series 2004, 5.000%, 8/01/21 - FGIC Insured              | 8/13 at 100 |
| 1,130                                                                                                      | Los Angeles Community College District, Los Angeles County, California, General Obligation Bonds, Series 2005A, 5.000%, 8/01/24 - FSA Insured    | 8/15 at 100 |
| 3,000                                                                                                      | Pomona Unified School District, Los Angeles County, California, General Obligation Refunding Bonds, Series 1997A, 6.500%, 8/01/19 - MBIA Insured | 8/11 at 103 |
| 160                                                                                                        | Roseville Joint Union High School District, Placer County, California, General Obligation Bonds, Series 2006B, 5.000%, 8/01/27 - FGIC Insured    | 8/15 at 100 |
| 3,000                                                                                                      | Sacramento City Unified School District, Sacramento County, California, General Obligation Bonds, Series 2005,                                   | 7/15 at 100 |

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5.000%, 7/01/27 - MBIA Insured

23

Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC) (cont)  
Portfolio of INVESTMENTS August 31, 2006

| PRINCIPAL<br>AMOUNT (000)                                                                                                     | DESCRIPTION (1)               | OPTIONAL C<br>PROVISIONS |
|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------|
| -----                                                                                                                         |                               |                          |
| TAX OBLIGATION/GENERAL (continued)                                                                                            |                               |                          |
| San Diego Unified School District, San Diego County, California,<br>General Obligation Bonds, Election of 1998, Series 2001C: |                               |                          |
| \$ 1,335                                                                                                                      | 5.000%, 7/01/21 - FSA Insured | 7/11 at 102              |
| 3,500                                                                                                                         | 5.000%, 7/01/22 - FSA Insured | 7/11 at 102              |
| 4,895                                                                                                                         | 5.000%, 7/01/23 - FSA Insured | 7/11 at 102              |
| -----                                                                                                                         |                               |                          |
| 28,920                                                                                                                        | Total Tax Obligation/General  |                          |
| -----                                                                                                                         |                               |                          |

TAX OBLIGATION/LIMITED - 25.5% (17.8% 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 - FSA Insured                | 8/11 at 101  |
| California Infrastructure Economic Development Bank,<br>Revenue Bonds, North County Center for Self-Sufficiency<br>Corporation, Series 2004: |                                                                                                                                                                         |              |
| 1,215                                                                                                                                        | 5.000%, 12/01/19 - AMBAC Insured                                                                                                                                        | 12/13 at 100 |
| 1,615                                                                                                                                        | 5.000%, 12/01/21 - AMBAC Insured                                                                                                                                        | 12/13 at 100 |
| 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  |
| 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  |
| 5,000                                                                                                                                        | El Monte, California, Senior Lien Certificates of Participation, Department of Public Services Facility Phase II, Series 2001, 5.250%, 1/01/34 - AMBAC Insured          | 1/11 at 100  |
| 150                                                                                                                                          | Hesperia Community Redevelopment Agency, California, Tax Allocation Bonds, Series 2005A, 5.000%, 9/01/20 - XLCA Insured                                                 | 9/15 at 100  |
| 1,400                                                                                                                                        | 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  |
| 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  |

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|       |                                                                                                                                                                                         |              |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 895   | Los Angeles Community Redevelopment Agency, California,<br>Tax Allocation Bonds, Bunker Hill Project, Series 2004A,<br>5.000%, 12/01/20 - FSA Insured                                   | 12/14 at 100 |
| 1,000 | Los Angeles County Metropolitan Transportation Authority,<br>California, Proposition A First Tier Senior Sales Tax Revenue<br>Bonds, Series 2003B, 5.000%, 7/01/19 - MBIA Insured       | 7/13 at 100  |
| 165   | Rialto Redevelopment Agency, California, Tax Allocation Bonds,<br>Merged Project Area, Series 2005A, 5.000%, 9/01/35 -<br>XLCA Insured                                                  | 9/15 at 100  |
| 205   | Roseville, California, Certificates of Participation, Public<br>Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured                                                               | 8/13 at 100  |
| 3,000 | Santa Clara County Financing Authority, California, Lease<br>Revenue Bonds, VMC Facility Replacement Project,<br>Series 1997A, 5.000%, 11/15/22 - AMBAC Insured                         | 11/07 at 102 |
| 3,565 | Sweetwater Union High School District Public Financing<br>Authority, California, Special Tax Revenue Bonds,<br>Series 2005A, 5.000%, 9/01/25 (WI/DD, Settling 9/01/06) -<br>FSA Insured | 9/15 at 100  |
| 2,805 | Yucaipa-Calimesa Joint Unified School District, San Bernardino<br>County, California, General Obligation Refunding Bonds,<br>Series 2001A, 5.000%, 10/01/31 - MBIA Insured              | 10/11 at 100 |

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24,455 Total Tax Obligation/Limited

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TRANSPORTATION - 2.4% (1.7% OF TOTAL INVESTMENTS)

|       |                                                                                                             |             |
|-------|-------------------------------------------------------------------------------------------------------------|-------------|
| 2,400 | San Diego Unified Port District, California, Revenue Bonds,<br>Series 2004B, 5.000%, 9/01/29 - MBIA Insured | 9/14 at 100 |
|-------|-------------------------------------------------------------------------------------------------------------|-------------|

---

U.S. GUARANTEED - 41.9% (29.3% OF TOTAL INVESTMENTS) (4)

|       |                                                                                                                                                                      |              |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 2,000 | California State Public Works Board, Lease Revenue Bonds,<br>Department of Health Services, Series 1999A, 5.750%, 11/01/24<br>(Pre-refunded 11/01/09) - MBIA Insured | 11/09 at 101 |
| 7,995 | California, Various Purpose General Obligation Bonds, Series 2000:<br>5.750%, 3/01/22 (Pre-refunded 3/01/10) - MBIA Insured                                          | 3/10 at 101  |
| 2,000 | 5.750%, 3/01/27 (Pre-refunded 3/01/10) - MBIA Insured                                                                                                                | 3/10 at 101  |

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                         | OPTIONAL C<br>PROVISIONS |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------|--------------------------|
| <hr/>                     |                                                                                                                         |                          |
|                           | U.S. GUARANTEED (4) (continued)                                                                                         |                          |
| \$ 2,500                  | Fresno Unified School District, Fresno County, California,<br>General Obligation Bonds, Series 2001A, 5.125%, 8/01/26 - | 8/09 at 102              |

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FSA Insured (ETM)

|       |                                                                                                                                                                           |           |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 6,000 | Huntington Park Redevelopment Agency, California, Single Family Residential Mortgage Revenue Refunding Bonds, Series 1986A, 8.000%, 12/01/19 (ETM)                        | No Opt. C |
| 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. C |
| 6,220 | Riverside County, California, GNMA Mortgage-Backed Securities Program Single Family Mortgage Revenue Bonds, Series 1987A, 9.000%, 5/01/21 (Alternative Minimum Tax) (ETM) | No Opt. C |
| 1,485 | San Jose, California, Single Family Mortgage Revenue Bonds, Series 1985A, 9.500%, 10/01/13 (ETM)                                                                          | No Opt. C |

---

33,335 Total U.S. Guaranteed

---

UTILITIES - 3.2% (2.2% OF TOTAL INVESTMENTS)

|       |                                                                                                                                    |             |
|-------|------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 345   | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - XLCA Insured                 | 9/15 at 100 |
| 2,600 | Sacramento Municipal Utility District, California, Electric Revenue Refunding Bonds, Series 2003S, 5.000%, 11/15/13 - MBIA Insured | No Opt. C   |

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2,945 Total Utilities

---

WATER AND SEWER - 25.3% (17.7% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                      |              |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 5,255 | El Dorado Irrigation District, California, Water and Sewer Certificates of Participation, Series 2003A, 5.000%, 3/01/20 - FGIC Insured                               | 3/13 at 100  |
| 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  |
| 235   | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured                                             | 4/16 at 100  |
| 220   | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured                                        | 6/16 at 100  |
| 1,500 | Placerville Public Financing Authority, California, Wastewater System Refinancing and Improvement Project Revenue Bonds, Series 2006, 5.000%, 9/01/34 - XLCA Insured | 9/16 at 100  |
| 750   | Sacramento County Sanitation District Financing Authority, California, Revenue Bonds, Series 2004A, 5.000%, 12/01/21 - AMBAC Insured                                 | 12/14 at 100 |
| 3,400 | San Diego Public Facilities Financing Authority, California,                                                                                                         | 5/07 at 101  |

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|       |                                                                                                                                            |             |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------|
|       | Sewerage Revenue Bonds, Series 1997A, 5.250%, 5/15/22 -<br>FGIC Insured                                                                    |             |
| 2,150 | Santa Clara Valley Water District, California, Water Utility<br>System Revenue Bonds, Series 2000A, 5.125%, 6/01/31 -<br>FGIC Insured      | 6/10 at 100 |
| 1,310 | Santa Fe Springs Public Financing Authority, California,<br>Water Revenue Bonds, Series 2003A, 5.000%, 5/01/33 -<br>MBIA Insured           | 5/13 at 100 |
| 1,345 | West Basin Municipal Water District, California, Revenue<br>Certificates of Participation, Series 2003A, 5.000%, 8/01/20 -<br>MBIA Insured | 8/13 at 100 |

25

Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC) (cont)  
Portfolio of INVESTMENTS August 31, 2006

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                                    | OPTIONAL C<br>PROVISIONS |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                                                    |                          |
|                           | WATER AND SEWER (continued)                                                                                                                        |                          |
| \$ 2,000                  | Westlands Water District, California, Revenue Certificates<br>of Participation, Series 2005A, 5.000%, 9/01/30 - MBIA Insured                       | 3/15 at 100              |
| 5,000                     | Wheeler Ridge-Maricopa Water District, Kern County,<br>California, Water Revenue Refunding Bonds, Series 1996,<br>5.700%, 11/01/15 - AMBAC Insured | 11/06 at 102             |
| -----                     |                                                                                                                                                    |                          |
| 24,395                    | Total Water and Sewer                                                                                                                              |                          |
| -----                     |                                                                                                                                                    |                          |
| \$ 129,205                | Total Investments (cost \$133,619,422) - 142.8%                                                                                                    |                          |
| =====                     |                                                                                                                                                    |                          |
|                           | Other Assets Less Liabilities - 1.9%                                                                                                               |                          |
| -----                     |                                                                                                                                                    |                          |
|                           | Preferred Shares, at Liquidation Value - (44.7)%                                                                                                   |                          |
| -----                     |                                                                                                                                                    |                          |
|                           | Net Assets Applicable to Common Shares - 100%                                                                                                      |                          |
| =====                     |                                                                                                                                                    |                          |

FORWARD SWAPS OUTSTANDING AT AUGUST 31, 2006:

| COUNTERPARTY   | NOTIONAL<br>AMOUNT | RATE PAID<br>BY THE FUND (5) | RATE RECEIVED<br>BY THE FUND (5) | FIXED RATE<br>PAYMENT<br>FREQUENCY | FLOATING RATE<br>PAYMENT<br>FREQUENCY | EF<br>D |
|----------------|--------------------|------------------------------|----------------------------------|------------------------------------|---------------------------------------|---------|
| Goldman Sachs  | \$4,900,000        | 5.681%                       | 3 Month USD-LIBOR                | Semi-Annually                      | Quarterly                             |         |
| JPMorgan       | 7,700,000          | 5.630%                       | 3 Month USD-LIBOR                | Semi-Annually                      | Quarterly                             |         |
| JPMorgan       | 3,100,000          | 3 Month USD-LIBOR            | 5.869%                           | Semi-Annually                      | Quarterly                             |         |
| Morgan Stanley | 7,300,000          | 3 Month USD-LIBOR            | 5.816%                           | Semi-Annually                      | Quarterly                             |         |
| -----          |                    |                              |                                  |                                    |                                       |         |
| =====          |                    |                              |                                  |                                    |                                       |         |



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USD-LIBOR (United States Dollar-London Inter-Bank Offered Rates)

All of the bonds in the Portfolio of Investments are either covered by Original Issue Insurance, Secondary Market Insurance or Portfolio Insurance, or are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, any of which ensure the timely payment of principal and interest.

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

WI/DD Purchased on a when-issued or delayed delivery basis.

(ETM) Escrowed to maturity.

See accompanying notes to financial statements.

Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL)  
 Portfolio of  
 INVESTMENTS August 31, 2006

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                           | OPTIONAL C<br>PROVISIONS |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                           |                          |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 5.6% (3.8% OF TOTAL INVESTMENTS)                                                      |                          |
| \$ 620                    | California Educational Facilities Authority, Revenue Bonds,<br>University of the Pacific, Series 2000, 5.875%, 11/01/20 - | 11/10 at 100             |

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MBIA Insured

|       |                                                                                                                                                                   |             |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 2,125 | California Educational Facilities Authority, Student Loan Revenue Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 - MBIA Insured (Alternative Minimum Tax) | 3/08 at 102 |
| 1,500 | California State University, Systemwide Revenue Bonds, Series 2005A, 5.000%, 11/01/25 - AMBAC Insured                                                             | 5/15 at 100 |
| 6,000 | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2003A, 5.000%, 5/15/27 - AMBAC Insured                                                    | 5/13 at 100 |

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10,245 Total Education and Civic Organizations

---

HEALTH CARE - 1.8% (1.2% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                                                 |             |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1,450 | California Health Facilities Financing Authority, Insured Health Facility Revenue Refunding Bonds, Mark Twain St. Joseph's Healthcare Corporation, Series 1996A, 6.000%, 7/01/19 - MBIA Insured | 1/07 at 102 |
| 1,755 | University of California, Hospital Revenue Bonds, UCLA Medical Center, Series 2004A, 5.500%, 5/15/18 - AMBAC Insured                                                                            | 5/12 at 101 |

---

3,205 Total Health Care

---

HOUSING/SINGLE FAMILY - 0.6% (0.4% OF TOTAL INVESTMENTS)

|       |                                                                                                                                              |             |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1,100 | California Housing Finance Agency, Single Family Mortgage Bonds, Series 1997C-2-II, 5.625%, 8/01/20 - MBIA Insured (Alternative Minimum Tax) | 8/07 at 101 |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------|-------------|

TAX OBLIGATION/GENERAL - 21.1% (14.3% OF TOTAL INVESTMENTS)

|       |                                                                                                                                         |             |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1,460 | ABC Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2000B, 5.750%, 8/01/16 - FGIC Insured     | 8/10 at 101 |
| 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 |
| 4,400 | California, General Obligation Bonds, Series 2003, 5.000%, 2/01/31 - MBIA Insured                                                       | 2/13 at 100 |
| 1,000 | California, General Obligation Bonds, Series 2004: 5.000%, 2/01/18 - AMBAC Insured                                                      | 2/14 at 100 |
| 2,250 | 5.000%, 4/01/31 - AMBAC Insured                                                                                                         | 4/14 at 100 |
| 3,000 | California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.375%, 12/01/24 - MBIA Insured (Alternative Minimum Tax)         | 6/07 at 101 |

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|       |                                                                                                                                               |             |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1,910 | Fresno Unified School District, Fresno County, California, General Obligation Bonds, Series 2002A, 6.000%, 8/01/26 - MBIA Insured             | No Opt. C   |
| 1,255 | Los Angeles Community College District, Los Angeles County, California, General Obligation Bonds, Series 2005A, 5.000%, 8/01/24 - FSA Insured | 8/15 at 100 |
| 2,200 | Los Angeles Unified School District, California, General Obligation Bonds, Series 2003F, 5.000%, 7/01/17 - FSA Insured                        | 7/13 at 100 |
|       | Los Rios Community College District, Sacramento, El Dorado and Yolo Counties, California, General Obligation Bonds, Series 2006C:             |             |
| 2,110 | 5.000%, 8/01/21 - FSA Insured                                                                                                                 | 8/14 at 102 |
| 3,250 | 5.000%, 8/01/22 - FSA Insured                                                                                                                 | 8/14 at 102 |
| 3,395 | 5.000%, 8/01/23 - FSA Insured                                                                                                                 | 8/14 at 102 |
| 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 |
| 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 |

27

Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL) (co  
Portfolio of INVESTMENTS August 31, 2006

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                                 | OPTIONAL C<br>PROVISIONS |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                           |                                                                                                                                                 |                          |
|                           | TAX OBLIGATION/GENERAL (continued)                                                                                                              |                          |
| \$ 2,500                  | Sacramento City Unified School District, Sacramento County, California, General Obligation Bonds, Series 2005, 5.000%, 7/01/27 - MBIA Insured   | 7/15 at 100              |
| 1,125                     | San Diego Unified School District, California, General Obligation Bonds, Election of 1998, Series 1999A, 0.000%, 7/01/21 - FGIC Insured         | No Opt. C                |
| 2,000                     | San Francisco Community College District, California, General Obligation Bonds, Series 2002A, 5.000%, 6/15/26 - FGIC Insured                    | 6/10 at 102              |
| 1,000                     | San Ramon Valley Unified School District, Contra Costa County, California, General Obligation Bonds, Series 2004, 5.000%, 8/01/24 - FSA Insured | 8/14 at 100              |
| 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              |
|                           |                                                                                                                                                 |                          |
| 38,300                    | Total Tax Obligation/General                                                                                                                    |                          |

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TAX OBLIGATION/LIMITED - 40.4% (27.3% OF TOTAL INVESTMENTS)

|                                                                                                                                        |                                                                                                                                                                                          |              |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Anaheim Public Finance Authority, California, Subordinate Lease Revenue Bonds, Public Improvement Project, Series 1997C:               |                                                                                                                                                                                          |              |
| 5,130                                                                                                                                  | 0.000%, 9/01/18 - FSA Insured                                                                                                                                                            | No Opt. C    |
| 8,000                                                                                                                                  | 0.000%, 9/01/21 - FSA Insured                                                                                                                                                            | No Opt. C    |
| 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 |
| 1,780                                                                                                                                  | 5.000%, 12/01/23 - AMBAC Insured                                                                                                                                                         | 12/13 at 100 |
| 3,725                                                                                                                                  | California State Public Works Board, Lease Revenue Bonds, Department of Corrections, Series 2005J, 5.000%, 1/01/17 - AMBAC Insured                                                       | 1/16 at 100  |
| 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  |
| 4,000                                                                                                                                  | Contra Costa County, California, Certificates of Participation Refunding, Merrithew Memorial Hospital Replacement, Series 1997, 5.500%, 11/01/22 - MBIA Insured                          | 11/07 at 102 |
| 6,000                                                                                                                                  | El Monte, California, Senior Lien Certificates of Participation, Department of Public Services Facility Phase II, Series 2001, 5.000%, 1/01/21 - AMBAC Insured                           | 1/11 at 100  |
| 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 |
| 3,000                                                                                                                                  | Galt Schools Joint Powers Authority, Sacramento County, California, Revenue Refunding Bonds, High School and Elementary School Facilities, Series 1997A, 5.875%, 11/01/24 - MBIA Insured | 11/07 at 102 |
| 285                                                                                                                                    | Hesperia Community Redevelopment Agency, California, Tax Allocation Bonds, Series 2005A, 5.000%, 9/01/20 - XLCA Insured                                                                  | 9/15 at 100  |
| 1,810                                                                                                                                  | Kern County Board of Education, California, Certificates of Participation Refunding, Series 1998A, 5.200%, 5/01/28 - MBIA Insured                                                        | 5/08 at 102  |
| 5,000                                                                                                                                  | La Quinta Redevelopment Agency, California, Tax Allocation Refunding Bonds, Redevelopment Project Area 1, Series 1998, 5.200%, 9/01/28 - AMBAC Insured                                   | 9/07 at 102  |
| 2,300                                                                                                                                  | Long Beach Bond Finance Authority, California, Multiple Project Tax Allocation Bonds, Housing and Gas Utility Financing Project Areas, Series 2005A-1, 5.000%, 8/01/25 - AMBAC Insured   | 8/15 at 100  |
| 685                                                                                                                                    | 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  |
| 1,000                                                                                                                                  | Los Angeles Community Redevelopment Agency, California, Tax Allocation Bonds, Bunker Hill Project, Series 2004A,                                                                         | 12/14 at 100 |

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5.000%, 12/01/20 - FSA Insured

|       |                                                                                                                                                                                   |             |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1,250 | Los Angeles County Metropolitan Transportation Authority,<br>California, Proposition A First Tier Senior Sales Tax Revenue<br>Bonds, Series 2003B, 5.000%, 7/01/19 - MBIA Insured | 7/13 at 100 |
| 4,000 | Los Angeles, California, Certificates of Participation,<br>Municipal Improvement Corporation, Series 2003AW,<br>5.000%, 6/01/33 - AMBAC Insured                                   | 6/13 at 100 |
| 2,780 | Pittsburg Redevelopment Agency, California, Tax Allocation<br>Refunding Bonds, Los Medanos Community Development<br>Project, Series 2003A, 5.000%, 8/01/12 - MBIA Insured         | No Opt. C   |

28

| PRINCIPAL<br>AMOUNT (000)          | DESCRIPTION (1)                                                                                                                                                                              | OPTIONAL C<br>PROVISIONS |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                              |                                                                                                                                                                                              |                          |
| TAX OBLIGATION/LIMITED (continued) |                                                                                                                                                                                              |                          |
| \$ 4,140                           | Plumas County, California, Certificates of Participation,<br>Capital Improvement Program, Series 2003A,<br>5.000%, 6/01/28 - AMBAC Insured                                                   | 6/13 at 101              |
| 2,000                              | Poway Redevelopment Agency, California, Tax Allocation<br>Refunding Bonds, Paguay Redevelopment Project, Series 2000,<br>5.750%, 6/15/33 - MBIA Insured                                      | 12/10 at 102             |
| 325                                | Rialto Redevelopment Agency, California, Tax Allocation Bonds,<br>Merged Project Area, Series 2005A, 5.000%, 9/01/35 -<br>XLCA Insured                                                       | 9/15 at 100              |
| 1,000                              | Rocklin Unified School District, Placer County, California,<br>Special Tax Bonds, Community Facilities District 1,<br>Series 2004, 5.000%, 9/01/25 - MBIA Insured                            | 9/13 at 100              |
| 405                                | Roseville, California, Certificates of Participation, Public<br>Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured                                                                    | 8/13 at 100              |
| 5,000                              | San Bernardino Joint Powers Financing Authority, California,<br>Certificates of Participation Refunding, Police Station<br>Financing Project, Series 1999, 5.500%, 9/01/20 -<br>MBIA Insured | 9/09 at 102              |
| 5,510                              | Sweetwater Union High School District Public Financing<br>Authority, California, Special Tax Revenue Bonds,<br>Series 2005A, 5.000%, 9/01/28 (WI/DD, Settling<br>9/01/06) - FSA Insured      | 9/15 at 100              |
| -----                              |                                                                                                                                                                                              |                          |
| 83,185                             | Total Tax Obligation/Limited                                                                                                                                                                 |                          |
| -----                              |                                                                                                                                                                                              |                          |

TRANSPORTATION - 6.9% (4.7% OF TOTAL INVESTMENTS)

|       |                                                                                                                 |            |
|-------|-----------------------------------------------------------------------------------------------------------------|------------|
| 6,500 | Foothill/Eastern Transportation Corridor Agency, California,<br>Toll Road Revenue Refunding Bonds, Series 1999, | 1/10 at 65 |
|-------|-----------------------------------------------------------------------------------------------------------------|------------|

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|        |                                                                                                                                                                                                      |              |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|        | 0.000%, 1/15/18 - MBIA Insured                                                                                                                                                                       |              |
| 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  |
| 5,000  | San Francisco Airports Commission, California, Revenue Refunding Bonds, San Francisco International Airport, Second Series 2001, Issue 27A, 5.250%, 5/01/31 - MBIA Insured (Alternative Minimum Tax) | 5/11 at 100  |
| -----  |                                                                                                                                                                                                      |              |
| 15,500 | Total Transportation                                                                                                                                                                                 |              |
| -----  |                                                                                                                                                                                                      |              |
|        | U.S. GUARANTEED - 38.3% (25.9% OF TOTAL INVESTMENTS) (4)                                                                                                                                             |              |
| 1,380  | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2000, 5.875%, 11/01/20 (Pre-refunded 11/01/10) - MBIA Insured                                          | 11/10 at 100 |
|        | California Infrastructure Economic Development Bank, Revenue Bonds, Asian Art Museum of San Francisco, Series 2000:                                                                                  |              |
| 1,295  | 5.500%, 6/01/19 (Pre-refunded 6/01/10) - MBIA Insured                                                                                                                                                | 6/10 at 101  |
| 1,000  | 5.500%, 6/01/20 (Pre-refunded 6/01/10) - MBIA Insured                                                                                                                                                | 6/10 at 101  |
| 3,450  | California State Public Works Board, Lease Revenue Bonds, Department of Health Services, Series 1999A, 5.750%, 11/01/24 (Pre-refunded 11/01/09) - MBIA Insured                                       | 11/09 at 101 |
| 2,500  | California, Various Purpose General Obligation Bonds, Series 1999, 5.500%, 9/01/24 (Pre-refunded 9/01/09) - FSA Insured                                                                              | 9/09 at 101  |
|        | California, Various Purpose General Obligation Bonds, Series 2000:                                                                                                                                   |              |
| 7,995  | 5.750%, 3/01/22 (Pre-refunded 3/01/10) - MBIA Insured                                                                                                                                                | 3/10 at 101  |
| 1,900  | 5.750%, 3/01/27 (Pre-refunded 3/01/10) - MBIA Insured                                                                                                                                                | 3/10 at 101  |
| 2,580  | Central Unified School District, Fresno County, California, General Obligation Bonds, Series 1993, 5.625%, 3/01/18 - AMBAC Insured (ETM)                                                             | 9/06 at 100  |
| 3,000  | Escondido Union High School District, San Diego County, California, General Obligation Bonds, Series 1996, 5.700%, 11/01/10 - MBIA Insured (ETM)                                                     | 11/06 at 102 |
|        | Fresno Unified School District, Fresno County, California, General Obligation Bonds, Series 2001F:                                                                                                   |              |
| 1,065  | 5.125%, 8/01/21 - FSA Insured (ETM)                                                                                                                                                                  | 8/09 at 102  |
| 1,160  | 5.125%, 8/01/22 - FSA Insured (ETM)                                                                                                                                                                  | 8/09 at 102  |
| 1,220  | 5.125%, 8/01/23 - FSA Insured (ETM)                                                                                                                                                                  | 8/09 at 102  |
| 1,500  | Hacienda La Puente Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2000A, 5.250%, 8/01/25 (Pre-refunded 8/01/10) - MBIA Insured                            | 8/10 at 101  |
|        | Kern Community College District, California, General Obligation Bonds, Series 2003A:                                                                                                                 |              |
| 3,655  | 5.000%, 11/01/20 (Pre-refunded 11/01/13) - FGIC Insured                                                                                                                                              | 11/13 at 100 |
| 2,665  | 5.000%, 11/01/21 (Pre-refunded 11/01/13) - FGIC Insured                                                                                                                                              | 11/13 at 100 |

Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL) (co  
Portfolio of INVESTMENTS August 31, 2006

| PRINCIPAL<br>AMOUNT (000)       | DESCRIPTION (1)                                                                                                                                                                                     | OPTIONAL C<br>PROVISIONS |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| U.S. GUARANTEED (4) (continued) |                                                                                                                                                                                                     |                          |
| \$ 3,190                        | Kern County Board of Education, California, Certificates of Participation Refunding, Series 1998A, 5.200%, 5/01/28 (Pre-refunded 5/01/08) - MBIA Insured                                            | 5/08 at 102              |
| 1,750                           | Lake Tahoe Unified School District, El Dorado County, California, General Obligation Bonds, Series 1999A, 5.250%, 8/01/24 (Pre-refunded 8/01/09) - FGIC Insured                                     | 8/09 at 100              |
| 3,865                           | Los Angeles County Metropolitan Transportation Authority, California, Proposition C Second Senior Lien Sales Tax Revenue Bonds, Series 2000A, 5.250%, 7/01/30 (Pre-refunded 7/01/10) - FGIC Insured | 7/10 at 101              |
|                                 | Manteca Unified School District, San Joaquin County, California, General Obligation Bonds, Series 2004:                                                                                             |                          |
| 1,000                           | 5.250%, 8/01/21 (Pre-refunded 8/01/14) - FSA Insured                                                                                                                                                | 8/14 at 100              |
| 1,000                           | 5.250%, 8/01/22 (Pre-refunded 8/01/14) - FSA Insured                                                                                                                                                | 8/14 at 100              |
| 3,215                           | Modesto Irrigation District, California, Revenue Refunding Bonds, Series 1996A, 6.000%, 10/01/15 (Pre-refunded 10/01/06) - MBIA Insured                                                             | 10/06 at 102             |
| 2,500                           | Oakland, California, Insured Revenue Bonds, 1800 Harrison Foundation - Kaiser Permanente, Series 1999A, 6.000%, 1/01/29 (Pre-refunded 1/01/10) - AMBAC Insured                                      | 1/10 at 100              |
| 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. C                |
| 1,690                           | Sacramento City Financing Authority, California, Capital Improvement Revenue Bonds, Solid Waste and Redevelopment Projects, Series 1999, 5.800%, 12/01/19 (Pre-refunded 12/01/09) - AMBAC Insured   | 12/09 at 102             |
| 1,000                           | Sacramento County Sanitation District Financing Authority, California, Revenue Bonds, Series 2000A, 5.500%, 12/01/20 (Pre-refunded 12/01/10) - AMBAC Insured                                        | 12/10 at 101             |
| 3,500                           | San Francisco Bay Area Rapid Transit District, California, Sales Tax Revenue Bonds, Series 1999, 5.500%, 7/01/34 (Pre-refunded 7/01/09) - FGIC Insured                                              | 7/09 at 101              |
| 4,000                           | Visalia, California, Certificates of Participation Refunding, Motor Vehicle License Fee Enhancement, Series 1996A, 5.375%, 12/01/26 (Pre-refunded 12/01/06) - MBIA Insured                          | 12/06 at 102             |
| 63,530                          | Total U.S. Guaranteed                                                                                                                                                                               |                          |

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UTILITIES - 9.8% (6.6% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                           |              |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 3,740 | California Pollution Control Financing Authority, Revenue Refunding Bonds, Southern California Edison Company, Series 1999B, 5.450%, 9/01/29 - MBIA Insured               | 9/09 at 101  |
| 670   | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - XLCA Insured                                                        | 9/15 at 100  |
| 3,500 | Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2002II, 5.125%, 7/01/26 - FSA Insured                                                                   | 7/12 at 101  |
| 100   | Sacramento City Financing Authority, California, Capital Improvement Revenue Bonds, Solid Waste and Redevelopment Projects, Series 1999, 5.800%, 12/01/19 - AMBAC Insured | 12/09 at 102 |
| 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  |
|       | Santa Clara, California, Subordinate Electric Revenue Bonds, Series 2003A:                                                                                                |              |
| 2,800 | 5.000%, 7/01/24 - MBIA Insured                                                                                                                                            | 7/13 at 100  |
| 5,000 | 5.000%, 7/01/28 - MBIA Insured                                                                                                                                            | 7/13 at 100  |

17,760 Total Utilities

WATER AND SEWER - 23.3% (15.8% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                 |             |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1,700 | Castaic Lake Water Agency, California, Revenue Certificates of Participation, Series 2004A, 5.000%, 8/01/20 - AMBAC Insured                                     | 8/14 at 100 |
| 2,975 | Chino Basin Regional Finance Authority, California, Sewerage System Revenue Bonds, Inland Empire Utilities Agency, Series 1994, 6.000%, 8/01/16 - AMBAC Insured | 2/07 at 100 |
| 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 |
| 460   | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured                                        | 4/16 at 100 |

30

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

WATER AND SEWER (continued)

|          |                                                                                                                  |              |
|----------|------------------------------------------------------------------------------------------------------------------|--------------|
| \$ 2,700 | Los Angeles County Sanitation Districts Financing Authority, California, Senior Revenue Bonds, Capital Projects, | 10/13 at 100 |
|----------|------------------------------------------------------------------------------------------------------------------|--------------|



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Series 2003A, 5.000%, 10/01/21 - FSA Insured

|            |                                                                                                                                       |              |
|------------|---------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 430        | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured         | 6/16 at 100  |
| 12,000     | Orange County Sanitation District, California, Certificates of Participation, Series 2003, 5.000%, 2/01/33 - FGIC Insured             | 8/13 at 100  |
| 2,775      | Pomona Public Financing Authority, California, Revenue Bonds, Water Facilities Project, Series 1999AC, 5.500%, 5/01/29 - FGIC Insured | 5/09 at 101  |
| 750        | Sacramento County Sanitation District Financing Authority, California, Revenue Bonds, Series 2004A, 5.000%, 12/01/21 - AMBAC Insured  | 12/14 at 100 |
| 1,520      | San Buenaventura, California, Water Revenue Certificates of Participation, Series 2004, 5.000%, 10/01/25 - AMBAC Insured              | 10/14 at 100 |
| 3,675      | San Dieguito Water District, California, Water Revenue Bonds, Series 2004, 5.000%, 10/01/23 - FGIC Insured                            | 10/14 at 100 |
|            | Santa Clara Valley Water District, California, Certificates of Participation, Series 2004A:                                           |              |
| 1,400      | 5.000%, 2/01/19 - FGIC Insured                                                                                                        | 2/14 at 100  |
| 445        | 5.000%, 2/01/20 - FGIC Insured                                                                                                        | 2/14 at 100  |
| 465        | 5.000%, 2/01/21 - FGIC Insured                                                                                                        | 2/14 at 100  |
| 2,130      | Santa Rosa, Sonoma County, California, Wastewater Revenue Bonds, Series 2004B, 5.000%, 9/01/18 - FGIC Insured                         | 9/14 at 100  |
| 2,500      | West Basin Municipal Water District, California, Revenue Certificates of Participation, Series 2003A, 5.000%, 8/01/30 - MBIA Insured  | 8/13 at 100  |
|            | 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 |
| 2,530      | 5.000%, 10/01/33 - FGIC Insured                                                                                                       | 10/13 at 100 |
| -----      |                                                                                                                                       |              |
| 42,465     | Total Water and Sewer                                                                                                                 |              |
| -----      |                                                                                                                                       |              |
| \$ 275,290 | Total Investments (cost \$267,368,873) - 147.8%                                                                                       |              |
| =====      |                                                                                                                                       |              |
|            | Other Assets Less Liabilities - 2.1%                                                                                                  |              |
| -----      |                                                                                                                                       |              |
|            | Preferred Shares, at Liquidation Value - (49.9)%                                                                                      |              |
| -----      |                                                                                                                                       |              |
|            | Net Assets Applicable to Common Shares - 100%                                                                                         |              |
| =====      |                                                                                                                                       |              |

FORWARD SWAPS OUTSTANDING AT AUGUST 31, 2006:

| COUNTERPARTY   | NOTIONAL AMOUNT | RATE PAID BY THE FUND (5) | RATE RECEIVED BY THE FUND (5) | FIXED RATE PAYMENT FREQUENCY | FLOATING RATE PAYMENT FREQUENCY | E |
|----------------|-----------------|---------------------------|-------------------------------|------------------------------|---------------------------------|---|
| JPMorgan       | \$4,900,000     | 3 Month USD-LIBOR         | 5.869%                        | Semi-Annually                | Quarterly                       |   |
| Morgan Stanley | 6,200,000       | 3 Month USD-LIBOR         | 5.811%                        | Semi-Annually                | Quarterly                       |   |

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Morgan Stanley 5,400,000 3 Month USD-LIBOR 5.816% Semi-Annually Quarterly

=====

USD-LIBOR (United States Dollar-London Inter-Bank Offered Rates)

All of the bonds in the Portfolio of Investments are either covered by Original Issue Insurance, Secondary Market Insurance or Portfolio Insurance, or are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, any of which ensure the timely payment of principal and interest.

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
  - (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
  - (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
  - (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) Represents the annualized rate paid or received by the Fund.
  - (6) Effective date represents the date on which both the Fund and counterparty commence interest payment accruals on each forward swap contract.
- WI/DD Purchased on a when-issued or delayed delivery basis.
- (ETM) Escrowed to maturity.

See accompanying notes to financial statements.

Nuveen California Premium Income Municipal Fund (NCU)  
 Portfolio of  
 INVESTMENTS August 31, 2006

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

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CONSUMER STAPLES - 6.5% (4.4% 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 |
|       | 310   | 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 |
|       | 3,540 | California Statewide Financing Authority, Tobacco Settlement Asset-Backed Bonds, Pooled Tobacco Securitization Program, Series 2002A, 5.625%, 5/01/29                         | 5/12 at 100 |
| <hr/> |       |                                                                                                                                                                               |             |
|       | 5,350 | Total Consumer Staples                                                                                                                                                        |             |
| <hr/> |       |                                                                                                                                                                               |             |

EDUCATION AND CIVIC ORGANIZATIONS - 2.1% (1.4% OF TOTAL INVESTMENTS)

|       |       |                                                                                                                         |              |
|-------|-------|-------------------------------------------------------------------------------------------------------------------------|--------------|
|       | 70    | California Educational Facilities Authority, Revenue Bonds, University of Redlands, Series 2005A, 5.000%, 10/01/35      | 10/15 at 100 |
|       | 45    | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2006:<br>5.000%, 11/01/21 | 11/15 at 100 |
|       | 60    | 5.000%, 11/01/25                                                                                                        | 11/15 at 100 |
|       | 1,500 | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2003A, 5.125%, 5/15/17 - AMBAC Insured          | 5/13 at 100  |
| <hr/> |       |                                                                                                                         |              |
|       | 1,675 | Total Education and Civic Organizations                                                                                 |              |
| <hr/> |       |                                                                                                                         |              |

HEALTH CARE - 14.3% (9.6% OF TOTAL INVESTMENTS)

|  |       |                                                                                                                                                |              |
|--|-------|------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|  | 4,705 | California Health Facilities Financing Authority, Hospital Revenue Bonds, Downey Community Hospital, Series 1993, 5.750%, 5/15/15              | 11/06 at 100 |
|  | 480   | California Health Facilities Financing Authority, Revenue Bonds, Cedars-Sinai Medical Center, Series 2005, 5.000%, 11/15/34                    | 11/15 at 100 |
|  | 1,500 | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31              | 8/11 at 102  |
|  | 2,180 | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41                    | 3/16 at 100  |
|  | 730   | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2001C, 5.250%, 8/01/31                   | 8/16 at 100  |
|  | 2,100 | California Statewide Community Development Authority, Revenue Bonds, Sherman Oaks Health System, Series 1998A, 5.000%, 8/01/22 - AMBAC Insured | No Opt. C    |

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|                                                          |                                                                                                                                                                                    |             |
|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 11,695                                                   | Total Health Care                                                                                                                                                                  |             |
| HOUSING/MULTIFAMILY - 1.9% (1.3% OF TOTAL INVESTMENTS)   |                                                                                                                                                                                    |             |
| 1,600                                                    | California Statewide Community Development Authority, Revenue Refunding Bonds, Irvine Apartment Communities Development, Series 1998A, 5.250%, 5/15/25 (Mandatory put 5/15/13)     | 7/08 at 101 |
| HOUSING/SINGLE FAMILY - 0.4% (0.1% OF TOTAL INVESTMENTS) |                                                                                                                                                                                    |             |
| 240                                                      | California Housing Finance Agency, Single Family Mortgage Bonds II, Series 1997A-1, 6.000%, 8/01/20 - MBIA Insured (Alternative Minimum Tax)                                       | 2/07 at 102 |
| 35                                                       | California Rural Home Mortgage Finance Authority, Mortgage-Backed Securities Program Single Family Mortgage Revenue Bonds, Series 1996C, 7.500%, 8/01/27 (Alternative Minimum Tax) | No Opt. C   |
| 275                                                      | Total Housing/Single Family                                                                                                                                                        |             |

|                                                |                                                                                                                                                                      |             |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| INDUSTRIALS - 0.6% (0.4% OF TOTAL INVESTMENTS) |                                                                                                                                                                      |             |
| 500                                            | California Pollution Control Financing Authority, Solid Waste Disposal Revenue Bonds, Waste Management Inc., Series 2002A, 5.000%, 1/01/22 (Alternative Minimum Tax) | 1/16 at 102 |

32

| PRINCIPAL AMOUNT (000)                                      | DESCRIPTION (1)                                    | OPTIONAL C PROVISIONS                                                                                                               |              |
|-------------------------------------------------------------|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|--------------|
| TAX OBLIGATION/GENERAL - 29.4% (19.8% OF TOTAL INVESTMENTS) |                                                    |                                                                                                                                     |              |
| \$                                                          | 1,000                                              | California, General Obligation Bonds, Series 2003: 5.250%, 11/01/19 - RAAI Insured                                                  | 11/13 at 100 |
|                                                             | 1,500                                              | 5.000%, 2/01/31 - MBIA Insured                                                                                                      | 2/13 at 100  |
|                                                             | California, General Obligation Bonds, Series 2004: |                                                                                                                                     |              |
|                                                             | 1,750                                              | 5.000%, 4/01/22                                                                                                                     | 4/14 at 100  |
|                                                             | 1,400                                              | 5.200%, 4/01/26                                                                                                                     | 4/14 at 100  |
|                                                             | 4,000                                              | California, General Obligation Veterans Welfare Bonds, Series 1999BR, 5.300%, 12/01/29 (Alternative Minimum Tax)                    | 12/06 at 100 |
|                                                             | 1,000                                              | Fremont Unified School District, Alameda County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/21 - FGIC Insured | 8/12 at 101  |

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|        |                                                                                                                                                             |             |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 6,000  | Hartnell Community College District, California, General<br>Obligation Bonds, Series 2006B, 5.000%, 6/01/29 -<br>FSA Insured                                | 6/16 at 100 |
| 2,250  | Los Angeles Unified School District, California, General<br>Obligation Bonds, Series 2003A, 5.000%, 7/01/22 -<br>FSA Insured                                | 7/13 at 100 |
| 3,000  | Pomona Unified School District, Los Angeles County, California,<br>General Obligation Refunding Bonds, Series 1997A,<br>6.150%, 8/01/15 - MBIA Insured      | 8/11 at 103 |
| 15     | Riverside Community College District, California, General<br>Obligation Bonds, Series 2004A, 5.250%, 8/01/22 -<br>MBIA Insured                              | 8/14 at 100 |
| 135    | Roseville Joint Union High School District, Placer County,<br>California, General Obligation Bonds, Series 2006B,<br>5.000%, 8/01/27 - FGIC Insured         | 8/15 at 100 |
| 1,355  | San Jose-Evergreen Community College District, Santa Clara<br>County, California, General Obligation Bonds, Series 2005A,<br>5.000%, 9/01/25 - MBIA Insured | 9/15 at 100 |
| -----  |                                                                                                                                                             |             |
| 23,405 | Total Tax Obligation/General                                                                                                                                |             |
| -----  |                                                                                                                                                             |             |

TAX OBLIGATION/LIMITED - 48.4% (32.6% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                                                             |              |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1,000 | Bell Community Redevelopment Agency, California, Tax<br>Allocation Bonds, Bell Project Area, Series 2003,<br>5.625%, 10/01/33 - RAAI Insured                                                                | 10/13 at 100 |
| 985   | Beverly Hills Public Financing Authority, California, Lease<br>Revenue Refunding Bonds, Series 2003A, 5.250%, 6/01/15 -<br>MBIA Insured                                                                     | 6/13 at 100  |
|       | California Infrastructure Economic Development Bank, Revenue<br>Bonds, North County Center for Self-Sufficiency Corporation,<br>Series 2004:                                                                |              |
| 1,695 | 5.000%, 12/01/22 - AMBAC Insured                                                                                                                                                                            | 12/13 at 100 |
| 1,865 | 5.000%, 12/01/24 - AMBAC Insured                                                                                                                                                                            | 12/13 at 100 |
| 5,920 | California State Public Works Board, Lease Revenue Bonds,<br>Department of Veterans Affairs, Southern California Veterans<br>Home - Chula Vista Facility, Series 1999A, 5.600%, 11/01/19 -<br>AMBAC Insured | 11/09 at 101 |
| 905   | California, Economic Recovery Revenue Bonds, Series 2004A,<br>5.000%, 7/01/15                                                                                                                               | 7/14 at 100  |
| 165   | Capistrano Unified School District, Orange County, California,<br>Special Tax Bonds, Community Facilities District, Series 2005,<br>5.000%, 9/01/24 - FGIC Insured                                          | 9/15 at 100  |
| 130   | Hesperia Community Redevelopment Agency, California,<br>Tax Allocation Bonds, Series 2005A, 5.000%, 9/01/20 -<br>XLCA Insured                                                                               | 9/15 at 100  |
|       | Irvine, California, Unified School District, Community Facilities                                                                                                                                           |              |

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|       |                                                                                                                                                                                                      |              |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|       | District Special Tax Bonds, Series 2006A:                                                                                                                                                            |              |
| 80    | 5.000%, 9/01/26                                                                                                                                                                                      | 9/06 at 103  |
| 185   | 5.125%, 9/01/36                                                                                                                                                                                      | 9/06 at 103  |
| 2,500 | Kern County Board of Education, California, Certificates of Participation, Series 2006A, 5.000%, 6/01/31 - MBIA Insured                                                                              | 6/16 at 100  |
| 3,500 | Livermore Redevelopment Agency, California, Tax Allocation Revenue Bonds, Livermore Redevelopment Project Area, Series 2001A, 5.000%, 8/01/26 - MBIA Insured                                         | 8/11 at 100  |
| 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  |
| 1,595 | Los Angeles Community Redevelopment Agency, California, Tax Allocation Multifamily Housing Bonds, Grand Central Square/Bunker Hill Project, Series 1993A, 5.750%, 12/01/13 (Alternative Minimum Tax) | 12/06 at 100 |

33

Nuveen California Premium Income Municipal Fund (NCU) (continued)  
Portfolio of INVESTMENTS August 31, 2006

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                                                             | OPTIONAL C<br>PROVISIONS |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                                                                             |                          |
|                           | TAX OBLIGATION/LIMITED (continued)                                                                                                                                          |                          |
| \$ 2,000                  | Los Angeles County Metropolitan Transportation Authority, California, Proposition A First Tier Senior Sales Tax Revenue Bonds, Series 2003B, 5.000%, 7/01/19 - MBIA Insured | 7/13 at 100              |
| 3,230                     | Murrieta Redevelopment Agency, California, Tax Allocation Bonds, Series 2005, 5.000%, 8/01/35 - MBIA Insured                                                                | 8/15 at 100              |
| 2,000                     | Oakland Redevelopment Agency, California, Subordinate Lien Tax Allocation Bonds, Central District Redevelopment Project, Series 2003, 5.500%, 9/01/15 - FGIC Insured        | 3/13 at 100              |
| 1,000                     | Poway, California, Community Facilities District 88-1, Special Tax Refunding Bonds, Parkway Business Centre, Series 1998, 6.500%, 8/15/09                                   | 8/08 at 102              |
| 155                       | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 - XLCA Insured                                            | 9/15 at 100              |
| 190                       | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured                                                      | 8/13 at 100              |
| 1,500                     | Sacramento City Financing Authority, California, Lease Revenue Refunding Bonds, Series 1993A, 5.400%, 11/01/20 - MBIA Insured                                               | No Opt. C                |
| 3,000                     | Sacramento City Financing Authority, California, Lease Revenue Refunding Bonds, Series 1993B, 5.400%, 11/01/20                                                              | No Opt. C                |

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|        |                                                                                                                |  |              |
|--------|----------------------------------------------------------------------------------------------------------------|--|--------------|
|        | San Marcos Public Facilities Authority, California, Revenue Refunding Bonds, Series 1998:                      |  |              |
| 1,500  | 5.800%, 9/01/18                                                                                                |  | 9/08 at 101  |
| 1,000  | 5.800%, 9/01/27                                                                                                |  | 9/08 at 101  |
| 2,050  | Santa Barbara County, California, Certificates of Participation, Series 2001, 5.250%, 12/01/19 - AMBAC Insured |  | 12/11 at 102 |
| -----  |                                                                                                                |  |              |
| 38,460 | Total Tax Obligation/Limited                                                                                   |  |              |
| -----  |                                                                                                                |  |              |

TRANSPORTATION - 3.3% (2.3% OF TOTAL INVESTMENTS)

|       |                                                                                                                      |  |             |
|-------|----------------------------------------------------------------------------------------------------------------------|--|-------------|
| 780   | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2006, 5.000%, 4/01/31 |  | 4/16 at 100 |
| 2,000 | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Bonds, Series 1995A, 5.000%, 1/01/35  |  | 1/10 at 100 |
| ----- |                                                                                                                      |  |             |
| 2,780 | Total Transportation                                                                                                 |  |             |
| ----- |                                                                                                                      |  |             |

U.S. GUARANTEED - 16.6% (11.2% OF TOTAL INVESTMENTS) (4)

|        |                                                                                                                                                                      |  |              |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|
|        | California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A:                                                                                  |  |              |
| 400    | 5.375%, 5/01/17 (Pre-refunded 5/01/12) - XLCA Insured                                                                                                                |  | 5/12 at 101  |
| 2,250  | 5.125%, 5/01/18 (Pre-refunded 5/01/12)                                                                                                                               |  | 5/12 at 101  |
| 1,200  | California Health Facilities Financing Authority, Revenue Bonds, Cedars-Sinai Medical Center, Series 1999A, 6.125%, 12/01/30 (Pre-refunded 12/01/09)                 |  | 12/09 at 101 |
| 3,000  | California Infrastructure Economic Development Bank, First Lien Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2003A, 5.000%, 7/01/22 - FSA Insured (ETM) |  | No Opt. C    |
|        | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2003B:                                           |  |              |
| 1,000  | 5.625%, 6/01/33 (Pre-refunded 6/01/13)                                                                                                                               |  | 6/13 at 100  |
| 1,000  | 5.500%, 6/01/33 (Pre-refunded 6/01/13)                                                                                                                               |  | 6/13 at 100  |
| 2,000  | Puerto Rico, General Obligation and Public Improvement Bonds, Series 2000, 5.750%, 7/01/21 (Pre-refunded 7/01/10) - MBIA Insured                                     |  | 7/10 at 100  |
| 2,000  | Vista, California, Mobile Home Park Revenue Bonds, Vista Manor Mobile Home Park Project, Series 1999A, 5.750%, 3/15/29 (Pre-refunded 3/15/24)                        |  | 3/24 at 100  |
| -----  |                                                                                                                                                                      |  |              |
| 12,850 | Total U.S. Guaranteed                                                                                                                                                |  |              |
| -----  |                                                                                                                                                                      |  |              |

UTILITIES - 6.6% (4.4% OF TOTAL INVESTMENTS)

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|     |                                                                                                                                         |             |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 275 | Los Angeles Department of Water and Power, California,<br>Power System Revenue Bonds, Series 2003A-2,<br>5.000%, 7/01/21 - MBIA Insured | 7/13 at 100 |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------|-------------|

34

| PRINCIPAL<br>AMOUNT (000)                                                                    | DESCRIPTION (1)                                                                                                                                                        | OPTIONAL C<br>PROVISIONS |
|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| <p style="text-align: center;">UTILITIES (continued)</p>                                     |                                                                                                                                                                        |                          |
| \$ 295                                                                                       | Merced Irrigation District, California, Electric System Revenue<br>Bonds, Series 2005, 5.125%, 9/01/31 - XLCA Insured                                                  | 9/15 at 100              |
| 4,580                                                                                        | Sacramento Municipal Utility District, California, Electric<br>Revenue Refunding Bonds, Series 2002Q, 5.250%, 8/15/20 -<br>FSA Insured                                 | 8/12 at 100              |
| <p>5,150 Total Utilities</p>                                                                 |                                                                                                                                                                        |                          |
| <p style="text-align: center;">WATER AND SEWER - 17.7% (12.0% OF TOTAL INVESTMENTS)</p>      |                                                                                                                                                                        |                          |
| 1,125                                                                                        | Burbank, California, Wastewater System Revenue Bonds,<br>Series 2004A, 5.000%, 6/01/23 - AMBAC Insured                                                                 | 6/14 at 100              |
| 1,095                                                                                        | California Statewide Community Development Authority,<br>Water and Wastewater Revenue Bonds, Pooled Financing<br>Program, Series 2003A, 5.250%, 10/01/23 - FSA Insured | 10/13 at 100             |
| 5,000                                                                                        | Culver City, California, Wastewater Facilities Revenue Refunding<br>Bonds, Series 1999A, 5.700%, 9/01/29 - FGIC Insured                                                | 9/09 at 102              |
| 205                                                                                          | Healdsburg Public Financing Authority, California, Wastewater<br>Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured                                            | 4/16 at 100              |
| 3,495                                                                                        | Orange County Sanitation District, California, Certificates<br>of Participation, Series 2003, 5.250%, 2/01/21 - FGIC Insured                                           | 8/13 at 100              |
| 370                                                                                          | Sacramento County Sanitation District Financing Authority,<br>California, Revenue Bonds, Series 2006, 5.000%, 12/01/36 -<br>FGIC Insured                               | 6/16 at 100              |
| 1,000                                                                                        | Sacramento County Water Financing Authority, California,<br>Revenue Bonds, Agency Zones 40-41 System Projects,<br>Series 2003, 5.000%, 6/01/22 - AMBAC Insured         | 6/13 at 100              |
| 1,795                                                                                        | Woodbridge Irrigation District, California, Certificates<br>of Participation, Water Systems Project, Series 2003,<br>5.500%, 7/01/33                                   | 7/13 at 100              |
| <p>14,085 Total Water and Sewer</p>                                                          |                                                                                                                                                                        |                          |
| <p>\$ 117,825 Total Long-Term Investments (cost \$118,969,909) - 147.8%</p>                  |                                                                                                                                                                        |                          |
| <p style="text-align: center;">SHORT-TERM INVESTMENTS - 0.7% (0.5% OF TOTAL INVESTMENTS)</p> |                                                                                                                                                                        |                          |



|     |                                                                                                                                                                                                                   |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 200 | California Department of Water Resources, Power Supply Revenue Bonds, Variable Rate Demand Obligations, Series 2002C-7, 3.270%, 5/01/22 - FSA Insured (5)                                                         |
| 200 | City and County of San Francisco Finance Corporation, California, Moscone Center Expansion Project, Lease Revenue Bonds, Series 2000-2, Variable Rate Demand Obligations, 3.260%, 4/01/30 - AMBAC Insured (5)     |
| 200 | East Bay Municipal Utility District, Alameda and Contra Costa Counties, California, Water System Subordinated Revenue Bonds, Variable Rate Demand Obligations, Series 2005B-2, 3.260%, 6/01/38 - XLCA Insured (5) |

-----  
 \$ 600 Total Short-Term Investments (cost \$600,000)  
 =====

Total Investments (cost \$119,569,909) - 148.5%

-----  
 Other Assets Less Liabilities - 2.4%

-----  
 Preferred Shares, at Liquidation Value - (50.9)%

-----  
 Net Assets Applicable to Common Shares - 100%  
 =====

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) Investment has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term investment. The rate disclosed is that in effect at the end of the reporting period. This rate changes periodically based on market conditions or a specified market index.

N/R Not rated.

(ETM) Escrowed to maturity.

See accompanying notes to financial statements.

Nuveen California Dividend Advantage Municipal Fund (NAC)  
 Portfolio of  
 INVESTMENTS August 31, 2006

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                                                         | OPTIONAL C<br>PROVISIONS |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                                                                         |                          |
|                           | CONSUMER STAPLES - 1.9% (1.3% OF TOTAL INVESTMENTS)                                                                                                                     |                          |
| \$ 1,330                  | 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              |
| 5,200                     | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2003A-1, 6.250%, 6/01/33                                     | 6/13 at 100              |
| -----                     |                                                                                                                                                                         |                          |
| 6,530                     | Total Consumer Staples                                                                                                                                                  |                          |
| -----                     |                                                                                                                                                                         |                          |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 10.6% (7.3% OF TOTAL INVESTMENTS)                                                                                                   |                          |
| 290                       | California Educational Facilities Authority, Revenue Bonds, University of Redlands, Series 2005A, 5.000%, 10/01/35                                                      | 10/15 at 100             |
| 200                       | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2006:<br>5.000%, 11/01/21                                                 | 11/15 at 100             |
| 265                       | 5.000%, 11/01/25                                                                                                                                                        | 11/15 at 100             |
| 615                       | California Statewide Community Development Authority, Revenue Bonds, Notre Dame de Namur University, Series 2003, 6.500%, 10/01/23                                      | 10/13 at 100             |
| 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             |
| 700                       | University of California, Certificates of Participation, San Diego and Sacramento Campus Projects, Series 2002A, 5.250%, 1/01/22                                        | 1/10 at 101              |
| 6,000                     | University of California, Revenue Bonds, Multiple Purpose Projects, Series 2000K, 5.000%, 9/01/12                                                                       | 9/08 at 101              |
| 10,770                    | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2002O:<br>5.000%, 9/01/20 - FGIC Insured                                                        | 9/10 at 101              |
| 11,305                    | 5.000%, 9/01/21 - FGIC Insured                                                                                                                                          | 9/10 at 101              |
| 3,500                     | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2003A, 5.125%, 5/15/17- AMBAC Insured                                                           | 5/13 at 100              |

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|                                                 |                                                                                                                                                                                  |              |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 36,645                                          | Total Education and Civic Organizations                                                                                                                                          |              |
| HEALTH CARE - 10.6% (7.3% 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  |
| 1,990                                           | California Health Facilities Financing Authority, Revenue Bonds, Cedars-Sinai Medical Center, Series 2005, 5.000%, 11/15/34                                                      | 11/15 at 100 |
| 9,280                                           | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41                                                      | 3/16 at 100  |
| 3,095                                           | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2001C, 5.250%, 8/01/31                                                     | 8/16 at 100  |
| 8,000                                           | Central California Joint Powers Health Finance Authority, Certificates of Participation, Community Hospitals of Central California Obligated Group, Series 2000, 6.000%, 2/01/30 | 2/10 at 101  |
| 10,500                                          | Duarte, California, Certificates of Participation, City of Hope National Medical Center, Series 1999A, 5.250%, 4/01/31                                                           | 4/09 at 101  |
| 2,500                                           | Whittier, California, Health Facility Revenue Bonds, Presbyterian Intercommunity Hospital, Series 2002, 5.600%, 6/01/22                                                          | 6/12 at 101  |
| 37,525                                          | Total Health Care                                                                                                                                                                |              |

36

| PRINCIPAL AMOUNT (000)                                 | DESCRIPTION (1)                                                                                                                                                                | OPTIONAL PROVISIONS |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| HOUSING/MULTIFAMILY - 8.1% (5.5% OF TOTAL INVESTMENTS) |                                                                                                                                                                                |                     |
| \$ 5,170                                               | California Statewide Community Development Authority, GNMA Collateralized Housing Revenue Refunding Bonds, Crowne Pointe Project, Series 2002F, 6.750%, 8/20/37                | 8/12 at 105         |
| 7,250                                                  | California Statewide Community Development Authority, Revenue Refunding Bonds, Irvine Apartment Communities Development, Series 1998A, 4.900%, 5/15/25 (Mandatory put 5/15/08) | 7/08 at 101         |
| 5,000                                                  | Contra Costa County, California, Multifamily Housing Revenue Bonds, Delta View Apartments Project, Series 1999C, 6.750%, 12/01/30 (Alternative Minimum Tax)                    | 6/09 at 102         |

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|       |                                                                                                                                                                                                                                    |             |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 320   | Independent Cities Lease Finance Authority, California,<br>Mobile Home Park Revenue Bonds, San Juan Mobile Estates<br>Project, Series 2006A, 5.850%, 5/15/41                                                                       | 5/16 at 100 |
| 1,725 | Rohnert Park Finance Authority, California, Senior Lien<br>Revenue Bonds, Rancho Feliz Mobile Home Park,<br>Series 2003A, 5.750%, 9/15/38                                                                                          | 9/13 at 100 |
| 1,120 | Rohnert Park Finance Authority, California, Subordinate Lien<br>Revenue Bonds, Rancho Feliz Mobile Home Park,<br>Series 2003B, 6.625%, 9/15/38                                                                                     | 9/13 at 100 |
| 7,500 | San Bernardino County Housing Authority, California,<br>Multifamily Housing Revenue Refunding Bonds, Equity<br>Residential Properties/Redlands Lawn and Tennis<br>Apartments, Series 1999A, 5.200%, 6/15/29 (Mandatory<br>6/15/09) | No Opt. C   |

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|        |                           |  |
|--------|---------------------------|--|
| 28,085 | Total Housing/Multifamily |  |
|--------|---------------------------|--|

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INDUSTRIALS - 0.7% (0.4% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                            |             |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 2,000 | California Pollution Control Financing Authority, Solid Waste<br>Disposal Revenue Bonds, Waste Management Inc.,<br>Series 2002A, 5.000%, 1/01/22 (Alternative Minimum Tax) | 1/16 at 102 |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|

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LONG-TERM CARE - 2.4% (1.6% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                    |             |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 8,500 | Riverside County Public Financing Authority, California,<br>Certificates of Participation, Air Force Village West,<br>Series 1999, 5.800%, 5/15/29 | 5/09 at 101 |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------|

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TAX OBLIGATION/GENERAL - 19.8% (13.6% OF TOTAL INVESTMENTS)

|        |                                                                                                                                          |              |
|--------|------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 2,000  | California, General Obligation Bonds, Series 2003,<br>5.250%, 11/01/19 - RAAI Insured                                                    | 11/13 at 100 |
| 5,000  | California, General Obligation Bonds, Series 2004:<br>5.125%, 4/01/23                                                                    | 4/14 at 100  |
| 4,150  | 5.125%, 4/01/25                                                                                                                          | 4/14 at 100  |
| 8,000  | California, General Obligation Refunding Bonds, Series 2002:<br>5.000%, 2/01/12                                                          | No Opt. C    |
| 4,435  | 6.000%, 4/01/16 - AMBAC Insured                                                                                                          | No Opt. C    |
| 5,000  | Coast Community College District, Orange County, California,<br>General Obligation Bonds, Series 2006B, 5.000%, 8/01/24 -<br>FSA Insured | 8/16 at 100  |
| 5,000  | Fresno Unified School District, Fresno County, California,<br>General Obligation Bonds, Series 2002A, 6.000%, 8/01/26 -<br>MBIA Insured  | No Opt. C    |
| 10,845 | Los Angeles Unified School District, California, General                                                                                 | 7/12 at 100  |

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|       |                                                                                                                                                        |             |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
|       | Obligation Bonds, Series 2002E, 5.000%, 7/01/19 -<br>MBIA Insured                                                                                      |             |
| 3,335 | Moreno Valley Unified School District, Riverside County,<br>California, General Obligation Bonds, Series 2004A,<br>5.250%, 8/01/21 - FSA Insured       | 8/14 at 100 |
| 5,210 | Oak Valley Hospital District, Stanislaus County, California,<br>General Obligation Bonds, Series 2005, 5.000%, 7/01/35 -<br>FGIC Insured               | 7/14 at 101 |
| 1,750 | Oakland Unified School District, Alameda County, California,<br>General Obligation Bonds, Series 2001, 5.125%, 8/01/21 -<br>FSA Insured                | 8/08 at 101 |
| 575   | Roseville Joint Union High School District, Placer County,<br>California, General Obligation Bonds, Series 2006B,<br>5.000%, 8/01/27 - FGIC Insured    | 8/15 at 100 |
| 5,000 | San Diego Unified School District, San Diego County,<br>California, General Obligation Bonds, Series 2003E,<br>5.250%, 7/01/20 - FSA Insured           | 7/13 at 101 |
| 2,865 | San Ramon Valley Unified School District, Contra Costa<br>County, California, General Obligation Bonds, Series 2006,<br>5.000%, 8/01/21 - MBIA Insured | 8/16 at 100 |

37

Nuveen California Dividend Advantage Municipal Fund (NAC) (continued)  
Portfolio of INVESTMENTS August 31, 2006

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                                         | OPTIONAL C<br>PROVISIONS |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                                                         |                          |
|                           | TAX OBLIGATION/GENERAL (continued)                                                                                                                      |                          |
| \$ 3,605                  | West Contra Costa Unified School District, Contra Costa<br>County, California, General Obligation Bonds, Series 2003B,<br>5.000%, 8/01/21 - FSA Insured | 8/11 at 101              |
| -----                     |                                                                                                                                                         |                          |
| 66,770                    | Total Tax Obligation/General                                                                                                                            |                          |
| -----                     |                                                                                                                                                         |                          |

TAX OBLIGATION/LIMITED - 35.7% (24.5% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                     |             |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
|       | Beaumont Financing Authority, California, Local Agency Revenue<br>Bonds, Series 2004D:                                                              |             |
| 1,000 | 5.500%, 9/01/24                                                                                                                                     | 9/14 at 102 |
| 615   | 5.800%, 9/01/35                                                                                                                                     | 9/14 at 102 |
| 1,990 | Brentwood Infrastructure Financing Authority, California,<br>Infrastructure Revenue Refunding Bonds, Series 2002A,<br>5.125%, 9/02/24 - FSA Insured | 9/12 at 100 |
|       | Brentwood Infrastructure Financing Authority, Contra Costa<br>County, California, Capital Improvement Revenue Bonds,<br>Series 2001:                |             |

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|       |                                                                                                                                                                                 |              |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1,110 | 5.375%, 11/01/18 - FSA Insured                                                                                                                                                  | 11/11 at 100 |
| 1,165 | 5.375%, 11/01/19 - FSA Insured                                                                                                                                                  | 11/11 at 100 |
| 3,895 | California, Economic Recovery Revenue Bonds, Series 2004A,<br>5.000%, 7/01/15                                                                                                   | 7/14 at 100  |
| 2,000 | Capistrano Unified School District, Orange County, California,<br>Special Tax Bonds, Community Facilities District 90-2 -<br>Talega, Series 2003, 6.000%, 9/01/33               | 9/13 at 100  |
| 710   | Capistrano Unified School District, Orange County, California,<br>Special Tax Bonds, Community Facilities District, Series 2005,<br>5.000%, 9/01/24 - FGIC Insured              | 9/15 at 100  |
| 3,490 | Fontana, California, Senior Special Tax Refunding Bonds,<br>Heritage Village Community Facilities District 2,<br>Series 1998A, 5.250%, 9/01/17 - MBIA Insured                   | 9/08 at 102  |
| 1,125 | Fontana, California, Special Tax Bonds, Sierra Community<br>Facilities District 22, Series 2004, 6.000%, 9/01/34                                                                | 9/14 at 100  |
| 3,980 | Garden Grove, California, Certificates of Participation,<br>Financing Project, Series 2002A, 5.500%, 3/01/22 -<br>AMBAC Insured                                                 | 3/12 at 101  |
|       | Hesperia Community Redevelopment Agency, California,<br>Tax Allocation Bonds, Series 2005A:                                                                                     |              |
| 540   | 5.000%, 9/01/20 - XLCA Insured                                                                                                                                                  | 9/15 at 100  |
| 2,850 | 5.000%, 9/01/35 - XLCA Insured                                                                                                                                                  | 9/15 at 100  |
| 4,500 | Inglewood Redevelopment Agency, California, Tax Allocation<br>Refunding Bonds, Merged Area Redevelopment Project,<br>Series 1998A, 5.250%, 5/01/23 - AMBAC Insured              | No Opt. C    |
|       | Irvine, California, Unified School District, Community Facilities<br>District Special Tax Bonds, Series 2006A:                                                                  |              |
| 345   | 5.000%, 9/01/26                                                                                                                                                                 | 9/06 at 103  |
| 795   | 5.125%, 9/01/36                                                                                                                                                                 | 9/06 at 103  |
| 675   | Lammersville School District, San Joaquin County, California,<br>Community Facilities District 2002, Mountain House Special<br>Tax Bonds, Series 2006, 5.125%, 9/01/35          | 9/16 at 100  |
| 2,000 | Lee Lake Water District, Riverside County, California, Special<br>Tax Bonds, Community Facilities District 1 of Sycamore Creek,<br>Series 2003, 6.500%, 9/01/24                 | 9/13 at 102  |
| 1,985 | Lincoln, California, Special Tax Bonds, Lincoln Crossing<br>Community Facilities District 03-1, Series 2003A,<br>6.500%, 9/01/25                                                | 9/13 at 102  |
| 1,360 | Lincoln, California, Special Tax Bonds, Lincoln Crossing<br>Community Facilities District 03-1, Series 2004,<br>6.000%, 9/01/34                                                 | 9/13 at 102  |
| 1,290 | Los Angeles Community Redevelopment Agency, California,<br>Lease Revenue Bonds, Manchester Social Services Project,<br>Series 2005, 5.000%, 9/01/37 - AMBAC Insured             | 9/15 at 100  |
| 5,000 | Los Angeles County Metropolitan Transportation Authority,<br>California, Proposition C Second Senior Lien Sales Tax<br>Revenue Refunding Bonds, Series 1998A, 5.000%, 7/01/23 - | 7/08 at 101  |

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AMBAC Insured

|       |                                                                                                                                                             |              |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 3,555 | Los Angeles County Public Works Financing Authority,<br>California, Revenue Bonds, Regional Park and Open Space<br>District, Series 1997A, 5.000%, 10/01/16 | 10/07 at 101 |
| 1,530 | Moreno Valley Unified School District, Riverside County,<br>California, Certificates of Participation, Series 2005,<br>5.000%, 3/01/24 - FSA Insured        | 3/14 at 100  |

38

| PRINCIPAL<br>AMOUNT (000)          | DESCRIPTION (1)                                                                                                                                                            | OPTIONAL C<br>PROVISIONS |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                              |                                                                                                                                                                            |                          |
| TAX OBLIGATION/LIMITED (continued) |                                                                                                                                                                            |                          |
| \$ 9,200                           | Norco Redevelopment Agency, California, Tax Allocation<br>Refunding Bonds, Project Area 1, Series 2001,<br>5.000%, 3/01/19 - MBIA Insured                                  | 3/11 at 102              |
| 5,545                              | Oakland Joint Power Financing Authority, California, Lease<br>Revenue Refunding Bonds, Oakland Convention Centers,<br>Series 2001, 5.500%, 10/01/14 - AMBAC Insured        | No Opt. C                |
| 3,290                              | Oakland Redevelopment Agency, California, Subordinate<br>Lien Tax Allocation Bonds, Central District Redevelopment<br>Project, Series 2003, 5.500%, 9/01/16 - FGIC Insured | 3/13 at 100              |
| 5,600                              | Palm Springs Financing Authority, California, Lease Revenue<br>Refunding Bonds, Convention Center Project, Series 2001A,<br>5.000%, 11/01/22 - MBIA Insured                | 11/11 at 101             |
| 1,000                              | Palmdale Community Redevelopment Agency, California,<br>Tax Allocation Bonds, Merged Redevelopment Project Areas,<br>Series 2004, 5.000%, 12/01/24 - AMBAC Insured         | 12/14 at 100             |
| 1,055                              | Poway Redevelopment Agency, California, Tax Allocation<br>Bonds, Paguay Redevelopment Project, Series 2001,<br>5.375%, 12/15/16 - AMBAC Insured                            | 12/11 at 101             |
| 8,100                              | Poway Redevelopment Agency, California, Tax Allocation<br>Refunding Bonds, Paguay Redevelopment Project,<br>Series 2000, 5.750%, 6/15/33 - MBIA Insured                    | 12/10 at 102             |
| 620                                | Rialto Redevelopment Agency, California, Tax Allocation<br>Bonds, Merged Project Area, Series 2005A,<br>5.000%, 9/01/35 - XLCA Insured                                     | 9/15 at 100              |
| 1,860                              | Riverside Redevelopment Agency, California, Tax Allocation<br>Refunding Bonds, Merged Project Areas, Series 2003,<br>5.250%, 8/01/22 - MBIA Insured                        | 8/13 at 100              |
| 770                                | Roseville, California, Certificates of Participation, Public<br>Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured                                                  | 8/13 at 100              |
| 2,500                              | Sacramento City Financing Authority, California, Lease<br>Revenue Refunding Bonds, Series 1993A,<br>5.400%, 11/01/20 - AMBAC Insured                                       | No Opt. C                |

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|        |                                                                                                                                              |             |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1,150  | Sacramento, California, Special Tax Bonds, North Natomas Community Facilities District 4, Series 2003C, 6.000%, 9/01/33                      | 9/14 at 100 |
| 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 |
| 24,060 | San Jose Redevelopment Agency, California, Tax Allocation Bonds, Merged Area Redevelopment Project, Series 1998, 5.250%, 8/01/29             | 8/08 at 102 |
| 1,595  | San Marcos Public Facilities Authority, California, Special Tax Bonds, Community Facilities District 99-1, Series 2003B, 6.000%, 9/01/24     | 9/09 at 102 |
| 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 |
| 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 |
| 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 |

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|         |                              |  |
|---------|------------------------------|--|
| 122,705 | Total Tax Obligation/Limited |  |
|---------|------------------------------|--|

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TRANSPORTATION - 18.7% (12.8% OF TOTAL INVESTMENTS)

|        |                                                                                                                                                                                           |             |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1,430  | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2006, 5.000%, 4/01/31                                                                      | 4/16 at 100 |
| 8,150  | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 5.750%, 1/15/40                                                              | 1/10 at 101 |
| 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 |
| 120    | Palm Springs Financing Authority, California, Palm Springs International Airport Revenue Bonds, Series 2006, 5.450%, 7/01/20 (Alternative Minimum Tax)                                    | 7/14 at 102 |
| 23,000 | Port of Oakland, California, Revenue Bonds, Series 2000K, 5.750%, 11/01/29 - FGIC Insured (Alternative Minimum Tax)                                                                       | 5/10 at 100 |
| 23,275 | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 2000, Issue 24A, 5.750%, 5/01/30 - FSA Insured (Alternative Minimum Tax) | 5/10 at 101 |

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|        |                      |  |
|--------|----------------------|--|
| 64,490 | Total Transportation |  |
|--------|----------------------|--|

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Nuveen California Dividend Advantage Municipal Fund (NAC) (continued)  
 Portfolio of INVESTMENTS August 31, 2006

| PRINCIPAL<br>AMOUNT (000)                                | DESCRIPTION (1)                                                                                                                                                                                                        | OPTIONAL C<br>PROVISIONS |
|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| U.S. GUARANTEED - 21.9% (15.0% OF TOTAL INVESTMENTS) (4) |                                                                                                                                                                                                                        |                          |
|                                                          | California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A:                                                                                                                                    |                          |
| \$ 1,500                                                 | 5.375%, 5/01/17 (Pre-refunded 5/01/12) - XLCA Insured                                                                                                                                                                  | 5/12 at 101              |
| 9,750                                                    | 5.125%, 5/01/18 (Pre-refunded 5/01/12)                                                                                                                                                                                 | 5/12 at 101              |
| 15,000                                                   | California Health Facilities Financing Authority, Revenue Bonds, Cedars-Sinai Medical Center, Series 1999A, 6.125%, 12/01/30 (Pre-refunded 12/01/09)                                                                   | 12/09 at 101             |
| 8,400                                                    | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 1998B, 5.250%, 10/01/14 (ETM)                                                                                        | 10/08 at 101             |
| 5,000                                                    | California Statewide Community Development Authority, Certificates of Participation, Pride Industries and Pride One Inc., Series 1999, 7.250%, 11/01/29 (Pre-refunded 11/01/09)                                        | 11/09 at 102             |
| 10,900                                                   | Los Angeles Unified School District, California, General Obligation Bonds, Series 1999C, 5.250%, 7/01/24 (Pre-refunded 7/01/09) - MBIA Insured                                                                         | 7/09 at 101              |
|                                                          | Northern California Tobacco Securitization Authority, Tobacco Settlement Asset-Backed Bonds, Series 2001A:                                                                                                             |                          |
| 2,500                                                    | 5.250%, 6/01/31 (Pre-refunded 6/01/11)                                                                                                                                                                                 | 6/11 at 100              |
| 4,500                                                    | 5.375%, 6/01/41 (Pre-refunded 6/01/11)                                                                                                                                                                                 | 6/11 at 100              |
| 5,840                                                    | Orange County Water District, California, Revenue Certificates of Participation, Series 1999A, 5.375%, 8/15/29 (ETM)                                                                                                   | 8/09 at 101              |
| 4,000                                                    | Orange County Water District, California, Revenue Certificates of Participation, Series 1999A, 5.375%, 8/15/29 (Pre-refunded 8/15/09)                                                                                  | 8/09 at 101              |
| 4,000                                                    | Puerto Rico, General Obligation and Public Improvement Bonds, Series 2000, 5.750%, 7/01/16 (Pre-refunded 7/01/10) - MBIA Insured                                                                                       | 7/10 at 100              |
| 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              |
| 74,250                                                   | Total U.S. Guaranteed                                                                                                                                                                                                  |                          |

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UTILITIES - 7.8% (5.4% OF TOTAL INVESTMENTS)

|        |                                                                                                                                                     |              |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 3,630  | Imperial Irrigation District, California, Certificates of Participation, Electric System Revenue Bonds, Series 2003, 5.250%, 11/01/23 - FSA Insured | 11/13 at 100 |
| 7,000  | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2001A-1, 5.250%, 7/01/21 - FSA Insured                    | 7/11 at 100  |
| 8,370  | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2001A-2, 5.375%, 7/01/19 - MBIA Insured                   | 7/11 at 100  |
| 1,200  | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2003A-2, 5.000%, 7/01/21 - MBIA Insured                   | 7/13 at 100  |
| 5,500  | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2005A-1, 5.000%, 7/01/31 - FSA Insured                    | 7/15 at 100  |
| 1,270  | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - XLCA Insured                                  | 9/15 at 100  |
| <hr/>  |                                                                                                                                                     |              |
| 26,970 | Total Utilities                                                                                                                                     |              |
| <hr/>  |                                                                                                                                                     |              |

40

| PRINCIPAL AMOUNT (000)                             | DESCRIPTION (1)                                                                                                                            | OPTIONAL C PROVISIONS |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| <hr/>                                              |                                                                                                                                            |                       |
| WATER AND SEWER - 7.7% (5.3% OF TOTAL INVESTMENTS) |                                                                                                                                            |                       |
| \$ 9,165                                           | California Department of Water Resources, Water System Revenue Bonds, Central Valley Project, Series 2001W, 5.250%, 12/01/22 - FSA Insured | 12/11 at 100          |
| 875                                                | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured                   | 4/16 at 100           |
| 835                                                | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured              | 6/16 at 100           |
| 8,250                                              | Pico Rivera Water Authority, California, Revenue Bonds, Series 2001A, 6.250%, 12/01/32                                                     | 12/11 at 102          |
| 2,250                                              | Sacramento County Sanitation District Financing Authority, California, Revenue Bonds, Series 2006, 5.000%, 12/01/31 - FGIC Insured         | 6/16 at 100           |
| 5,115                                              | San Francisco City and County Public Utilities Commission, California, Water Revenue Bonds, Series 2002A, 5.000%, 11/01/18 - MBIA Insured  | 11/12 at 100          |
| <hr/>                                              |                                                                                                                                            |                       |

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|            |                                                  |
|------------|--------------------------------------------------|
| 26,490     | Total Water and Sewer                            |
| \$ 500,960 | Total Investments (cost \$503,466,600) - 145.9%  |
|            | Other Assets Less Liabilities - 2.0%             |
|            | Preferred Shares, at Liquidation Value - (47.9)% |
|            | Net Assets Applicable to Common Shares - 100%    |

FORWARD SWAPS OUTSTANDING AT AUGUST 31, 2006:

| COUNTERPARTY   | NOTIONAL AMOUNT | RATE PAID BY THE FUND (5) | RATE RECEIVED BY THE FUND (5) | FIXED RATE PAYMENT FREQUENCY | FLOATING RATE PAYMENT FREQUENCY |
|----------------|-----------------|---------------------------|-------------------------------|------------------------------|---------------------------------|
| JPMorgan       | \$44,000,000    | 5.547%                    | 3 Month USD-LIBOR             | Semi-Annually                | Quarterly                       |
| JPMorgan       | 14,500,000      | 3 Month USD-LIBOR         | 5.813%                        | Semi-Annually                | Quarterly                       |
| Morgan Stanley | 24,500,000      | 5.560%                    | 3 Month USD-LIBOR             | Semi-Annually                | Quarterly                       |
| Morgan Stanley | 31,200,000      | 3 Month USD-LIBOR         | 5.691%                        | Semi-Annually                | Quarterly                       |

USD-LIBOR (United States Dollar-London Inter-Bank Offered Rates)

FUTURES CONTRACTS OUTSTANDING AT AUGUST 31, 2006:

| TYPE                        | CONTRACT POSITION | NUMBER OF CONTRACTS | CONTRACT EXPIRATION | ORIGINAL VALUE |
|-----------------------------|-------------------|---------------------|---------------------|----------------|
| U.S. 10-Year Treasury Notes | Long              | 51                  | 12/06               | \$5,448,786    |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
- (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) Represents the annualized rate paid or received by the Fund.
  - (6) Effective date represents the date on which both the Fund and counterparty commence interest payment accruals on each forward swap contract.
- N/R Not rated.
- (ETM) Escrowed to maturity.

See accompanying notes to financial statements.

Nuveen California Dividend Advantage Municipal Fund 2 (NVX)  
 Portfolio of  
 INVESTMENTS August 31, 2006

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                                                        | OPTIONAL C<br>PROVISIONS |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                                                                        |                          |
|                           | CONSUMER STAPLES - 4.0% (2.7% OF TOTAL INVESTMENTS)                                                                                                                    |                          |
| \$ 825                    | 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              |
| 4,625                     | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Stanislaus County Tobacco Funding Corporation, Series 2002A, 5.500%, 6/01/33   | 6/12 at 100              |
| 3,200                     | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2003A-1, 6.250%, 6/01/33                                    | 6/13 at 100              |
| -----                     |                                                                                                                                                                        |                          |
| 8,650                     | Total Consumer Staples                                                                                                                                                 |                          |
| -----                     |                                                                                                                                                                        |                          |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 15.1% (10.3% OF TOTAL INVESTMENTS)                                                                                                 |                          |
| 2,000                     | California Educational Facilities Authority, Revenue Bonds, Stanford University, Series 2001Q, 5.250%, 12/01/32                                                        | 6/11 at 101              |
| 180                       | California Educational Facilities Authority, Revenue Bonds, University of Redlands, Series 2005A, 5.000%, 10/01/35                                                     | 10/15 at 100             |
|                           | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2006:                                                                    |                          |
| 125                       | 5.000%, 11/01/21                                                                                                                                                       | 11/15 at 100             |
| 165                       | 5.000%, 11/01/25                                                                                                                                                       | 11/15 at 100             |
| 6,375                     | California Educational Facilities Authority, Student Loan Revenue Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 - MBIA Insured (Alternative Minimum Tax)      | 3/08 at 102              |

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|        |                                                                                                                                                                                  |  |              |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|
|        | California State Public Works Board, Lease Revenue Bonds,<br>University of California, UCLA Replacement Hospital Project,<br>Series 2002A:                                       |  |              |
| 8,880  | 5.375%, 10/01/16 - FSA Insured                                                                                                                                                   |  | 10/12 at 100 |
| 10,570 | 5.375%, 10/01/18 - FSA Insured                                                                                                                                                   |  | 10/12 at 100 |
| 620    | California Statewide Community Development Authority,<br>Revenue Bonds, Notre Dame de Namur University,<br>Series 2003, 6.500%, 10/01/23                                         |  | 10/13 at 100 |
| 3,000  | Long Beach Bond Financing Authority, California, Lease<br>Revenue Refunding Bonds, Long Beach Aquarium of the<br>South Pacific, Series 2001, 5.250%, 11/01/30 -<br>AMBAC Insured |  | 11/11 at 101 |
| -----  |                                                                                                                                                                                  |  |              |
| 31,915 | Total Education and Civic Organizations                                                                                                                                          |  |              |
| -----  |                                                                                                                                                                                  |  |              |

HEALTH CARE - 12.4% (8.5% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                               |  |              |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|
| 2,000 | California Health Facilities Financing Authority, Revenue<br>Bonds, Casa Colina Inc., Series 2001, 6.000%, 4/01/22                                            |  | 4/12 at 100  |
| 1,240 | California Health Facilities Financing Authority, Revenue<br>Bonds, Cedars-Sinai Medical Center, Series 2005,<br>5.000%, 11/15/34                             |  | 11/15 at 100 |
| 500   | California Infrastructure Economic Development Bank,<br>Revenue Bonds, Kaiser Hospital Assistance LLC,<br>Series 2001A, 5.550%, 8/01/31                       |  | 8/11 at 102  |
| 955   | California State Public Works Board, Revenue Bonds,<br>University of California - Davis Medical Center,<br>Series 2004II-A, 5.000%, 11/01/22 - MBIA Insured   |  | 11/14 at 100 |
| 2,185 | California Statewide Community Development Authority,<br>Health Facility Revenue Refunding Bonds, Memorial Health<br>Services, Series 2003A, 6.000%, 10/01/11 |  | No Opt. C    |
| 2,500 | California Statewide Community Development Authority,<br>Hospital Revenue Bonds, Monterey Peninsula Hospital,<br>Series 2003B, 5.250%, 6/01/18 - FSA Insured  |  | 6/13 at 100  |
| 5,775 | California Statewide Community Development Authority,<br>Revenue Bonds, Kaiser Permanente System, Series 2006,<br>5.000%, 3/01/41                             |  | 3/16 at 100  |
| 1,925 | California Statewide Community Development Authority,<br>Revenue Bonds, Kaiser Permanente System, Series 2001C,<br>5.250%, 8/01/31                            |  | 8/16 at 100  |

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

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HEALTH CARE (continued)

|       |        |                                                                                                                                                                                  |             |
|-------|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| \$    | 5,355  | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2002E, 4.700%, 11/01/36 (Mandatory put 6/01/09)                            | No Opt. C   |
|       | 3,000  | Central California Joint Powers Health Finance Authority, Certificates of Participation, Community Hospitals of Central California Obligated Group, Series 2000, 6.000%, 2/01/30 | 2/10 at 101 |
|       | 1,500  | Whittier, California, Health Facility Revenue Bonds, Presbyterian Intercommunity Hospital, Series 2002, 5.600%, 6/01/22                                                          | 6/12 at 101 |
| <hr/> |        |                                                                                                                                                                                  |             |
|       | 26,935 | Total Health Care                                                                                                                                                                |             |
| <hr/> |        |                                                                                                                                                                                  |             |

HOUSING/MULTIFAMILY - 11.5% (7.9% OF TOTAL INVESTMENTS)

|       |       |                                                                                                                                                                                                                  |              |
|-------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|       | 2,450 | ABAG Finance Authority for Non-Profit Corporations, California, Multifamily Housing Revenue Refunding Bonds, United Dominion/2000 Post Apartments, Series 2000B, 6.250%, 8/15/30 (Mandatory put 8/15/08)         | No Opt. C    |
|       | 3,445 | California Statewide Community Development Authority, GNMA Collateralized Housing Revenue Refunding Bonds, Crowne Pointe Project, Series 2002F, 6.750%, 8/20/37                                                  | 8/12 at 105  |
|       | 5,962 | California Statewide Community Development Authority, Multifamily Housing Revenue Refunding Bonds, Claremont Village Apartments, Series 2001D, 5.500%, 6/01/31 (Mandatory put 6/01/16) (Alternative Minimum Tax) | 6/11 at 102  |
|       | 3,250 | California Statewide Community Development Authority, Revenue Refunding Bonds, Irvine Apartment Communities Development, Series 1998A, 4.900%, 5/15/25 (Mandatory put 5/15/08)                                   | 7/08 at 101  |
|       | 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                                                    | 12/13 at 102 |
|       | 205   | Independent Cities Lease Finance Authority, California, Mobile Home Park Revenue Bonds, San Juan Mobile Estates Project, Series 2006A, 5.850%, 5/15/41                                                           | 5/16 at 100  |
|       | 1,055 | Rohnert Park Finance Authority, California, Senior Lien Revenue Bonds, Rancho Feliz Mobile Home Park, Series 2003A, 5.750%, 9/15/38                                                                              | 9/13 at 100  |
|       | 700   | Rohnert Park Finance Authority, California, Subordinate Lien Revenue Bonds, Rancho Feliz Mobile Home Park, Series 2003B, 6.625%, 9/15/38                                                                         | 9/13 at 100  |
|       | 3,045 | Yucaipa Redevelopment Agency, California, Mobile Home Park Revenue Bonds, Rancho del Sol and Grandview, Series 2001A, 6.750%, 5/15/36                                                                            | 5/11 at 102  |
| <hr/> |       |                                                                                                                                                                                                                  |              |

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24,112 Total Housing/Multifamily

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

710 California Rural Home Mortgage Finance Authority, 6/11 at 102  
Mortgage-Backed Securities Program Single Family  
Mortgage Revenue Bonds, Series 2001A, 5.650%, 12/01/31  
(Alternative Minimum Tax)

INDUSTRIALS - 0.6% (0.4% OF TOTAL INVESTMENTS)

1,250 California Pollution Control Financing Authority, Solid Waste 1/16 at 102  
Disposal Revenue Bonds, Waste Management Inc.,  
Series 2002A, 5.000%, 1/01/22 (Alternative Minimum Tax)

LONG-TERM CARE - 0.7% (0.5% OF TOTAL INVESTMENTS)

1,550 California Health Facilities Financing Authority, Cal-Mortgage 1/13 at 100  
Insured Revenue Bonds, Northern California Retired Officers  
Community Corporation - Paradise Valley Estates, Series 2002,  
5.125%, 1/01/22

TAX OBLIGATION/GENERAL - 18.8% (12.9% OF TOTAL INVESTMENTS)

1,000 California, General Obligation Bonds, Series 2004, 5.125%, 2/01/27 2/14 at 100  
5,000 California, General Obligation Refunding Bonds, Series 2002, No Opt. C  
5.000%, 2/01/12  
4,225 California, General Obligation Veterans Welfare Bonds, 12/06 at 101  
Series 2001BV, 5.600%, 12/01/32 - FSA Insured  
3,615 Colton Joint Unified School District, San Bernardino County, 8/12 at 102  
California, General Obligation Bonds, Series 2002A,  
5.500%, 8/01/22 - FGIC Insured  
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  
3,300 5.000%, 8/01/22 - FGIC Insured 8/12 at 100

Nuveen California Dividend Advantage Municipal Fund 2 (NVX) (continued)  
Portfolio of INVESTMENTS August 31, 2006

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

TAX OBLIGATION/GENERAL (continued)

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|       |        |                                                                                                                                                                        |             |
|-------|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| \$    | 1,325  | Golden West Schools Financing Authority, California, General Obligation Revenue Refunding Bonds, School District Program, Series 1998A, 6.650%, 8/01/13 - MBIA Insured | No Opt. C   |
|       | 10,840 | Los Angeles Unified School District, California, General Obligation Bonds, Series 2002E, 5.000%, 7/01/19 - MBIA Insured                                                | 7/12 at 100 |
|       | 1,250  | Los Angeles Unified School District, California, General Obligation Bonds, Series 2003A, 5.250%, 7/01/20 - FSA Insured                                                 | 7/13 at 100 |
|       | 2,000  | Puerto Rico, General Obligation and Public Improvement Bonds, Series 2001A, 5.500%, 7/01/20 - MBIA Insured                                                             | No Opt. C   |
|       | 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 |
|       | 4,050  | Santa Rosa High School District, Sonoma County, California, General Obligation Bonds, Series 2001, 5.300%, 5/01/26 - FGIC Insured                                      | 5/11 at 101 |
| ----- |        |                                                                                                                                                                        |             |
|       | 39,965 | Total Tax Obligation/General                                                                                                                                           |             |
| ----- |        |                                                                                                                                                                        |             |

TAX OBLIGATION/LIMITED - 29.3% (20.0% OF TOTAL INVESTMENTS)

|  |       |                                                                                                                                                              |              |
|--|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|  |       | Beaumont Financing Authority, California, Local Agency Revenue Bonds, Series 2004D:                                                                          |              |
|  | 650   | 5.500%, 9/01/24                                                                                                                                              | 9/14 at 102  |
|  | 385   | 5.800%, 9/01/35                                                                                                                                              | 9/14 at 102  |
|  | 4,900 | California State Public Works Board, Lease Revenue Bonds, Department of Corrections, Series 2003C, 5.500%, 6/01/16                                           | 12/13 at 100 |
|  | 2,105 | California, Economic Recovery Revenue Bonds, Series 2004A, 5.000%, 7/01/15                                                                                   | 7/14 at 100  |
|  | 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  |
|  | 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  |
|  | 4,845 | Encinitas Public Financing Authority, California, Lease Revenue Bonds, Acquisition Project, Series 2001A, 5.250%, 4/01/31 - MBIA Insured                     | 4/08 at 102  |
|  | 750   | Fontana, California, Special Tax Bonds, Sierra Community Facilities District 22, Series 2004, 6.000%, 9/01/34                                                | 9/14 at 100  |
|  | 1,785 | Hawthorne Community Redevelopment Agency, California, Project Area 2 Tax Allocation Bonds, Series 2006, 5.250%, 9/01/36 - XLCA Insured                       | 9/16 at 100  |
|  | 335   | Hesperia Community Redevelopment Agency, California,                                                                                                         | 9/15 at 100  |



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|       |  |                                                                                                                                                                                                 |              |
|-------|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|       |  | Tax Allocation Bonds, Series 2005A, 5.000%, 9/01/20 -<br>XLCA Insured                                                                                                                           |              |
| 4,000 |  | Industry Urban Development Agency, California, Tax Allocation<br>Refunding Bonds, Civic, Recreational and Industrial<br>Redevelopment Project 1, Series 2002, 5.500%, 5/01/19 -<br>MBIA Insured | 5/07 at 101  |
|       |  | Irvine, California, Unified School District, Community Facilities<br>District Special Tax Bonds, Series 2006A:                                                                                  |              |
| 215   |  | 5.000%, 9/01/26                                                                                                                                                                                 | 9/06 at 103  |
| 495   |  | 5.125%, 9/01/36                                                                                                                                                                                 | 9/06 at 103  |
| 2,000 |  | Lake Elsinore Public Finance Authority, California, Local Agency<br>Revenue Refunding Bonds, Series 2003H, 6.000%, 10/01/20                                                                     | 10/13 at 102 |
| 415   |  | Lammersville School District, San Joaquin County, California,<br>Community Facilities District 2002, Mountain House Special<br>Tax Bonds, Series 2006, 5.125%, 9/01/35                          | 9/16 at 100  |
| 1,265 |  | Lee Lake Water District, Riverside County, California, Special<br>Tax Bonds, Community Facilities District 1 of Sycamore Creek,<br>Series 2003, 6.500%, 9/01/24                                 | 9/13 at 102  |
| 1,195 |  | Lincoln, California, Special Tax Bonds, Lincoln Crossing<br>Community Facilities District 03-1, Series 2003A,<br>6.500%, 9/01/25                                                                | 9/13 at 102  |
| 905   |  | Lincoln, California, Special Tax Bonds, Lincoln Crossing<br>Community Facilities District 03-1, Series 2004,<br>6.000%, 9/01/34                                                                 | 9/13 at 102  |
| 800   |  | Los Angeles Community Redevelopment Agency, California,<br>Lease Revenue Bonds, Manchester Social Services Project,<br>Series 2005, 5.000%, 9/01/37 - AMBAC Insured                             | 9/15 at 100  |

44

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                                                                                  | OPTIONAL C<br>PROVISIONS |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                                                                                                  |                          |
|                           | TAX OBLIGATION/LIMITED (continued)                                                                                                                                                               |                          |
| \$ 8,000                  | Los Angeles County Metropolitan Transportation Authority,<br>California, Proposition C Second Senior Lien Sales Tax<br>Revenue Refunding Bonds, Series 1998A,<br>5.000%, 7/01/23 - AMBAC Insured | 7/08 at 101              |
| 5,000                     | Los Angeles County Metropolitan Transportation Authority,<br>California, Proposition C Second Senior Lien Sales Tax<br>Revenue Refunding Bonds, Series 2003A, 5.250%, 7/01/13 -<br>MBIA Insured  | No Opt. C                |
| 3,295                     | Oakland Redevelopment Agency, California, Subordinate<br>Lien Tax Allocation Bonds, Central District Redevelopment<br>Project, Series 2003, 5.500%, 9/01/16 - FGIC Insured                       | 3/13 at 100              |
| 2,000                     | Orange County, California, Special Tax Bonds, Community<br>Facilities District 02-1 of Ladera Ranch, Series 2003A,                                                                               | 8/11 at 101              |

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|        |                                                                                                                                                    |              |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|        | 5.550%, 8/15/33                                                                                                                                    |              |
| 2,000  | Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, Series 2002E, 6.000%, 8/01/26                                            | No Opt. C    |
| 385    | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 - XLCA Insured                   | 9/15 at 100  |
| 6,000  | Riverside County Redevelopment Agency, California, Tax Allocation Bonds, Jurupa Valley Project Area, Series 2001, 5.250%, 10/01/35 - AMBAC Insured | 10/11 at 102 |
| 475    | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured                             | 8/13 at 100  |
| 700    | Sacramento, California, Special Tax Bonds, North Natomas Community Facilities District 4, Series 2003C, 6.000%, 9/01/33                            | 9/14 at 100  |
| 975    | San Marcos Public Facilities Authority, California, Special Tax Bonds, Community Facilities District 99-1, Series 2003B, 6.000%, 9/01/24           | 9/09 at 102  |
| 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  |
| 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  |
| 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  |
| 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  |
| -----  |                                                                                                                                                    |              |
| 62,320 | Total Tax Obligation/Limited                                                                                                                       |              |
| -----  |                                                                                                                                                    |              |
|        | TRANSPORTATION - 10.0% (6.8% OF TOTAL INVESTMENTS)                                                                                                 |              |
| 1,930  | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2006, 5.000%, 4/01/31                               | 4/16 at 100  |
| 7,000  | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 0.000%, 1/15/27                       | 1/14 at 101  |
| 5,585  | Port of Oakland, California, Revenue Bonds, Series 2002N, 5.000%, 11/01/16 - MBIA Insured (Alternative Minimum Tax) (7)                            | 11/12 at 100 |
|        | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 2003, Issue 29A:                  |              |
| 2,430  | 5.250%, 5/01/18 - FGIC Insured (Alternative Minimum Tax)                                                                                           | 5/13 at 100  |
| 2,555  | 5.250%, 5/01/19 - FGIC Insured (Alternative Minimum Tax)                                                                                           | 5/13 at 100  |

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|        |                                                                                                                                                                                                      |             |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 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 |
| 2,000  | San Francisco Airports Commission, California, Revenue Refunding Bonds, San Francisco International Airport, Second Series 2002, Issue 28A, 5.250%, 5/01/17 - MBIA Insured (Alternative Minimum Tax) | 5/12 at 100 |
| 22,500 | Total Transportation                                                                                                                                                                                 |             |

45

Nuveen California Dividend Advantage Municipal Fund 2 (NVX) (continued)  
Portfolio of INVESTMENTS August 31, 2006

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1)                                                                                                                                                                          | OPTIONAL C PROVISIONS |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
|                        | U.S. GUARANTEED - 24.6% (16.9% OF TOTAL INVESTMENTS) (4)                                                                                                                                 |                       |
| \$ 9,000               | Anitoch Area Public Facilities Financing Agency, California, Special Tax Bonds, Community Facilities District 1989-1, Series 2001, 5.250%, 8/01/25 (Pre-refunded 8/01/11) - MBIA Insured | 8/11 at 100           |
| 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           |
| 7,530                  | Los Angeles Unified School District, California, General Obligation Bonds, Series 2000D, 5.375%, 7/01/25 (Pre-refunded 7/01/10) - FGIC Insured                                           | 7/10 at 100           |
| 1,375                  | Lucia Mar Unified School District, San Luis Obispo County, California, General Obligation Bonds, Series 2004A, 5.250%, 8/01/21 (Pre-refunded 8/01/14) - FGIC Insured                     | 8/14 at 100           |
| 3,000                  | Northern California Tobacco Securitization Authority, Tobacco Settlement Asset-Backed Bonds, Series 2001A, 5.375%, 6/01/41 (Pre-refunded 6/01/11)                                        | 6/11 at 100           |
| 12,090                 | Santa Clara Valley Transportation Authority, California, Sales Tax Revenue Bonds, Series 2001A, 5.000%, 6/01/25 (Pre-refunded 6/01/11) - MBIA Insured                                    | 6/11 at 100           |
| 1,160                  | Saugus Union School District, Los Angeles County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/21 (Pre-refunded 8/01/12) - FGIC Insured                              | 8/12 at 100           |
| 6,200                  | Southwestern Community College District, San Diego County, California, General Obligation Bonds, Series 2001, 5.375%, 8/01/25 (Pre-refunded 8/01/11) - AMBAC Insured                     | 8/11 at 101           |
| 2,710                  | Southwestern Community College District, San Diego County, California, General Obligation Bonds, Series 2004, 5.000%, 8/01/21 (Pre-refunded 8/01/14) - FGIC Insured                      | 8/14 at 100           |

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|                                                     |                                                                                                                                                                                                                                 |              |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 2,800                                               | Tobacco Securitization Authority of Southern California,<br>Tobacco Settlement Asset-Backed Bonds, San Diego County<br>Tobacco Asset Securitization Corporation, Senior<br>Series 2001A, 5.500%, 6/01/36 (Pre-refunded 6/01/12) | 6/12 at 100  |
| <hr/>                                               |                                                                                                                                                                                                                                 |              |
| 51,865                                              | Total U.S. Guaranteed                                                                                                                                                                                                           |              |
| <hr/>                                               |                                                                                                                                                                                                                                 |              |
| UTILITIES - 4.8% (3.3% OF TOTAL INVESTMENTS)        |                                                                                                                                                                                                                                 |              |
| 5,000                                               | Anaheim Public Finance Authority, California, Second Lien<br>Electric Distribution Revenue Bonds, Series 2004,<br>5.250%, 10/01/21 - MBIA Insured                                                                               | 10/14 at 100 |
| 750                                                 | Los Angeles Department of Water and Power, California, Power<br>System Revenue Bonds, Series 2003A-2:<br>5.000%, 7/01/21 - MBIA Insured                                                                                         | 7/13 at 100  |
| 1,000                                               | 5.000%, 7/01/23 - MBIA Insured                                                                                                                                                                                                  | 7/13 at 100  |
| 500                                                 | Los Angeles Department of Water and Power, California,<br>Power System Revenue Bonds, Series 2005A-1,<br>5.000%, 7/01/31 - FSA Insured                                                                                          | 7/15 at 100  |
| 790                                                 | Merced Irrigation District, California, Electric System<br>Revenue Bonds, Series 2005, 5.125%, 9/01/31 - XLCA Insured                                                                                                           | 9/15 at 100  |
| 2,000                                               | Santa Clara, California, Subordinate Electric Revenue Bonds,<br>Series 2003A, 5.250%, 7/01/20 - MBIA Insured                                                                                                                    | 7/13 at 100  |
| <hr/>                                               |                                                                                                                                                                                                                                 |              |
| 10,040                                              | Total Utilities                                                                                                                                                                                                                 |              |
| <hr/>                                               |                                                                                                                                                                                                                                 |              |
| WATER AND SEWER - 14.1% (9.7% OF TOTAL INVESTMENTS) |                                                                                                                                                                                                                                 |              |
| 2,740                                               | California Department of Water Resources, Water System<br>Revenue Bonds, Central Valley Project, Series 2002Z,<br>5.000%, 12/01/18 - FGIC Insured                                                                               | 12/12 at 100 |
| 4,900                                               | East Bay Municipal Utility District, Alameda and Contra<br>Costa Counties, California, Water System Subordinated<br>Revenue Bonds, Series 2001, 5.000%, 6/01/26 - MBIA Insured                                                  | 6/11 at 100  |
| 2,655                                               | El Dorado Irrigation District, California, Water and Sewer<br>Certificates of Participation, Series 2004A, 5.000%, 3/01/20 -<br>FGIC Insured                                                                                    | 3/14 at 100  |
| 545                                                 | Healdsburg Public Financing Authority, California, Wastewater<br>Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured                                                                                                     | 4/16 at 100  |
| 750                                                 | Sacramento County Sanitation District Financing Authority,<br>California, Revenue Bonds, Series 2006, 5.000%, 12/01/31 -<br>FGIC Insured                                                                                        | 6/16 at 100  |
| 1,700                                               | San Buenaventura, California, Wastewater Revenue<br>Certificates of Participation, Series 2004, 5.000%, 3/01/24 -<br>MBIA Insured                                                                                               | 3/14 at 100  |

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                                           | OPTIONAL C<br>PROVISIONS |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                                                           |                          |
|                           | WATER AND SEWER (continued)                                                                                                                               |                          |
| \$ 6,885                  | San Diego Public Facilities Financing Authority, California, Subordinate Lien Water Revenue Bonds, Series 2002, 5.000%, 8/01/21 - MBIA Insured            | 8/12 at 100              |
| 10,000                    | San Francisco City and County Public Utilities Commission, California, Clean Water Revenue Refunding Bonds, Series 2003A, 5.250%, 10/01/20 - MBIA Insured | 4/13 at 100              |
| -----                     |                                                                                                                                                           |                          |
| 30,175                    | Total Water and Sewer                                                                                                                                     |                          |
| -----                     |                                                                                                                                                           |                          |
| \$ 311,987                | Total Investments (cost \$315,496,436) - 146.2%                                                                                                           |                          |
| =====                     |                                                                                                                                                           |                          |
|                           | Other Assets Less Liabilities - 2.2%                                                                                                                      |                          |
| -----                     |                                                                                                                                                           |                          |
|                           | Preferred Shares, at Liquidation Value - (48.4)%                                                                                                          |                          |
| -----                     |                                                                                                                                                           |                          |
|                           | Net Assets Applicable to Common Shares - 100%                                                                                                             |                          |
| =====                     |                                                                                                                                                           |                          |

FORWARD SWAPS OUTSTANDING AT AUGUST 31, 2006:

| COUNTERPARTY   | NOTIONAL<br>AMOUNT | RATE PAID<br>BY THE FUND (5) | RATE RECEIVED<br>BY THE FUND (5) | FIXED RATE<br>PAYMENT<br>FREQUENCY | FLOATING RATE<br>PAYMENT<br>FREQUENCY | EF<br>D |
|----------------|--------------------|------------------------------|----------------------------------|------------------------------------|---------------------------------------|---------|
| Goldman Sachs  | \$38,500,000       | 5.681%                       | 3 Month USD-LIBOR                | Semi-Annually                      | Quarterly                             |         |
| JPMorgan       | 12,000,000         | 5.716%                       | 3 Month USD-LIBOR                | Semi-Annually                      | Quarterly                             |         |
| JPMorgan       | 6,500,000          | 3 Month USD-LIBOR            | 5.869%                           | Semi-Annually                      | Quarterly                             |         |
| Morgan Stanley | 13,700,000         | 3 Month USD-LIBOR            | 5.811%                           | Semi-Annually                      | Quarterly                             |         |
| Morgan Stanley | 18,500,000         | 3 Month USD-LIBOR            | 5.816%                           | Semi-Annually                      | Quarterly                             |         |

USD-LIBOR (United States Dollar-London Inter-Bank Offered Rates)

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

registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.

- (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) Represents the annualized rate paid or received by the Fund.
- (6) Effective date represents the date on which both the Fund and counterparty commence interest payment accruals on each forward swap contract.
- (7) Portion of the investment, with an aggregate market value of \$705,028, has been pledged to collateralize the net payment obligations under forward swap contracts.

N/R Not rated.

See accompanying notes to financial statements.

Nuveen California Dividend Advantage Municipal Fund 3 (NZH)  
 Portfolio of  
 INVESTMENTS August 31, 2006

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                                                        | OPTIONAL C<br>PROVISIONS |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                                                                        |                          |
|                           | CONSUMER STAPLES - 2.2% (1.5% OF TOTAL INVESTMENTS)                                                                                                                    |                          |
| \$ 1,340                  | 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              |
| 6,100                     | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2003A-1, 6.250%, 6/01/33                                    | 6/13 at 100              |
| -----                     |                                                                                                                                                                        |                          |
| 7,440                     | Total Consumer Staples                                                                                                                                                 |                          |
| -----                     |                                                                                                                                                                        |                          |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 7.9% (5.2% OF TOTAL INVESTMENTS)                                                                                                   |                          |
| 290                       | California Educational Facilities Authority, Revenue Bonds, University of Redlands, Series 2005A, 5.000%, 10/01/35                                                     | 10/15 at 100             |
| 200                       | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2006:<br>5.000%, 11/01/21                                                | 11/15 at 100             |
| 270                       | 5.000%, 11/01/25                                                                                                                                                       | 11/15 at 100             |

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|        |                                                                                                                                                                     |              |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 3,825  | California Educational Facilities Authority, Student Loan Revenue Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 - MBIA Insured (Alternative Minimum Tax)   | 3/08 at 102  |
| 3,600  | California State Public Works Board, Lease Revenue Bonds, University of California, UCLA Replacement Hospital Project, Series 2002A, 5.375%, 10/01/17 - FSA Insured | 10/12 at 100 |
| 620    | California Statewide Community Development Authority, Revenue Bonds, Notre Dame de Namur University, Series 2003, 6.500%, 10/01/23                                  | 10/13 at 100 |
| 7,595  | San Francisco State University Foundation Inc., California, Auxiliary Organization Student Housing Revenue Bonds, Series 2001, 5.000%, 9/01/26 - MBIA Insured       | 9/11 at 100  |
| 2,990  | University of California, Revenue Bonds, Multiple Purpose Projects, Series 2000K, 5.000%, 9/01/23                                                                   | 9/08 at 101  |
| 4,000  | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2003A, 5.000%, 5/15/23 - AMBAC Insured                                                      | 5/13 at 100  |
| 3,820  | University of California, Revenue Bonds, Research Facilities, Series 2001E, 5.000%, 9/01/26 - AMBAC Insured                                                         | 9/09 at 101  |
| -----  |                                                                                                                                                                     |              |
| 27,210 | Total Education and Civic Organizations                                                                                                                             |              |
| -----  |                                                                                                                                                                     |              |

HEALTH CARE - 16.4% (11.0% OF TOTAL INVESTMENTS)

|                                                                                                 |                                                                                                                                                          |              |
|-------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| California Health Facilities Financing Authority, Revenue Bonds, Casa Colina Inc., Series 2001: |                                                                                                                                                          |              |
| 4,000                                                                                           | 6.000%, 4/01/22                                                                                                                                          | 4/12 at 100  |
| 2,000                                                                                           | 6.125%, 4/01/32                                                                                                                                          | 4/12 at 100  |
| 2,020                                                                                           | California Health Facilities Financing Authority, Revenue Bonds, Cedars-Sinai Medical Center, Series 2005, 5.000%, 11/15/34                              | 11/15 at 100 |
| 9,000                                                                                           | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31                        | 8/11 at 102  |
| 6,525                                                                                           | California Statewide Community Development Authority, Health Facility Revenue Refunding Bonds, Memorial Health Services, Series 2003A, 6.000%, 10/01/12  | No Opt. C    |
| 6,450                                                                                           | California Statewide Community Development Authority, Hospital Revenue Bonds, Monterey Peninsula Hospital, Series 2003B, 5.250%, 6/01/18 - FSA Insured   | 6/13 at 100  |
| 7,665                                                                                           | California Statewide Community Development Authority, Insured Mortgage Hospital Revenue Bonds, Mission Community Hospital, Series 2001, 5.375%, 11/01/21 | 11/09 at 102 |
| 9,425                                                                                           | California Statewide Community Development Authority, Revenue Bonds, Kaiser Permanente System, Series 2006, 5.000%, 3/01/41                              | 3/16 at 100  |
| 3,145                                                                                           | California Statewide Community Development Authority,                                                                                                    | 8/16 at 100  |

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Revenue Bonds, Kaiser Permanente System, Series 2001C,  
5.250%, 8/01/31

48

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                                                        | OPTIONAL C<br>PROVISIONS |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| HEALTH CARE (continued)   |                                                                                                                                                                        |                          |
|                           | Central California Joint Powers Health Finance Authority,<br>Certificates of Participation, Community Hospitals of Central<br>California Obligated Group, Series 2000: |                          |
| \$ 1,770                  | 6.000%, 2/01/20                                                                                                                                                        | 2/10 at 101              |
| 1,740                     | 6.000%, 2/01/30                                                                                                                                                        | 2/10 at 101              |
| 2,500                     | Whittier, California, Health Facility Revenue Bonds,<br>Presbyterian Intercommunity Hospital, Series 2002,<br>5.600%, 6/01/22                                          | 6/12 at 101              |
| 56,240                    | Total Health Care                                                                                                                                                      |                          |

HOUSING/MULTIFAMILY - 10.0% (6.7% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                                                                                                |              |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 4,750 | ABAG Finance Authority for Non-Profit Corporations,<br>California, Multifamily Housing Revenue Refunding Bonds,<br>United Dominion/2000 Post Apartments, Series 2000B,<br>6.400%, 8/15/30 (Mandatory put 8/15/08) (Alternative<br>Minimum Tax) | No Opt. C    |
| 4,000 | ABAG Finance Authority for Non-Profit Corporations,<br>California, Multifamily Housing Revenue Refunding Bonds,<br>United Dominion/2000 Post Apartments, Series 2000B,<br>6.250%, 8/15/30 (Mandatory put 8/15/08)                              | No Opt. C    |
| 5,165 | California Statewide Community Development Authority,<br>GNMA Collateralized Housing Revenue Refunding Bonds,<br>Crowne Pointe Project, Series 2002F, 6.750%, 8/20/37                                                                          | 8/12 at 105  |
| 2,000 | Daly City Housing Development Finance Agency, California,<br>Mobile Home Park Revenue Bonds, Franciscan Mobile<br>Home Park Project, Series 2002A, 5.800%, 12/15/25                                                                            | 12/13 at 102 |
| 325   | Independent Cities Lease Finance Authority, California,<br>Mobile Home Park Revenue Bonds, San Juan Mobile<br>Estates Project, Series 2006A, 5.850%, 5/15/41                                                                                   | 5/16 at 100  |
| 1,735 | Rohnert Park Finance Authority, California, Senior Lien<br>Revenue Bonds, Rancho Feliz Mobile Home Park,<br>Series 2003A, 5.750%, 9/15/38                                                                                                      | 9/13 at 100  |
| 1,125 | Rohnert Park Finance Authority, California, Subordinate Lien<br>Revenue Bonds, Rancho Feliz Mobile Home Park,<br>Series 2003B, 6.625%, 9/15/38                                                                                                 | 9/13 at 100  |
| 3,610 | San Bernardino County Housing Authority, California,                                                                                                                                                                                           | 11/11 at 105 |



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|                                                             |                                                                                                                                                                                                                                    |             |
|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
|                                                             | GNMA Collateralized Multifamily Mortgage Revenue Bonds,<br>Pacific Palms Mobile Home Park, Series 2001A,<br>6.700%, 12/20/41                                                                                                       |             |
| 7,500                                                       | San Bernardino County Housing Authority, California,<br>Multifamily Housing Revenue Refunding Bonds, Equity<br>Residential Properties/Redlands Lawn and Tennis<br>Apartments, Series 1999A, 5.200%, 6/15/29 (Mandatory<br>6/15/09) | No Opt. C   |
|                                                             | San Jose, California, Multifamily Housing Revenue Bonds, GNMA<br>Mortgage-Backed Securities Program, Lenzen Housing, Series 2001B:                                                                                                 |             |
| 1,250                                                       | 5.350%, 2/20/26 (Alternative Minimum Tax)                                                                                                                                                                                          | 8/11 at 102 |
| 2,880                                                       | 5.450%, 2/20/43 (Alternative Minimum Tax)                                                                                                                                                                                          | 8/11 at 102 |
| -----                                                       |                                                                                                                                                                                                                                    |             |
| 34,340                                                      | Total Housing/Multifamily                                                                                                                                                                                                          |             |
| -----                                                       |                                                                                                                                                                                                                                    |             |
| INDUSTRIALS - 0.6% (0.3% OF TOTAL INVESTMENTS)              |                                                                                                                                                                                                                                    |             |
| 2,000                                                       | California Pollution Control Financing Authority, Solid Waste<br>Disposal Revenue Bonds, Waste Management Inc.,<br>Series 2002A, 5.000%, 1/01/22 (Alternative Minimum Tax)                                                         | 1/16 at 102 |
| -----                                                       |                                                                                                                                                                                                                                    |             |
| LONG-TERM CARE - 1.5% (0.9% OF TOTAL INVESTMENTS)           |                                                                                                                                                                                                                                    |             |
| 2,450                                                       | California Health Facilities Financing Authority, Cal-Mortgage<br>Insured Revenue Bonds, Northern California Retired Officers<br>Community Corporation - Paradise Valley Estates, Series 2002,<br>5.125%, 1/01/22                  | 1/13 at 100 |
|                                                             | California Health Facilities Financing Authority, Insured Senior<br>Living Revenue Bonds, Aldersly Project, Series 2002A:                                                                                                          |             |
| 1,500                                                       | 5.125%, 3/01/22                                                                                                                                                                                                                    | 3/12 at 101 |
| 1,315                                                       | 5.250%, 3/01/32                                                                                                                                                                                                                    | 3/12 at 101 |
| -----                                                       |                                                                                                                                                                                                                                    |             |
| 5,265                                                       | Total Long-Term Care                                                                                                                                                                                                               |             |
| -----                                                       |                                                                                                                                                                                                                                    |             |
| TAX OBLIGATION/GENERAL - 24.8% (16.5% OF TOTAL INVESTMENTS) |                                                                                                                                                                                                                                    |             |
| 9,335                                                       | California, General Obligation Bonds, Series 2002,<br>6.000%, 2/01/16 - FSA Insured                                                                                                                                                | No Opt. C   |
| 1,750                                                       | California, General Obligation Bonds, Series 2004,<br>5.125%, 2/01/27                                                                                                                                                              | 2/14 at 100 |

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TAX OBLIGATION/GENERAL (continued)

|          |                                                                                                                                                           |              |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|          | California, General Obligation Refunding Bonds, Series 2002:                                                                                              |              |
| \$ 8,450 | 5.000%, 2/01/12                                                                                                                                           | No Opt. C    |
| 2,780    | 6.000%, 4/01/16 - AMBAC Insured                                                                                                                           | No Opt. C    |
| 10       | California, General Obligation Veterans Welfare Bonds, Series 1997BJ, 5.500%, 12/01/18 (Alternative Minimum Tax)                                          | 12/06 at 102 |
| 14,300   | California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.350%, 12/01/21 - MBIA Insured (Alternative Minimum Tax)                           | 6/07 at 101  |
| 3,000    | Contra Costa County Community College District, California, General Obligation Bonds, Series 2002, 5.000%, 8/01/23 - FGIC Insured                         | 8/12 at 100  |
| 2,500    | Fullerton Joint Union High School District, Orange County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/23 - FSA Insured              | 8/12 at 100  |
| 2,260    | Jurupa Unified School District, Riverside County, California, General Obligation Bonds, Series 2002, 5.125%, 8/01/22 - FGIC Insured                       | 8/11 at 101  |
|          | Los Angeles Unified School District, California, General Obligation Bonds, Series 2003A:                                                                  |              |
| 3,750    | 5.250%, 7/01/20 - FSA Insured                                                                                                                             | 7/13 at 100  |
| 7,200    | 5.000%, 7/01/22 - FSA Insured                                                                                                                             | 7/13 at 100  |
| 870      | Puerto Rico, General Obligation and Public Improvement Bonds, Series 2001, 5.000%, 7/01/24 - FSA Insured                                                  | 7/11 at 100  |
|          | Riverside Community College District, California, General Obligation Bonds, Series 2005:                                                                  |              |
| 2,675    | 5.000%, 8/01/21 - FSA Insured                                                                                                                             | 8/15 at 100  |
| 5,000    | 5.000%, 8/01/24 - FSA Insured                                                                                                                             | 8/15 at 100  |
| 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  |
| 10,810   | San Diego Unified School District, San Diego County, California, General Obligation Bonds, Election of 1998, Series 2001C, 5.000%, 7/01/26 - FSA Insured  | 7/11 at 102  |
| 4,000    | San Diego Unified School District, San Diego County, California, General Obligation Bonds, Election of 1998, Series 2002D, 5.250%, 7/01/21 - FGIC Insured | 7/12 at 101  |
| 2,715    | San Jose-Evergreen Community College District, Santa Clara County, California, General Obligation Bonds, Series 2005A, 5.000%, 9/01/25 - MBIA Insured     | 9/15 at 100  |
| 1,630    | West Contra Costa Unified School District, Contra Costa County, California, General Obligation Bonds, Series 2003C, 5.000%, 8/01/22 - FGIC Insured        | 8/11 at 101  |
| 83,610   | Total Tax Obligation/General                                                                                                                              |              |

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| TAX OBLIGATION/LIMITED - 41.4% (27.6% OF TOTAL INVESTMENTS) |                                                                                                                                                                    |              |
|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 4,000                                                       | Beaumont Financing Authority, California, Local Agency Revenue Bonds, Series 2002A, 6.750%, 9/01/25                                                                | 9/12 at 102  |
| 7,135                                                       | Brentwood Infrastructure Financing Authority, Contra Costa County, California, Capital Improvement Revenue Bonds, Series 2001, 5.000%, 11/01/25 - FSA Insured      | 11/11 at 100 |
| 8,210                                                       | California State Public Works Board, Lease Revenue Bonds, Department of Corrections, Series 2003C, 5.500%, 6/01/16                                                 | 12/13 at 100 |
| 3,350                                                       | California State Public Works Board, Lease Revenue Bonds, Department of General Services, Capital East End Project, Series 2002A, 5.250%, 12/01/17 - AMBAC Insured | 12/12 at 100 |
| 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  |
| 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 |
| 2,815                                                       | California, Economic Recovery Revenue Bonds, Series 2004A, 5.000%, 7/01/15                                                                                         | 7/14 at 100  |
|                                                             | 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  |
| 550                                                         | 6.000%, 9/01/33                                                                                                                                                    | 9/13 at 100  |
| 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  |

50

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1)                                                                                                                                                    | OPTIONAL PROVISIONS |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| -----                  |                                                                                                                                                                    |                     |
|                        | TAX OBLIGATION/LIMITED (continued)                                                                                                                                 |                     |
| \$ 1,810               | Cerritos Public Financing Authority, California, Tax Allocation Revenue Bonds, Los Cerritos Redevelopment Projects, Series 2002A, 5.000%, 11/01/14 - AMBAC Insured | No Opt. C           |
| 1,270                  | Coalinga Public Financing Authority, California, Local Obligation Senior Lien Revenue Bonds, Series 1998A, 6.000%, 9/15/18 - AMBAC Insured                         | No Opt. C           |
| 1,125                  | Fontana, California, Special Tax Bonds, Sierra Community Facilities District 22, Series 2004, 6.000%, 9/01/34                                                      | 9/14 at 100         |
| 1,000                  | Fullerton Community Facilities District 1, California, Special                                                                                                     | 9/12 at 100         |

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|       |                                                                                                                                                                                                 |              |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|       | Tax Bonds, Amerige Heights, Series 2002, 6.100%, 9/01/22                                                                                                                                        |              |
| 550   | Hesperia Community Redevelopment Agency, California,<br>Tax Allocation Bonds, Series 2005A, 5.000%, 9/01/20 -<br>XLCA Insured                                                                   | 9/15 at 100  |
|       | Irvine, California, Unified School District, Community Facilities<br>District Special Tax Bonds, Series 2006A:                                                                                  |              |
| 350   | 5.000%, 9/01/26                                                                                                                                                                                 | 9/06 at 103  |
| 805   | 5.125%, 9/01/36                                                                                                                                                                                 | 9/06 at 103  |
| 3,000 | Lake Elsinore Public Finance Authority, California, Local<br>Agency Revenue Refunding Bonds, Series 2003H,<br>6.000%, 10/01/20                                                                  | 10/13 at 102 |
| 685   | Lammersville School District, San Joaquin County, California,<br>Community Facilities District 2002, Mountain House Special<br>Tax Bonds, Series 2006, 5.125%, 9/01/35                          | 9/16 at 100  |
| 5,250 | Lammersville School District, San Joaquin County, California,<br>Special Tax Bonds, Community Facilities District of Mountain<br>House, Series 2002, 6.300%, 9/01/24                            | 9/12 at 101  |
| 2,000 | Lee Lake Water District, Riverside County, California, Special<br>Tax Bonds, Community Facilities District 1 of Sycamore<br>Creek, Series 2003, 6.500%, 9/01/24                                 | 9/13 at 102  |
| 1,985 | Lincoln, California, Special Tax Bonds, Lincoln Crossing<br>Community Facilities District 03-1, Series 2003A,<br>6.500%, 9/01/25                                                                | 9/13 at 102  |
| 1,360 | Lincoln, California, Special Tax Bonds, Lincoln Crossing<br>Community Facilities District 03-1, Series 2004,<br>6.000%, 9/01/34                                                                 | 9/13 at 102  |
| 5,425 | Lodi, California, Certificates of Participation, Public<br>Improvement Financing Project, Series 2002,<br>5.000%, 10/01/26 - MBIA Insured                                                       | 10/12 at 100 |
| 1,310 | Los Angeles Community Redevelopment Agency, California,<br>Lease Revenue Bonds, Manchester Social Services Project,<br>Series 2005, 5.000%, 9/01/37 - AMBAC Insured                             | 9/15 at 100  |
| 3,075 | Los Angeles County Metropolitan Transportation Authority,<br>California, Proposition C Second Senior Lien Sales Tax<br>Revenue Refunding Bonds, Series 2003A, 5.250%, 7/01/13 -<br>MBIA Insured | No Opt. C    |
| 1,000 | Monterey County, California, Certificates of Participation,<br>Master Plan Financing, Series 2001, 5.250%, 8/01/15 -<br>MBIA Insured                                                            | 8/11 at 100  |
| 1,675 | Moreno Valley Unified School District, Riverside County,<br>California, Certificates of Participation, Series 2005,<br>5.000%, 3/01/26 - FSA Insured                                            | 3/14 at 100  |
| 3,000 | Oakland Redevelopment Agency, California, Subordinate<br>Lien Tax Allocation Bonds, Central District Redevelopment<br>Project, Series 2003, 5.500%, 9/01/19 - FGIC Insured                      | 3/13 at 100  |
| 4,520 | Ontario Redevelopment Financing Authority, California,<br>Lease Revenue Bonds, Capital Projects, Series 2001,<br>5.000%, 8/01/24 - AMBAC Insured                                                | 8/11 at 101  |

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|        |                                                                                                                                                      |             |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 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 |
| 11,165 | Palm Desert Financing Authority, California, Tax Allocation Revenue Refunding Bonds, Project Area 1, Series 2002, 5.100%, 4/01/30 - MBIA Insured     | 4/12 at 102 |
| 3,250  | Pomona Public Financing Authority, California, Revenue Refunding Bonds, Merged Redevelopment Projects, Series 2001AD, 5.000%, 2/01/27 - MBIA Insured | 2/11 at 100 |
| 625    | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 - XLCA Insured                     | 9/15 at 100 |
| 780    | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured                               | 8/13 at 100 |
| 1,700  | Roseville, California, Special Tax Bonds, Community Facilities District 1 - Crocker, Series 2003, 6.000%, 9/01/27                                    | 9/09 at 103 |

51

Nuveen California Dividend Advantage Municipal Fund 3 (NZH) (continued)  
Portfolio of INVESTMENTS August 31, 2006

| PRINCIPAL<br>AMOUNT (000)          | DESCRIPTION (1)                                                                                                                                     | OPTIONAL C<br>PROVISIONS |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                              |                                                                                                                                                     |                          |
| 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              |
| 14,505                             | San Diego Redevelopment Agency, California, Subordinate Lien Tax Allocation Bonds, Centre City Project, Series 2001A, 5.000%, 9/01/26 - FSA Insured | 9/11 at 101              |
| 8,725                              | 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              |
| 1,595                              | San Marcos Public Facilities Authority, California, Special Tax Bonds, Community Facilities District 99-1, Series 2003B, 6.000%, 9/01/24            | 9/09 at 102              |
| 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              |
| 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              |
| 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              |

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|         |                                                                                                                                                                      |              |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 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  |
| 2,500   | Yucaipa-Calimesa Joint Unified School District, San Bernardino County, California, General Obligation Refunding Bonds, Series 2001A, 5.000%, 10/01/26 - MBIA Insured | 10/11 at 100 |
| -----   |                                                                                                                                                                      |              |
| 141,120 | Total Tax Obligation/Limited                                                                                                                                         |              |
| -----   |                                                                                                                                                                      |              |

TRANSPORTATION - 10.6% (7.1% OF TOTAL INVESTMENTS)

|        |                                                                                                                                   |              |
|--------|-----------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1,690  | Bay Area Toll Authority, California, Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2006, 5.000%, 4/01/31              | 4/16 at 100  |
| 11,750 | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 0.000%, 1/15/28      | 1/14 at 101  |
| 3,000  | Port of Oakland, California, Revenue Bonds, Series 2002M, 5.250%, 11/01/20 - FGIC Insured                                         | 11/12 at 100 |
| 1,500  | Port of Oakland, California, Revenue Refunding Bonds, Series 1997I, 5.600%, 11/01/19 - MBIA Insured                               | 11/07 at 102 |
|        | 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  |
| 10,625 | 5.125%, 5/01/18 - FGIC Insured                                                                                                    | 5/13 at 100  |
| 5,140  | 5.125%, 5/01/19 - FGIC Insured                                                                                                    | 5/13 at 100  |
| -----  |                                                                                                                                   |              |
| 37,815 | Total Transportation                                                                                                              |              |
| -----  |                                                                                                                                   |              |

U.S. GUARANTEED - 11.9% (8.0% OF TOTAL INVESTMENTS) (4)

|        |                                                                                                                                                                                         |             |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 11,240 | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Merced County Tobacco Funding Corporation, Series 2002A, 5.500%, 6/01/33 (Pre-refunded 6/01/12) | 6/12 at 100 |
|        | California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A:                                                                                                     |             |
| 3,500  | 5.375%, 5/01/17 (Pre-refunded 5/01/12) - XLCA Insured                                                                                                                                   | 5/12 at 101 |
| 9,000  | 5.125%, 5/01/18 (Pre-refunded 5/01/12)                                                                                                                                                  | 5/12 at 101 |
| 1,840  | Compton Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2003A, 5.250%, 9/01/18 (Pre-refunded 9/01/13) - MBIA Insured                          | 9/13 at 100 |
| 1,525  | Lucia Mar Unified School District, San Luis Obispo County, California, General Obligation Bonds, Series 2004A, 5.250%, 8/01/22 (Pre-refunded 8/01/14) - FGIC Insured                    | 8/14 at 100 |

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|       |                                                                                                                                                             |             |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 5,500 | Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2002D, 5.375%, 7/01/36 (Pre-refunded 7/01/12)                               | 7/12 at 100 |
| 1,000 | Saugus Union School District, Los Angeles County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/24 (Pre-refunded 8/01/12) - FGIC Insured | 8/12 at 100 |

52

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1)                                                                                                                                                                                                        | OPTIONAL PROVISIONS |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| -----                  |                                                                                                                                                                                                                        |                     |
|                        | U.S. GUARANTEED (4) (continued)                                                                                                                                                                                        |                     |
| \$ 1,905               | Southwestern Community College District, San Diego County, California, General Obligation Bonds, Series 2004, 5.000%, 8/01/22 (Pre-refunded 8/01/14) - FGIC Insured                                                    | 8/14 at 100         |
| 4,200                  | Tobacco Securitization Authority of Southern California, Tobacco Settlement Asset-Backed Bonds, San Diego County Tobacco Asset Securitization Corporation, Senior Series 2001A, 5.500%, 6/01/36 (Pre-refunded 6/01/12) | 6/12 at 100         |
| -----                  |                                                                                                                                                                                                                        |                     |
| 39,710                 | Total U.S. Guaranteed                                                                                                                                                                                                  |                     |
| -----                  |                                                                                                                                                                                                                        |                     |
|                        | UTILITIES - 9.1% (6.1% OF TOTAL INVESTMENTS)                                                                                                                                                                           |                     |
| 15,000                 | California Pollution Control Financing Authority, Remarketed Revenue Bonds, Pacific Gas and Electric Company, Series 1996A, 5.350%, 12/01/16 - MBIA Insured (Alternative Minimum Tax)                                  | 4/11 at 102         |
| 1,200                  | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2003A-2, 5.000%, 7/01/21 - MBIA Insured                                                                                      | 7/13 at 100         |
| 1,285                  | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - XLCA Insured                                                                                                     | 9/15 at 100         |
| 5,000                  | Merced Irrigation District, California, Revenue Certificates of Participation, Electric System Project, Series 2003, 5.700%, 9/01/36                                                                                   | 9/13 at 102         |
| 2,250                  | Salinas Valley Solid Waste Authority, California, Revenue Bonds, Series 2002, 5.125%, 8/01/22 - AMBAC Insured (Alternative Minimum Tax)                                                                                | 8/12 at 100         |
| 6,085                  | Southern California Public Power Authority, Revenue Bonds, Magnolia Power Project, Series 2003-1A, 5.250%, 7/01/16 - AMBAC Insured                                                                                     | 7/13 at 100         |
| -----                  |                                                                                                                                                                                                                        |                     |
| 30,820                 | Total Utilities                                                                                                                                                                                                        |                     |
| -----                  |                                                                                                                                                                                                                        |                     |

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| WATER AND SEWER - 13.6% (9.1% OF TOTAL INVESTMENTS) |                                                                                                                                                    |              |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1,070                                               | Burbank, California, Wastewater System Revenue Bonds, Series 2004A, 5.000%, 6/01/22 - AMBAC Insured                                                | 6/14 at 100  |
| 5,000                                               | California Department of Water Resources, Water System Revenue Bonds, Central Valley Project, Series 2003Y, 5.250%, 12/01/13 - FGIC Insured        | 6/13 at 100  |
| 7,000                                               | Carmichael Water District, Sacramento County, California, Water Revenue Certificates of Participation, Series 1999, 5.125%, 9/01/29 - MBIA Insured | 9/09 at 102  |
| 2,000                                               | El Dorado Irrigation District, California, Water and Sewer Certificates of Participation, Series 2004A, 5.000%, 3/01/20 - FGIC Insured             | 3/14 at 100  |
| 890                                                 | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured                           | 4/16 at 100  |
| 850                                                 | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured                      | 6/16 at 100  |
| 1,000                                               | Pico Rivera Water Authority, California, Revenue Bonds, Series 2001A, 6.250%, 12/01/32                                                             | 12/11 at 102 |
| 1,380                                               | Sacramento County Sanitation District Financing Authority, California, Revenue Bonds, Series 2006, 5.000%, 12/01/36 - FGIC Insured                 | 6/16 at 100  |
| 1,000                                               | San Buenaventura, California, Wastewater Revenue Certificates of Participation, Series 2004, 5.000%, 3/01/24 - MBIA Insured                        | 3/14 at 100  |
|                                                     | San Diego Public Facilities Financing Authority, California, Subordinate Lien Water Revenue Bonds, Series 2002:                                    |              |
| 2,500                                               | 5.000%, 8/01/23 - MBIA Insured                                                                                                                     | 8/12 at 100  |
| 6,260                                               | 5.000%, 8/01/24 - MBIA Insured                                                                                                                     | 8/12 at 100  |

Nuveen California Dividend Advantage Municipal Fund 3 (NZH) (continued)  
Portfolio of INVESTMENTS August 31, 2006

| PRINCIPAL AMOUNT (000)      | DESCRIPTION (1)                                                                                                                                           | OPTIONAL C PROVISIONS |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| -----                       |                                                                                                                                                           |                       |
| WATER AND SEWER (continued) |                                                                                                                                                           |                       |
| \$ 3,315                    | San Francisco City and County Public Utilities Commission, California, Clean Water Revenue Refunding Bonds, Series 2003A: 5.250%, 10/01/18 - MBIA Insured | 4/13 at 100           |
| 12,000                      | 5.250%, 10/01/19 - MBIA Insured                                                                                                                           | 4/13 at 100           |
| 1,955                       | Westlands Water District, California, Revenue Certificates of Participation, Series 2005A, 5.000%, 9/01/23 - MBIA Insured                                 | 3/15 at 100           |



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|            |                                                 |
|------------|-------------------------------------------------|
| 46,220     | Total Water and Sewer                           |
| \$ 511,790 | Total Investments (cost \$521,149,817) - 150.0% |

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Other Assets Less Liabilities - 1.6%

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Preferred Shares, at Liquidation Value - (51.6)%

---

Net Assets Applicable to Common Shares - 100%

---

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

N/R Not rated.

See accompanying notes to financial statements.

Nuveen Insured California Dividend Advantage Municipal Fund (NKL)  
 Portfolio of  
 INVESTMENTS August 31, 2006

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                                   | OPTIONAL C<br>PROVISIONS |
|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                           | CONSUMER STAPLES - 2.3% (1.6% OF TOTAL INVESTMENTS)                                                                                               |                          |
| \$ 4,500                  | Golden State Tobacco Securitization Corporation, California,<br>Tobacco Settlement Asset-Backed Revenue Bonds,<br>Series 2003A-2, 7.900%, 6/01/42 | 6/13 at 100              |

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EDUCATION AND CIVIC ORGANIZATIONS - 8.7% (5.8% OF TOTAL INVESTMENTS)

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|        |                                                                                                                        |              |
|--------|------------------------------------------------------------------------------------------------------------------------|--------------|
| 1,675  | California Educational Facilities Authority, Revenue Bonds,<br>University of San Diego, Series 2002A, 5.250%, 10/01/30 | 10/12 at 100 |
| 9,000  | California State University, Systemwide Revenue Bonds,<br>Series 2002A, 5.125%, 11/01/26 - AMBAC Insured               | 11/12 at 100 |
| 9,000  | University of California, Revenue Bonds, Multiple Purpose<br>Projects, Series 2000K, 5.300%, 9/01/30                   | 9/08 at 101  |
| -----  |                                                                                                                        |              |
| 19,675 | Total Education and Civic Organizations                                                                                |              |
| -----  |                                                                                                                        |              |

HEALTH CARE - 5.6% (3.8% OF TOTAL INVESTMENTS)

|        |                                                                                                                                                                                            |              |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 5,000  | ABAG Finance Authority for Non-Profit Corporations,<br>California, Cal-Mortgage Insured Revenue Bonds,<br>Sansum-Santa Barbara Medical Foundation Clinic,<br>Series 2002A, 5.600%, 4/01/26 | 4/12 at 100  |
| 2,815  | California Health Facilities Financing Authority, Revenue<br>Bonds, Lucile Salter Packard Children's Hospital,<br>Series 2003C, 5.000%, 8/15/20 - AMBAC Insured                            | 8/13 at 100  |
| 1,090  | California State Public Works Board, Revenue Bonds,<br>University of California - Davis Medical Center,<br>Series 2004II-A, 5.000%, 11/01/21 - MBIA Insured                                | 11/14 at 100 |
| 3,380  | Rancho Mirage Joint Powers Financing Authority, California,<br>Revenue Bonds, Eisenhower Medical Center, Series 2004,<br>5.875%, 7/01/26                                                   | 7/14 at 100  |
| -----  |                                                                                                                                                                                            |              |
| 12,285 | Total Health Care                                                                                                                                                                          |              |
| -----  |                                                                                                                                                                                            |              |

HOUSING/MULTIFAMILY - 1.2% (0.8% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                                                         |             |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1,000 | California Statewide Community Development Authority,<br>Student Housing Revenue Bonds, EAH - Irvine East Campus<br>Apartments, LLC Project, Series 2002A, 5.500%, 8/01/22 -<br>ACA Insured             | 8/12 at 100 |
| 1,905 | Los Angeles, California, GNMA Mortgage-Backed Securities<br>Program Multifamily Housing Revenue Bonds, Park Plaza<br>West Senior Apartments, Series 2001B, 5.300%, 1/20/21<br>(Alternative Minimum Tax) | 7/11 at 102 |
| ----- |                                                                                                                                                                                                         |             |
| 2,905 | Total Housing/Multifamily                                                                                                                                                                               |             |
| ----- |                                                                                                                                                                                                         |             |

INDUSTRIALS - 1.3% (0.8% OF TOTAL INVESTMENTS)

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

LONG-TERM CARE - 3.5% (2.4% 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 |
| 5,000 | California Statewide Community Development Authority, Revenue Bonds, Jewish Home for the Aging, Series 2003, 5.000%, 11/15/18                                       | 11/13 at 100 |
| 8,000 | Total Long-Term Care                                                                                                                                                |              |

TAX OBLIGATION/GENERAL - 30.6% (20.6% OF TOTAL INVESTMENTS)

|       |                                                                                                                                          |             |
|-------|------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 5,920 | Cajon Valley Union School District, San Diego County, California, General Obligation Bonds, Series 2002B, 5.125%, 8/01/32 - MBIA Insured | 8/10 at 102 |
| 2,900 | California, General Obligation Bonds, Series 2003, 5.000%, 2/01/21                                                                       | 8/13 at 100 |
| 1,750 | California, General Obligation Bonds, Series 2004, 5.125%, 2/01/27                                                                       | 2/14 at 100 |
| 8,250 | California, General Obligation Refunding Bonds, Series 2002, 5.000%, 2/01/22 - MBIA Insured                                              | 2/12 at 100 |

Nuveen Insured California Dividend Advantage Municipal Fund (NKL) (continued)  
Portfolio of INVESTMENTS August 31, 2006

| PRINCIPAL AMOUNT (000)             | DESCRIPTION (1)                                                                                                                            | OPTIONAL C PROVISIONS |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| TAX OBLIGATION/GENERAL (continued) |                                                                                                                                            |                       |
| \$ 1,315                           | Compton Community College District, Los Angeles County, California, General Obligation Bonds, Series 2004A: 5.250%, 7/01/22 - MBIA Insured | 7/14 at 100           |
| 2,560                              | 5.250%, 7/01/23 - MBIA Insured                                                                                                             | 7/14 at 100           |
| 230                                | El Monte Union High School District, Los Angeles County, California, General Obligation Bonds, Series 2003A, 5.000%, 6/01/28 - FSA Insured | 6/13 at 100           |
| 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           |
| 5,000                              | Los Angeles Unified School District, California, General Obligation Bonds, Series 2002E, 5.125%, 1/01/27 - MBIA Insured                    | 7/12 at 100           |

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|        |                                                                                                                                                                       |             |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
|        | Los Angeles Unified School District, California, General<br>Obligation Bonds, Series 2003A:                                                                           |             |
| 3,700  | 5.000%, 7/01/22 - FSA Insured                                                                                                                                         | 7/13 at 100 |
| 3,500  | 5.000%, 1/01/28 - MBIA Insured                                                                                                                                        | 7/13 at 100 |
| 1,000  | Los Rios Community College District, Sacramento,<br>El Dorado and Yolo Counties, California, General Obligation<br>Bonds, Series 2006C, 5.000%, 8/01/25 - FSA Insured | 8/14 at 102 |
| 1,500  | Madera Unified School District, Madera County, California,<br>General Obligation Bonds, Series 2002, 5.000%, 8/01/28 -<br>FSA Insured                                 | 8/12 at 100 |
| 2,500  | Oakland Unified School District, Alameda County, California,<br>General Obligation Bonds, Series 2002, 5.250%, 8/01/21 -<br>FGIC Insured                              | 8/12 at 100 |
| 375    | Roseville Joint Union High School District, Placer County,<br>California, General Obligation Bonds, Series 2006B,<br>5.000%, 8/01/27 - FGIC Insured                   | 8/15 at 100 |
| 3,250  | San Diego Unified School District, San Diego County,<br>California, General Obligation Bonds, Election of 1998,<br>Series 2001C, 5.000%, 7/01/22 - FSA Insured        | 7/11 at 102 |
| 1,160  | San Gabriel Unified School District, Los Angeles County,<br>California, General Obligation Bonds, Series 2005,<br>5.000%, 8/01/22 - FSA Insured                       | 8/15 at 100 |
| 3,500  | San Mateo County Community College District, California,<br>General Obligation Bonds, Series 2002A, 5.000%, 9/01/26 -<br>FGIC Insured                                 | 9/12 at 100 |
| 10,000 | Vista Unified School District, San Diego County, California,<br>General Obligation Bonds, Series 2002A, 5.000%, 8/01/23 -<br>FSA Insured                              | 8/12 at 100 |

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|        |                              |  |
|--------|------------------------------|--|
| 68,410 | Total Tax Obligation/General |  |
|--------|------------------------------|--|

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TAX OBLIGATION/LIMITED - 42.4% (28.6% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                                     |              |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1,450 | Baldwin Park Public Financing Authority, California,<br>Sales Tax and Tax Allocation Bonds, Puente Merced<br>Redevelopment Project, Series 2003, 5.250%, 8/01/21                    | 8/13 at 102  |
| 6,895 | Brea and Olinda Unified School District, Orange County,<br>California, Certificates of Participation Refunding,<br>Series 2002A, 5.125%, 8/01/26 - FSA Insured                      | 8/11 at 101  |
| 2,290 | Burbank Public Financing Authority, California, Revenue<br>Refunding Bonds, Golden State Redevelopment Project,<br>Series 2003A, 5.250%, 12/01/19 - AMBAC Insured                   | 12/13 at 100 |
| 2,200 | California Infrastructure Economic Development Bank,<br>Los Angeles County, Revenue Bonds, Department of<br>Public Social Services, Series 2003, 5.000%, 9/01/28 -<br>AMBAC Insured | 9/13 at 101  |
| 3,100 | California State Public Works Board, Lease Revenue Bonds,                                                                                                                           | 11/15 at 100 |

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|       |                                                                                                                                                                              |             |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
|       | Department of Health Services, Richmond Lab, Series 2005B,<br>5.000%, 11/01/30 - XLCA Insured                                                                                |             |
| 465   | Capistrano Unified School District, Orange County, California,<br>Special Tax Bonds, Community Facilities District, Series 2005,<br>5.000%, 9/01/24 - FGIC Insured           | 9/15 at 100 |
| 7,035 | Corona-Norco Unified School District, Riverside County,<br>California, Special Tax Bonds, Community Facilities<br>District 98-1, Series 2003, 5.000%, 9/01/28 - MBIA Insured | 9/13 at 100 |
| 3,145 | Culver City Redevelopment Agency, California, Tax Allocation<br>Revenue Bonds, Redevelopment Project, Series 2002A,<br>5.125%, 11/01/25 - MBIA Insured                       | 5/11 at 101 |
| 8,720 | El Monte, California, Senior Lien Certificates of Participation,<br>Department of Public Services Facility Phase II, Series 2001,<br>5.000%, 1/01/21 - AMBAC Insured         | 1/11 at 100 |
| 4,000 | Folsom Public Financing Authority, California, Special Tax<br>Revenue Bonds, Series 2004A, 5.000%, 9/01/21 -<br>AMBAC Insured                                                | 9/12 at 102 |

56

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                                                                                  | OPTIONAL C<br>PROVISIONS |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                                                                                                  |                          |
|                           | TAX OBLIGATION/LIMITED (continued)                                                                                                                                                               |                          |
| \$ 355                    | Hesperia Community Redevelopment Agency, California,<br>Tax Allocation Bonds, Series 2005A, 5.000%, 9/01/20 -<br>XLCA Insured                                                                    | 9/15 at 100              |
| 2,115                     | Inglewood Redevelopment Agency, California, Tax Allocation<br>Refunding Bonds, Merged Area Redevelopment Project,<br>Series 1998A, 5.250%, 5/01/23 - AMBAC Insured                               | No Opt. C                |
| 3,500                     | La Quinta Redevelopment Agency, California, Tax Allocation<br>Bonds, Redevelopment Project Area 1, Series 2001,<br>5.100%, 9/01/31 - AMBAC Insured                                               | 9/11 at 102              |
| 3,400                     | La Quinta Redevelopment Agency, California, Tax Allocation<br>Bonds, Redevelopment Project Area 1, Series 2002,<br>5.000%, 9/01/22 - AMBAC Insured                                               | 9/12 at 102              |
| 845                       | Los Angeles Community Redevelopment Agency, California,<br>Lease Revenue Bonds, Manchester Social Services Project,<br>Series 2005, 5.000%, 9/01/37 - AMBAC Insured                              | 9/15 at 100              |
| 4,690                     | Los Angeles County Metropolitan Transportation Authority,<br>California, Proposition C Second Senior Lien Sales Tax<br>Revenue Refunding Bonds, Series 1998A, 5.000%, 7/01/23 -<br>AMBAC Insured | 7/08 at 101              |
| 1,460                     | Los Angeles, California, Certificates of Participation,<br>Municipal Improvement Corporation, Series 2003AW,<br>5.000%, 6/01/33 - AMBAC Insured                                                  | 6/13 at 100              |

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|        |                                                                                                                                                                |             |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 7,000  | Los Angeles, California, Certificates of Participation, Series 2002, 5.200%, 4/01/27 - AMBAC Insured                                                           | 4/12 at 100 |
| 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 |
| 5,000  | Palm Desert Financing Authority, California, Tax Allocation Revenue Refunding Bonds, Project Area 1, Series 2002, 5.000%, 4/01/25 - MBIA Insured               | 4/12 at 102 |
| 405    | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 - XLCA Insured                               | 9/15 at 100 |
| 4,475  | Riverside County, California, Asset Leasing Corporate Leasehold Revenue Bonds, Riverside County Hospital Project, Series 1997B, 5.000%, 6/01/19 - MBIA Insured | 6/12 at 101 |
| 505    | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured                                         | 8/13 at 100 |
| 3,175  | San Buenaventura, California, Certificates of Participation, Series 2001C, 5.250%, 2/01/31 - AMBAC Insured                                                     | 2/11 at 101 |
| 3,730  | San Diego Redevelopment Agency, California, Subordinate Lien Tax Increment and Parking Revenue Bonds, Centre City Project, Series 2003B, 5.250%, 9/01/26       | 9/09 at 101 |
| 4,000  | San Jose Financing Authority, California, Lease Revenue Refunding Bonds, Convention Center Project, Series 2001F, 5.000%, 9/01/19 - MBIA Insured               | 9/11 at 100 |
| 1,000  | Shasta Joint Powers Financing Authority, California, Lease Revenue Bonds, County Administration Building Project, Series 2003A, 5.250%, 4/01/23 - MBIA Insured | 4/13 at 100 |
| 2,160  | Temecula Redevelopment Agency, California, Tax Allocation Revenue Bonds, Redevelopment Project 1, Series 2002, 5.125%, 8/01/27 - MBIA Insured                  | 8/08 at 102 |
| -----  |                                                                                                                                                                |             |
| 95,585 | Total Tax Obligation/Limited                                                                                                                                   |             |
| -----  |                                                                                                                                                                |             |
|        | TRANSPORTATION - 4.9% (3.3% OF TOTAL INVESTMENTS)                                                                                                              |             |
| 7,500  | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 0.000%, 1/15/29                                   | 1/14 at 101 |
|        | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 2003, Issue 29A:                              |             |
| 2,185  | 5.250%, 5/01/16 - FGIC Insured (Alternative Minimum Tax)                                                                                                       | 5/13 at 100 |
| 2,300  | 5.250%, 5/01/17 - FGIC Insured (Alternative Minimum Tax)                                                                                                       | 5/13 at 100 |
| -----  |                                                                                                                                                                |             |
| 11,985 | Total Transportation                                                                                                                                           |             |
| -----  |                                                                                                                                                                |             |

Nuveen Insured California Dividend Advantage Municipal Fund (NKL) (contin  
Portfolio of INVESTMENTS August 31, 2006

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                                                                         | OPTIONAL C<br>PROVISIONS |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                                                                                         |                          |
|                           | U.S. GUARANTEED - 13.4% (9.0% 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              |
| 2,500                     | California Health Facilities Financing Authority, Revenue Bonds, Cedars-Sinai Medical Center, Series 1999A: 6.125%, 12/01/30 (Pre-refunded 12/01/09)                                    | 12/09 at 101             |
| 1,000                     | 6.250%, 12/01/34 (Pre-refunded 12/01/09)                                                                                                                                                | 12/09 at 101             |
| 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              |
| 2,185                     | El Monte Union High School District, Los Angeles County, California, General Obligation Bonds, Series 2003A, 5.000%, 6/01/28 (Pre-refunded 6/01/13) - FSA Insured                       | 6/13 at 100              |
| 1,135                     | Fresno Unified School District, Fresno County, California, General Obligation Bonds, Series 2002B: 5.125%, 8/01/23 - FGIC Insured (ETM)                                                 | 8/10 at 102              |
| 1,190                     | 5.125%, 8/01/24 - FGIC Insured (ETM)                                                                                                                                                    | 8/10 at 102              |
| 1,245                     | 5.125%, 8/01/25 - FGIC Insured (ETM)                                                                                                                                                    | 8/10 at 102              |
| 1,255                     | 5.125%, 8/01/26 - FGIC Insured (ETM)                                                                                                                                                    | 8/10 at 102              |
| 2,070                     | Fresno Unified School District, Fresno County, California, General Obligation Bonds, Series 2002G, 5.125%, 8/01/26 - FSA Insured (ETM)                                                  | 8/10 at 102              |
| 3,000                     | Peralta Community College District, Alameda County, California, General Obligation Bonds, Election of 2000, Series 2001A, 5.000%, 8/01/31 (Pre-refunded 8/01/09) - FGIC Insured         | 8/09 at 102              |
| 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              |
| 2,460                     | Vacaville Unified School District, Solano County, California, General Obligation Bonds, Series 2002, 5.000%, 8/01/26 (Pre-refunded 8/01/11) - FSA Insured                               | 8/11 at 101              |
| -----                     |                                                                                                                                                                                         |                          |
| 29,270                    | Total U.S. Guaranteed                                                                                                                                                                   |                          |
| -----                     |                                                                                                                                                                                         |                          |
|                           | UTILITIES - 17.0% (11.5% OF TOTAL INVESTMENTS)                                                                                                                                          |                          |
| 9,000                     | Anaheim Public Finance Authority, California, Revenue Bonds,                                                                                                                            | 10/12 at 100             |

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|        |                                                                                                                                                                                                |             |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
|        | Electric System Distribution Facilities, Series 2002A,<br>5.000%, 10/01/27 - FSA Insured                                                                                                       |             |
| 10,000 | California Pollution Control Financing Authority, Remarketed<br>Revenue Bonds, Pacific Gas and Electric Company,<br>Series 1996A, 5.350%, 12/01/16 - MBIA Insured<br>(Alternative Minimum Tax) | 4/11 at 102 |
| 3,000  | Los Angeles Department of Water and Power, California,<br>Power System Revenue Bonds, Series 2001A-1,<br>5.250%, 7/01/21 - FSA Insured                                                         | 7/11 at 100 |
| 775    | Los Angeles Department of Water and Power, California,<br>Power System Revenue Bonds, Series 2003A-2,<br>5.000%, 7/01/21 - MBIA Insured                                                        | 7/13 at 100 |
| 830    | Merced Irrigation District, California, Electric System<br>Revenue Bonds, Series 2005, 5.125%, 9/01/31 - XLCA Insured                                                                          | 9/15 at 100 |
| 6,000  | Northern California Power Agency, Revenue Refunding Bonds,<br>Hydroelectric Project 1, Series 1998A, 5.200%, 7/01/32 -<br>MBIA Insured                                                         | 7/08 at 101 |
| 3,000  | Sacramento Municipal Utility District, California, Electric<br>Revenue Bonds, Series 2001N, 5.000%, 8/15/28 -<br>MBIA Insured                                                                  | 8/11 at 100 |
| 5,630  | Southern California Public Power Authority, Subordinate<br>Revenue Refunding Bonds, Transmission Project,<br>Series 2002A, 4.750%, 7/01/19 - FSA Insured                                       | 7/12 at 100 |
| -----  |                                                                                                                                                                                                |             |
| 38,235 | Total Utilities                                                                                                                                                                                |             |
| -----  |                                                                                                                                                                                                |             |

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                                                                                           | OPTIONAL C<br>PROVISIONS |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                                                                                                           |                          |
| \$ 3,000                  | WATER AND SEWER - 17.4% (11.8% OF TOTAL INVESTMENTS)<br>California Department of Water Resources, Water System<br>Revenue Bonds, Central Valley Project, Series 2002X,<br>5.150%, 12/01/23 - FGIC Insured | 12/12 at 100             |
| 6,100                     | East Bay Municipal Utility District, Alameda and Contra<br>Costa Counties, California, Water System Subordinated<br>Revenue Bonds, Series 2001, 5.000%, 6/01/26 - MBIA Insured                            | 6/11 at 100              |
| 9,000                     | Eastern Municipal Water District, California, Water and<br>Sewerage System Revenue Certificates of Participation,<br>Series 2001B, 5.000%, 7/01/30 - FGIC Insured                                         | 7/11 at 100              |
| 570                       | Healdsburg Public Financing Authority, California, Wastewater<br>Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured                                                                               | 4/16 at 100              |
| 4,500                     | Los Angeles County Sanitation Districts Financing Authority,<br>California, Senior Revenue Bonds, Capital Projects,                                                                                       | 10/13 at 100             |



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Series 2003A, 5.000%, 10/01/23 - FSA Insured

|            |                                                                                                                                    |              |
|------------|------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 3,050      | Manteca Financing Authority, California, Sewerage Revenue Bonds, Series 2003B, 5.000%, 12/01/33 - MBIA Insured                     | 12/13 at 100 |
| 500        | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured      | 6/16 at 100  |
| 9,185      | Orange County Sanitation District, California, Certificates of Participation, Series 2003, 5.000%, 2/01/33 - FGIC Insured          | 8/13 at 100  |
| 870        | Sacramento County Sanitation District Financing Authority, California, Revenue Bonds, Series 2006, 5.000%, 12/01/36 - FGIC Insured | 6/16 at 100  |
|            | Semitropic Water Storage District, Kern County, California, Water Banking Revenue Bonds, Series 2004A:                             |              |
| 1,315      | 5.500%, 12/01/20 - XLCA Insured                                                                                                    | 12/14 at 100 |
| 1,415      | 5.500%, 12/01/21 - XLCA Insured                                                                                                    | 12/14 at 100 |
| -----      |                                                                                                                                    |              |
| 39,505     | Total Water and Sewer                                                                                                              |              |
| -----      |                                                                                                                                    |              |
| \$ 333,355 | Total Investments (cost \$329,482,118) - 148.3%                                                                                    |              |
| =====      |                                                                                                                                    |              |
|            | Other Assets Less Liabilities - 1.6%                                                                                               |              |
|            | -----                                                                                                                              |              |
|            | Preferred Shares, at Liquidation Value - (49.9)%                                                                                   |              |
|            | -----                                                                                                                              |              |
|            | Net Assets Applicable to Common Shares - 100%                                                                                      |              |
|            | =====                                                                                                                              |              |

At least 80% of the Fund's net assets (including net assets attributable to Preferred shares) are invested in municipal securities that are either covered by Original Issue Insurance, Secondary Market Insurance or Portfolio Insurance which ensures the timely payment of principal and interest. Up to 20% of the Fund's net assets (including net assets attributable to Preferred shares) may be invested in municipal securities that are (i) either backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities (also ensuring the timely payment of principal and interest), or (ii) rated, at the time of investment, within the four highest grades (Baa or BBB or better by Moody's, S&P or Fitch) or unrated but judged to be of comparable quality by the Adviser.

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

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

- (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.

(ETM) Escrowed to maturity.

See accompanying notes to financial statements.

59

Nuveen Insured California Tax-Free Advantage Municipal Fund (NKX)  
 Portfolio of  
 INVESTMENTS August 31, 2006

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                                        | OPTIONAL C<br>PROVISIONS |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                                                        |                          |
|                           | CONSUMER STAPLES - 2.3% (1.5% OF TOTAL INVESTMENTS)                                                                                                    |                          |
| \$ 1,625                  | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2003A-2, 7.900%, 6/01/42            | 6/13 at 100              |
| -----                     |                                                                                                                                                        |                          |
|                           | HEALTH CARE - 12.9% (8.7% OF TOTAL INVESTMENTS)                                                                                                        |                          |
| 1,500                     | California Health Facilities Financing Authority, Revenue Bonds, UCSF - Stanford Healthcare, Series 1998A, 5.000%, 11/15/31 - FSA Insured              | 11/08 at 101             |
| 1,800                     | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31                      | 8/11 at 102              |
| 2,000                     | California Statewide Community Development Authority, Hospital Revenue Bonds, Monterey Peninsula Hospital, Series 2003B, 5.250%, 6/01/23 - FSA Insured | 6/13 at 100              |
| 4,060                     | California Statewide Community Development Authority, Revenue Bonds, Sherman Oaks Health System, Series 1998A, 5.000%, 8/01/22 - AMBAC Insured         | No Opt. C                |
| 1,260                     | Rancho Mirage Joint Powers Financing Authority, California, Revenue Bonds, Eisenhower Medical Center, Series 2004, 5.875%, 7/01/26                     | 7/14 at 100              |
| -----                     |                                                                                                                                                        |                          |
| 10,620                    | Total Health Care                                                                                                                                      |                          |
| -----                     |                                                                                                                                                        |                          |

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HOUSING/MULTIFAMILY - 1.4% (0.9% 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 |
|-------|--------------------------------------------------------------------------------------------------------------------|-------------|

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LONG-TERM CARE - 5.7% (3.8% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                     |              |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1,000 | ABAG Finance Authority for Non-Profit Corporations, California, Insured Senior Living Revenue Bonds, Odd Fellows Home of California, Series 2003A, 5.200%, 11/15/22 | 11/12 at 100 |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|

|       |                                                                                                                                                                                                          |             |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 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 |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|

|       |                                                                                                                               |              |
|-------|-------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1,815 | California Statewide Community Development Authority, Revenue Bonds, Jewish Home for the Aging, Series 2003, 5.000%, 11/15/18 | 11/13 at 100 |
|-------|-------------------------------------------------------------------------------------------------------------------------------|--------------|

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|       |                      |  |
|-------|----------------------|--|
| 4,815 | Total Long-Term Care |  |
|-------|----------------------|--|

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TAX OBLIGATION/GENERAL - 47.0% (31.5% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                      |             |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 2,000 | Butte-Glenn Community College District, Butte and Glenn Counties, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/26 - MBIA Insured | 8/12 at 101 |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|

|       |                                                                       |             |
|-------|-----------------------------------------------------------------------|-------------|
| 1,000 | California, General Obligation Bonds, Series 2004:<br>5.125%, 2/01/27 | 2/14 at 100 |
| 500   | 5.250%, 4/01/34                                                       | 4/14 at 100 |

|       |                                                                                 |             |
|-------|---------------------------------------------------------------------------------|-------------|
| 1,500 | California, General Obligation Refunding Bonds, Series 2002:<br>5.000%, 2/01/12 | No Opt. C   |
| 3,750 | 5.000%, 4/01/27 - AMBAC Insured                                                 | 4/12 at 100 |
| 3,000 | 5.250%, 4/01/30 - XLCA Insured                                                  | 4/12 at 100 |

|     |                                                                                                                                     |             |
|-----|-------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 450 | Fremont Unified School District, Alameda County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/25 - FGIC Insured | 8/12 at 101 |
|-----|-------------------------------------------------------------------------------------------------------------------------------------|-------------|

|       |                                                                                                                                                      |             |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 4,500 | Hacienda La Puente Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2003B:<br>5.000%, 8/01/26 - FSA Insured | 8/13 at 100 |
| 2,030 | 5.000%, 8/01/27 - FSA Insured                                                                                                                        | 8/13 at 100 |

|        |                                                                                                                        |             |
|--------|------------------------------------------------------------------------------------------------------------------------|-------------|
| 10,500 | Los Angeles Unified School District, California, General Obligation Bonds, Series 2003A, 5.000%, 7/01/22 - FSA Insured | 7/13 at 100 |
|--------|------------------------------------------------------------------------------------------------------------------------|-------------|

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

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TAX OBLIGATION/GENERAL (continued)

|       |        |                                                                                                                                               |             |
|-------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| \$    | 2,000  | Los Angeles, California, General Obligation Bonds, Series 2002A, 5.000%, 9/01/22 - MBIA Insured                                               | 9/12 at 100 |
|       | 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 |
|       | 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 |
|       | 3,000  | San Diego Unified School District, California, General Obligation Bonds, Election of 1998, Series 2000B, 5.125%, 7/01/22 - MBIA Insured       | 7/10 at 100 |
|       | 3,855  | San Rafael City High School District, Marin County, California, General Obligation Bonds, Series 2003A, 5.000%, 8/01/28 - FSA Insured         | 8/12 at 100 |
| ----- |        |                                                                                                                                               |             |
|       | 39,225 | Total Tax Obligation/General                                                                                                                  |             |
| ----- |        |                                                                                                                                               |             |

TAX OBLIGATION/LIMITED - 43.3% (29.0% 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  |
|  | 2,025 | 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 |
|  | 2,000 | California State Public Works Board, Lease Revenue Bonds, Department of Corrections, Series 2003C, 5.500%, 6/01/16                                                 | 12/13 at 100 |
|  | 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 |
|  | 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  |
|  | 1,610 | Folsom Public Financing Authority, California, Special Tax Revenue Bonds, Series 2004A, 5.000%, 9/01/21 - AMBAC Insured                                            | 9/12 at 102  |
|  | 130   | Hesperia Community Redevelopment Agency, California, Tax Allocation Bonds, Series 2005A, 5.000%, 9/01/20 - XLCA Insured                                            | 9/15 at 100  |
|  | 5,540 | Irvine Public Facilities and Infrastructure Authority, California, Assessment Revenue Bonds, Series 2003C, 5.000%, 9/02/21 - AMBAC Insured                         | 9/06 at 103  |
|  | 315   | Los Angeles Community Redevelopment Agency, California, Lease Revenue Bonds, Manchester Social Services Project,                                                   | 9/15 at 100  |

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|       |                                                                                                                                                                    |  |              |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|
|       | Series 2005, 5.000%, 9/01/37 - AMBAC Insured                                                                                                                       |  |              |
| 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 |
| 2,000 | Los Angeles, California, Certificates of Participation, Municipal Improvement Corporation, Series 2003AW, 5.000%, 6/01/33 - AMBAC Insured                          |  | 6/13 at 100  |
| 1,500 | Los Osos, California, Improvement Bonds, Community Services Wastewater Assessment District 1, Series 2002, 5.000%, 9/02/33 - MBIA Insured                          |  | 9/10 at 103  |
| 500   | Paramount Redevelopment Agency, California, Tax Allocation Bonds, Redevelopment Project Area 1, Series 2003, 5.000%, 8/01/19 - MBIA Insured                        |  | 8/13 at 100  |
| 150   | Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 - XLCA Insured                                   |  | 9/15 at 100  |
| 190   | Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 - AMBAC Insured                                             |  | 8/13 at 100  |
|       | 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  |
| 3,300 | 5.000%, 2/01/32 - AMBAC Insured                                                                                                                                    |  | 2/12 at 100  |
| 1,200 | San Diego Redevelopment Agency, California, Subordinate Lien Tax Increment and Parking Revenue Bonds, Centre City Project, Series 2003B, 5.250%, 9/01/26           |  | 9/09 at 101  |

61

Nuveen Insured California Tax-Free Advantage Municipal Fund (NKX) (continued)  
Portfolio of INVESTMENTS August 31, 2006

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                                 | OPTIONAL C<br>PROVISIONS |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                                                 |                          |
|                           | TAX OBLIGATION/LIMITED (continued)                                                                                                              |                          |
| \$ 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              |
| 1,220                     | San Jose Redevelopment Agency, California, Tax Allocation Bonds, Merged Area Redevelopment Project, Series 2002, 5.000%, 8/01/32 - MBIA Insured | 8/10 at 101              |
| 2,390                     | Solano County, California, Certificates of Participation, Series 2002, 5.250%, 11/01/24 - MBIA Insured                                          | 11/12 at 100             |
| -----                     |                                                                                                                                                 |                          |
| 36,330                    | Total Tax Obligation/Limited                                                                                                                    |                          |
| -----                     |                                                                                                                                                 |                          |

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TRANSPORTATION - 14.0% (9.4% 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 |
| 2,000  | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Bonds, Series 1995A, 5.000%, 1/01/35                                              | 1/10 at 100 |
| 1,300  | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series 2000, Issue 26B, 5.000%, 5/01/25 - FGIC Insured | 5/10 at 101 |
| 3,135  | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series Issue 16B, 5.000%, 5/01/24 - FSA Insured        | 5/08 at 101 |
| <hr/>  |                                                                                                                                                                  |             |
| 11,915 | Total Transportation                                                                                                                                             |             |
| <hr/>  |                                                                                                                                                                  |             |

U.S. GUARANTEED - 4.8% (3.2% OF TOTAL INVESTMENTS) (4)

|       |                                                                                                                                                                       |              |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1,000 | Berryessa Union School District, Santa Clara County, California, General Obligation Bonds, Series 2003C, 5.000%, 8/01/21 (Pre-refunded 8/01/12) - FSA Insured         | 8/12 at 100  |
| 1,000 | California Health Facilities Financing Authority, Revenue Bonds, Cedars-Sinai Medical Center, Series 1999A, 6.250%, 12/01/34 (Pre-refunded 12/01/09)                  | 12/09 at 101 |
| 1,940 | California Statewide Community Development Authority, Revenue Bonds, Sherman Oaks Health System, Series 1998A, 5.000%, 8/01/22 (Pre-refunded 8/01/08) - AMBAC Insured | 8/08 at 102  |
| <hr/> |                                                                                                                                                                       |              |
| 3,940 | Total U.S. Guaranteed                                                                                                                                                 |              |
| <hr/> |                                                                                                                                                                       |              |

UTILITIES - 5.6% (3.8% OF TOTAL INVESTMENTS)

|       |                                                                                                                                             |              |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1,000 | Anaheim Public Finance Authority, California, Second Lien Electric Distribution Revenue Bonds, Series 2004, 5.250%, 10/01/21 - MBIA Insured | 10/14 at 100 |
| 3,055 | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2001A-1, 5.250%, 7/01/22 - FSA Insured            | 7/11 at 100  |
| 275   | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2003A-2, 5.000%, 7/01/21 - MBIA Insured           | 7/13 at 100  |
| 310   | Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 - XLCA Insured                          | 9/15 at 100  |
| <hr/> |                                                                                                                                             |              |
| 4,640 | Total Utilities                                                                                                                             |              |
| <hr/> |                                                                                                                                             |              |

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| WATER AND SEWER - 12.1% (8.1% OF TOTAL INVESTMENTS) |                                                                                                                                    |              |
|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 215                                                 | Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 - MBIA Insured           | 4/16 at 100  |
| 1,125                                               | Manteca Financing Authority, California, Sewerage Revenue Bonds, Series 2003B, 5.000%, 12/01/33 - MBIA Insured                     | 12/13 at 100 |
| 170                                                 | Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 - MBIA Insured      | 6/16 at 100  |
| 370                                                 | Sacramento County Sanitation District Financing Authority, California, Revenue Bonds, Series 2006, 5.000%, 12/01/36 - FGIC Insured | 6/16 at 100  |
|                                                     | San Diego Public Facilities Financing Authority, California, Subordinate Lien Water Revenue Bonds, Series 2002:                    |              |
| 3,000                                               | 5.000%, 8/01/22 - MBIA Insured                                                                                                     | 8/12 at 100  |
| 2,500                                               | 5.000%, 8/01/23 - MBIA Insured                                                                                                     | 8/12 at 100  |

62

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1)                                                                                                                                           | OPTIONAL C PROVISIONS |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| -----                  |                                                                                                                                                           |                       |
|                        | WATER AND SEWER (continued)                                                                                                                               |                       |
| \$ 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           |
| 1,600                  | Sunnyvale Financing Authority, California, Water and Wastewater Revenue Bonds, Series 2001, 5.000%, 10/01/26 - AMBAC Insured                              | 10/11 at 100          |
| -----                  |                                                                                                                                                           |                       |
| 10,160                 | Total Water and Sewer                                                                                                                                     |                       |
| -----                  |                                                                                                                                                           |                       |
| \$ 124,435             | Total Long-Term Investments (cost \$125,092,502) - 149.1%                                                                                                 |                       |
| =====                  |                                                                                                                                                           |                       |
|                        | SHORT-TERM INVESTMENTS - 0.1% (0.1% OF TOTAL INVESTMENTS)                                                                                                 |                       |
| 100                    | California Department of Water Resources, Power Supply Revenue Bonds, Variable Rate Demand Obligations, Series 2002C-7, 3.270%, 5/01/22 - FSA Insured (5) |                       |
| -----                  |                                                                                                                                                           |                       |
| \$ 100                 | Total Short-Term Investments (cost \$100,000)                                                                                                             |                       |
| =====                  |                                                                                                                                                           |                       |
|                        | Total Investments (cost \$125,192,502) - 149.2%                                                                                                           |                       |
| -----                  |                                                                                                                                                           |                       |
|                        | Other Assets Less Liabilities - 2.1%                                                                                                                      |                       |
| -----                  |                                                                                                                                                           |                       |
|                        | Preferred Shares, at Liquidation Value - (51.3)%                                                                                                          |                       |
| -----                  |                                                                                                                                                           |                       |
|                        | Net Assets Applicable to Common Shares - 100%                                                                                                             |                       |
| =====                  |                                                                                                                                                           |                       |

At least 80% of the Fund's net assets (including net assets attributable to Preferred shares) are invested in municipal securities that are either covered by Original Issue Insurance, Secondary Market Insurance or Portfolio Insurance which ensures the timely payment of principal and interest. Up to 20% of the Fund's net assets (including net assets attributable to Preferred shares) may be invested in municipal securities that are (i) either backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities (also ensuring the timely payment of principal and interest), or (ii) rated, at the time of investment, within the four highest grades (Baa or BBB or better by Moody's, S&P or Fitch) or unrated but judged to be of comparable quality by the Adviser.

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) Investment has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term investment. The rate disclosed is that in effect at the end of the reporting period. This rate changes periodically based on market conditions or a specified market index.

See accompanying notes to financial statements.

Statement of  
ASSETS AND LIABILITIES August 31, 2006

|                                                  |                                                    |
|--------------------------------------------------|----------------------------------------------------|
| INSURED<br>CALIFORNIA<br>PREMIUM INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM INCOME 2<br>(NCL) |
|--------------------------------------------------|----------------------------------------------------|



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ASSETS

|                                                                                                                |                    |                    |
|----------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Investments, at value (cost \$133,619,422,<br>\$267,368,873, \$119,569,909 and<br>\$503,466,600, respectively) | \$143,674,468      | \$281,660,654      |
| Cash                                                                                                           | --                 | --                 |
| Receivables:                                                                                                   |                    |                    |
| Interest                                                                                                       | 2,350,526          | 3,635,322          |
| Investments sold                                                                                               | 3,082,986          | 5,508,000          |
| Variation margin on futures contracts                                                                          | --                 | --                 |
| Unrealized appreciation on forward swaps                                                                       | 435,891            | 838,226            |
| Other assets                                                                                                   | 8,262              | 37,071             |
| <b>Total assets</b>                                                                                            | <b>149,552,133</b> | <b>291,679,273</b> |

LIABILITIES

|                                          |                  |                  |
|------------------------------------------|------------------|------------------|
| Cash overdraft                           | 14,998           | 111,976          |
| Payable for investments purchased        | 3,733,339        | 5,745,167        |
| Unrealized depreciation on forward swaps | 106,401          | --               |
| Accrued expenses:                        |                  |                  |
| Management fees                          | 78,025           | 151,357          |
| Other                                    | 31,552           | 66,693           |
| Preferred share dividends payable        | 7,149            | 32,849           |
| <b>Total liabilities</b>                 | <b>3,971,464</b> | <b>6,108,042</b> |

|                                        |            |            |
|----------------------------------------|------------|------------|
| Preferred shares, at liquidation value | 45,000,000 | 95,000,000 |
|----------------------------------------|------------|------------|

|                                        |               |               |
|----------------------------------------|---------------|---------------|
| Net assets applicable to Common shares | \$100,580,669 | \$190,571,231 |
|----------------------------------------|---------------|---------------|

|                           |           |            |
|---------------------------|-----------|------------|
| Common shares outstanding | 6,455,666 | 12,716,370 |
|---------------------------|-----------|------------|

|                                                                                                                                   |          |          |
|-----------------------------------------------------------------------------------------------------------------------------------|----------|----------|
| Net asset value per Common share outstanding<br>(net assets applicable to Common shares,<br>divided by Common shares outstanding) | \$ 15.58 | \$ 14.99 |
|-----------------------------------------------------------------------------------------------------------------------------------|----------|----------|

NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:

|                                                                                           |                      |                      |
|-------------------------------------------------------------------------------------------|----------------------|----------------------|
| Common shares, \$.01 par value per share                                                  | \$ 64,557            | \$ 127,164           |
| Paid-in surplus                                                                           | 89,361,743           | 176,229,375          |
| Undistributed (Over-distribution of) net investment income                                | 422,103              | 129,491              |
| Accumulated net realized gain (loss) from investments<br>and derivative transactions      | 347,730              | (1,044,806)          |
| Net unrealized appreciation (depreciation ) of investments<br>and derivative transactions | 10,384,536           | 15,130,007           |
| <b>Net assets applicable to Common shares</b>                                             | <b>\$100,580,669</b> | <b>\$190,571,231</b> |
| Authorized shares:                                                                        |                      |                      |
| Common                                                                                    | 200,000,000          | 200,000,000          |
| Preferred                                                                                 | 1,000,000            | 1,000,000            |

See accompanying notes to financial statements.

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|                                                                                                                                   | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <b>ASSETS</b>                                                                                                                     |                                                |                                                |
| Investments, at value (cost \$315,496,436,<br>\$521,149,817, \$329,482,118 and<br>\$125,192,502, respectively)                    | \$332,063,859                                  | \$543,782,656                                  |
| Cash                                                                                                                              | --                                             | --                                             |
| Receivables:                                                                                                                      |                                                |                                                |
| Interest                                                                                                                          | 4,347,136                                      | 7,564,105                                      |
| Investments sold                                                                                                                  | 226,600                                        | 365,650                                        |
| Variation margin on futures contracts                                                                                             | --                                             | --                                             |
| Unrealized appreciation on forward swaps                                                                                          | 1,584,221                                      | --                                             |
| Other assets                                                                                                                      | 29,233                                         | 26,464                                         |
| <b>Total assets</b>                                                                                                               | <b>338,251,049</b>                             | <b>551,738,875</b>                             |
| <b>LIABILITIES</b>                                                                                                                |                                                |                                                |
| Cash overdraft                                                                                                                    | 53,237                                         | 1,933,247                                      |
| Payable for investments purchased                                                                                                 | --                                             | --                                             |
| Unrealized depreciation on forward swaps                                                                                          | 836,012                                        | --                                             |
| Accrued expenses:                                                                                                                 |                                                |                                                |
| Management fees                                                                                                                   | 106,958                                        | 148,182                                        |
| Other                                                                                                                             | 63,326                                         | 110,423                                        |
| Preferred share dividends payable                                                                                                 | 31,643                                         | 74,266                                         |
| <b>Total liabilities</b>                                                                                                          | <b>1,091,176</b>                               | <b>2,266,118</b>                               |
| Preferred shares, at liquidation value                                                                                            | 110,000,000                                    | 187,000,000                                    |
| Net assets applicable to Common shares                                                                                            | \$227,159,873                                  | \$362,472,757                                  |
| Common shares outstanding                                                                                                         | 14,790,660                                     | 24,112,833                                     |
| Net asset value per Common share outstanding<br>(net assets applicable to Common shares,<br>divided by Common shares outstanding) | \$ 15.36                                       | \$ 15.03                                       |
| <b>NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:</b>                                                                         |                                                |                                                |
| Common shares, \$.01 par value per share                                                                                          | \$ 147,907                                     | \$ 241,128                                     |
| Paid-in surplus                                                                                                                   | 210,049,075                                    | 342,513,152                                    |
| Undistributed (Over-distribution of) net investment income                                                                        | 53,273                                         | 283,661                                        |
| Accumulated net realized gain (loss) from investments<br>and derivative transactions                                              | (406,014)                                      | (3,198,023)                                    |
| Net unrealized appreciation (depreciation) of investments<br>and derivative transactions                                          | 17,315,632                                     | 22,632,839                                     |
| Net assets applicable to Common shares                                                                                            | \$227,159,873                                  | \$362,472,757                                  |
| Authorized shares:                                                                                                                |                                                |                                                |
| Common                                                                                                                            | Unlimited                                      | Unlimited                                      |
| Preferred                                                                                                                         | Unlimited                                      | Unlimited                                      |

See accompanying notes to financial statements.

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Statement of  
OPERATIONS Year Ended August 31, 2006

|                                                                                                    | INSURED<br>CALIFORNIA<br>PREMIUM INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM INCOME 2<br>(NCL) |
|----------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------|
| INVESTMENT INCOME                                                                                  | \$ 7,066,532                                     | \$13,680,129                                       |
| EXPENSES                                                                                           |                                                  |                                                    |
| Management fees                                                                                    | 925,758                                          | 1,789,822                                          |
| Preferred shares - auction fees                                                                    | 112,573                                          | 237,653                                            |
| Preferred shares - dividend disbursing agent fees                                                  | 10,000                                           | 20,000                                             |
| Shareholders' servicing agent fees and expenses                                                    | 10,766                                           | 16,116                                             |
| Custodian's fees and expenses                                                                      | 35,356                                           | 76,028                                             |
| Directors'/Trustees' fees and expenses                                                             | 3,310                                            | 6,462                                              |
| Professional fees                                                                                  | 14,865                                           | 19,809                                             |
| Shareholders' reports - printing and mailing expenses                                              | 12,018                                           | 31,201                                             |
| Stock exchange listing fees                                                                        | 10,024                                           | 10,046                                             |
| Investor relations expense                                                                         | 15,098                                           | 29,210                                             |
| Other expenses                                                                                     | 12,142                                           | 22,432                                             |
| Total expenses before custodian fee credit and<br>expense reimbursement                            | 1,161,910                                        | 2,258,779                                          |
| Custodian fee credit                                                                               | (10,773)                                         | (8,807)                                            |
| Expense reimbursement                                                                              | --                                               | --                                                 |
| Net expenses                                                                                       | 1,151,137                                        | 2,249,972                                          |
| Net investment income                                                                              | 5,915,395                                        | 11,430,157                                         |
| REALIZED AND UNREALIZED GAIN (LOSS)                                                                |                                                  |                                                    |
| Net realized gain (loss) from investments                                                          | 338,450                                          | 306,694                                            |
| Net realized gain (loss) from futures                                                              | --                                               | --                                                 |
| Net realized gain (loss) from forward swaps                                                        | --                                               | --                                                 |
| Change in net unrealized appreciation (depreciation)<br>of investments                             | (3,110,907)                                      | (4,684,758)                                        |
| Change in net unrealized appreciation (depreciation)<br>of futures                                 | --                                               | --                                                 |
| Change in net unrealized appreciation (depreciation)<br>of forward swaps                           | 329,490                                          | 838,226                                            |
| Net realized and unrealized gain (loss)                                                            | (2,442,967)                                      | (3,539,838)                                        |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS                                                            |                                                  |                                                    |
| From net investment income                                                                         | (1,180,659)                                      | (2,543,117)                                        |
| From accumulated net realized gains                                                                | (120,330)                                        | --                                                 |
| Decrease in net assets applicable to Common shares<br>from distributions to Preferred shareholders | (1,300,989)                                      | (2,543,117)                                        |
| Net increase (decrease) in net assets applicable to<br>Common shares from operations               | \$ 2,171,439                                     | \$ 5,347,202                                       |

See accompanying notes to financial statements.

|                                                                                                    | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) |
|----------------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| INVESTMENT INCOME                                                                                  | \$15,970,147                                   | \$25,990,365                                   |
| EXPENSES                                                                                           |                                                |                                                |
| Management fees                                                                                    | 2,104,016                                      | 3,393,539                                      |
| Preferred shares - auction fees                                                                    | 274,800                                        | 467,803                                        |
| Preferred shares - dividend disbursing agent fees                                                  | 20,000                                         | 20,000                                         |
| Shareholders' servicing agent fees and expenses                                                    | 2,967                                          | 4,860                                          |
| Custodian's fees and expenses                                                                      | 85,029                                         | 127,319                                        |
| Directors'/Trustees' fees and expenses                                                             | 7,629                                          | 12,397                                         |
| Professional fees                                                                                  | 22,197                                         | 30,063                                         |
| Shareholders' reports - printing and mailing expenses                                              | 29,838                                         | 41,504                                         |
| Stock exchange listing fees                                                                        | 1,258                                          | 2,052                                          |
| Investor relations expense                                                                         | 33,493                                         | 50,314                                         |
| Other expenses                                                                                     | 20,400                                         | 24,964                                         |
| Total expenses before custodian fee credit and<br>expense reimbursement                            | 2,601,627                                      | 4,174,815                                      |
| Custodian fee credit                                                                               | (13,983)                                       | (27,031)                                       |
| Expense reimbursement                                                                              | (935,350)                                      | (1,637,956)                                    |
| Net expenses                                                                                       | 1,652,294                                      | 2,509,828                                      |
| Net investment income                                                                              | 14,317,853                                     | 23,480,537                                     |
| REALIZED AND UNREALIZED GAIN (LOSS)                                                                |                                                |                                                |
| Net realized gain (loss) from investments                                                          | 686,754                                        | 1,057,466                                      |
| Net realized gain (loss) from futures                                                              | --                                             | --                                             |
| Net realized gain (loss) from forward swaps                                                        | --                                             | --                                             |
| Change in net unrealized appreciation (depreciation)<br>of investments                             | (4,193,089)                                    | (5,851,121)                                    |
| Change in net unrealized appreciation (depreciation)<br>of futures                                 | --                                             | --                                             |
| Change in net unrealized appreciation (depreciation)<br>of forward swaps                           | 748,209                                        | --                                             |
| Net realized and unrealized gain (loss)                                                            | (2,758,126)                                    | (4,793,655)                                    |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS                                                            |                                                |                                                |
| From net investment income                                                                         | (3,160,483)                                    | (5,401,864)                                    |
| From accumulated net realized gains                                                                | --                                             | --                                             |
| Decrease in net assets applicable to Common shares<br>from distributions to Preferred shareholders | (3,160,483)                                    | (5,401,864)                                    |
| Net increase (decrease) in net assets applicable to Common shares<br>from operations               | \$ 8,399,244                                   | \$13,285,018                                   |

See accompanying notes to financial statements.

Statement of  
CHANGES IN NET ASSETS

|                                       | INSURED CALIFORNIA<br>PREMIUM INCOME (NPC) |                       | INSURED CALIFORNIA<br>PREMIUM INCOME 2 (NCL) |                       |
|---------------------------------------|--------------------------------------------|-----------------------|----------------------------------------------|-----------------------|
|                                       | YEAR ENDED<br>8/31/06                      | YEAR ENDED<br>8/31/05 | YEAR ENDED<br>8/31/06                        | YEAR ENDED<br>8/31/05 |
| <hr/>                                 |                                            |                       |                                              |                       |
| OPERATIONS                            |                                            |                       |                                              |                       |
| Net investment income                 | \$ 5,915,395                               | \$ 6,103,373          | \$ 11,430,157                                | \$ 11,662,34          |
| Net realized gain (loss)              |                                            |                       |                                              |                       |
| from investments                      | 338,450                                    | 1,025,239             | 306,694                                      | 572,38                |
| Net realized gain (loss)              |                                            |                       |                                              |                       |
| from futures                          | --                                         | --                    | --                                           | --                    |
| Net realized gain (loss) from         |                                            |                       |                                              |                       |
| forward swaps                         | --                                         | --                    | --                                           | --                    |
| Change in net unrealized              |                                            |                       |                                              |                       |
| appreciation (depreciation)           |                                            |                       |                                              |                       |
| of investments                        | (3,110,907)                                | 347,962               | (4,684,758)                                  | 3,008,57              |
| Change in net unrealized              |                                            |                       |                                              |                       |
| appreciation (depreciation)           |                                            |                       |                                              |                       |
| of futures                            | --                                         | --                    | --                                           | --                    |
| Change in net unrealized              |                                            |                       |                                              |                       |
| appreciation (depreciation)           |                                            |                       |                                              |                       |
| of forward swaps                      | 329,490                                    | --                    | 838,226                                      | --                    |
| Distributions to                      |                                            |                       |                                              |                       |
| Preferred shareholders:               |                                            |                       |                                              |                       |
| From net investment income            | (1,180,659)                                | (659,626)             | (2,543,117)                                  | (1,431,48             |
| From accumulated net                  |                                            |                       |                                              |                       |
| realized gains                        | (120,330)                                  | (53,379)              | --                                           | --                    |
| <hr/>                                 |                                            |                       |                                              |                       |
| Net increase (decrease)               |                                            |                       |                                              |                       |
| in net assets applicable              |                                            |                       |                                              |                       |
| to Common shares                      |                                            |                       |                                              |                       |
| from operations                       | 2,171,439                                  | 6,763,569             | 5,347,202                                    | 13,811,82             |
| <hr/>                                 |                                            |                       |                                              |                       |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS  |                                            |                       |                                              |                       |
| From net investment income            | (5,325,135)                                | (5,939,147)           | (9,670,803)                                  | (11,212,17            |
| From accumulated net                  |                                            |                       |                                              |                       |
| realized gains                        | (881,569)                                  | (1,006,068)           | --                                           | --                    |
| <hr/>                                 |                                            |                       |                                              |                       |
| Decrease in net assets applicable to  |                                            |                       |                                              |                       |
| Common shares from                    |                                            |                       |                                              |                       |
| distributions to                      |                                            |                       |                                              |                       |
| Common shareholders                   | (6,206,704)                                | (6,945,215)           | (9,670,803)                                  | (11,212,17            |
| <hr/>                                 |                                            |                       |                                              |                       |
| CAPITAL SHARE TRANSACTIONS            |                                            |                       |                                              |                       |
| Net proceeds from Common shares       |                                            |                       |                                              |                       |
| issued to shareholders due to         |                                            |                       |                                              |                       |
| reinvestment of distributions         | 106,152                                    | 73,727                | --                                           | 260,35                |
| Preferred shares offering             |                                            |                       |                                              |                       |
| costs adjustments                     | --                                         | --                    | --                                           | --                    |
| <hr/>                                 |                                            |                       |                                              |                       |
| Net increase (decrease) in net assets |                                            |                       |                                              |                       |
| applicable to Common shares from      |                                            |                       |                                              |                       |
| capital share transactions            | 106,152                                    | 73,727                | --                                           | 260,35                |

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|                                                                                     |               |               |               |               |
|-------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|
| Net increase (decrease)<br>in net assets<br>applicable to Common shares             | (3,929,113)   | (107,919)     | (4,323,601)   | 2,860,000     |
| Net assets applicable to<br>Common shares at the<br>beginning of year               | 104,509,782   | 104,617,701   | 194,894,832   | 192,034,832   |
| Net assets applicable to Common<br>shares at the end of year                        | \$100,580,669 | \$104,509,782 | \$190,571,231 | \$194,894,832 |
| Undistributed (Over-distribution of)<br>net investment income<br>at the end of year | \$ 422,103    | \$ 1,022,294  | \$ 129,491    | \$ 935,370    |

See accompanying notes to financial statements.

68

|                                                                                            | CALIFORNIA<br>DIVIDEND ADVANTAGE (NAC) |                       | CALIFORNIA<br>DIVIDEND ADVANTAGE 2 (NVX) |                       |
|--------------------------------------------------------------------------------------------|----------------------------------------|-----------------------|------------------------------------------|-----------------------|
|                                                                                            | YEAR ENDED<br>8/31/06                  | YEAR ENDED<br>8/31/05 | YEAR ENDED<br>8/31/06                    | YEAR ENDED<br>8/31/05 |
| <b>OPERATIONS</b>                                                                          |                                        |                       |                                          |                       |
| Net investment income                                                                      | \$ 23,690,415                          | \$ 24,302,547         | \$ 14,317,853                            | \$ 14,459,710         |
| Net realized gain (loss)<br>from investments                                               | 1,496,422                              | 480,737               | 686,754                                  | 383,420               |
| Net realized gain (loss)<br>from futures                                                   | 102,063                                | --                    | --                                       | --                    |
| Net realized gain (loss) from<br>forward swaps                                             | --                                     | --                    | --                                       | --                    |
| Change in net unrealized<br>appreciation (depreciation)<br>of investments                  | (8,347,244)                            | 11,381,369            | (4,193,089)                              | 10,159,520            |
| Change in net unrealized<br>appreciation (depreciation)<br>of futures                      | 27,339                                 | --                    | --                                       | --                    |
| Change in net unrealized<br>appreciation (depreciation)<br>of forward swaps                | 838,429                                | --                    | 748,209                                  | --                    |
| Distributions to<br>Preferred shareholders:                                                |                                        |                       |                                          |                       |
| From net investment income                                                                 | (4,964,723)                            | (2,855,101)           | (3,160,483)                              | (1,768,560)           |
| From accumulated net<br>realized gains                                                     | (111,335)                              | (64,137)              | --                                       | --                    |
| Net increase (decrease)<br>in net assets<br>applicable to Common shares<br>from operations | 12,731,366                             | 33,245,415            | 8,399,244                                | 23,234,090            |
| <b>DISTRIBUTIONS TO COMMON SHAREHOLDERS</b>                                                |                                        |                       |                                          |                       |
| From net investment income                                                                 | (21,230,311)                           | (23,037,818)          | (12,379,782)                             | (13,489,080)          |
| From accumulated net                                                                       |                                        |                       |                                          |                       |

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|                                                                                                         |               |               |               |              |
|---------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|--------------|
| realized gains                                                                                          | (782,285)     | (1,086,300)   | --            | --           |
| -----                                                                                                   |               |               |               |              |
| Decrease in net assets applicable to<br>Common shares from distributions to<br>Common shareholders      | (22,012,596)  | (24,124,118)  | (12,379,782)  | (13,489,08)  |
| -----                                                                                                   |               |               |               |              |
| CAPITAL SHARE TRANSACTIONS                                                                              |               |               |               |              |
| Net proceeds from Common shares<br>issued to shareholders due to<br>reinvestment of distributions       | 532,651       | 77,239        | --            | --           |
| Preferred shares offering<br>costs adjustments                                                          | --            | --            | --            | --           |
| -----                                                                                                   |               |               |               |              |
| Net increase (decrease) in net assets<br>applicable to Common shares from<br>capital share transactions | 532,651       | 77,239        | --            | --           |
| -----                                                                                                   |               |               |               |              |
| Net increase (decrease) in net assets<br>applicable to Common shares                                    | (8,748,579)   | 9,198,536     | (3,980,538)   | 9,745,01     |
| Net assets applicable to Common<br>shares at the beginning<br>of year                                   | 374,264,743   | 365,066,207   | 231,140,411   | 221,395,40   |
| -----                                                                                                   |               |               |               |              |
| Net assets applicable to Common<br>shares at the end of year                                            | \$365,516,164 | \$374,264,743 | \$227,159,873 | \$231,140,41 |
| =====                                                                                                   |               |               |               |              |
| Undistributed (Over-distribution of)<br>net investment income<br>at the end of year                     | \$ 136,735    | \$ 2,641,354  | \$ 53,273     | \$ 1,278,39  |
| =====                                                                                                   |               |               |               |              |

See accompanying notes to financial statements.

69

Statement of  
CHANGES IN NET ASSETS (continued)

|                                                                          | INSURED CALIFORNIA<br>DIVIDEND ADVANTAGE (NKL) |                      |
|--------------------------------------------------------------------------|------------------------------------------------|----------------------|
|                                                                          | YEAR ENDED<br>8/31/06                          | YEAR ENDED<br>8/31/0 |
| -----                                                                    |                                                |                      |
| OPERATIONS                                                               |                                                |                      |
| Net investment income                                                    | \$ 15,416,776                                  | \$ 15,469,13         |
| Net realized gain (loss) from investments                                | 106,122                                        | 750,28               |
| Net realized gain (loss) from futures                                    | --                                             | --                   |
| Net realized gain (loss) from<br>forward swaps                           | 772,782                                        | (2,892,45            |
| Change in net unrealized appreciation<br>(depreciation) of investments   | (4,883,419)                                    | 9,357,07             |
| Change in net unrealized appreciation<br>(depreciation) of futures       | --                                             | --                   |
| Change in net unrealized appreciation<br>(depreciation) of forward swaps | 191,673                                        | 809,70               |
| Distributions to Preferred shareholders:<br>From net investment income   | (3,404,610)                                    | (1,886,67            |

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|                                                                                                   |               |              |
|---------------------------------------------------------------------------------------------------|---------------|--------------|
| From accumulated net realized gains                                                               | --            | (45,70)      |
| -----                                                                                             |               |              |
| Net increase (decrease) in net assets applicable to Common shares from operations                 | 8,199,324     | 21,561,35    |
| -----                                                                                             |               |              |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS                                                              |               |              |
| From net investment income                                                                        | (13,002,466)  | (13,733,78   |
| From accumulated net realized gains                                                               | --            | (759,92      |
| -----                                                                                             |               |              |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders      | (13,002,466)  | (14,493,70   |
| -----                                                                                             |               |              |
| CAPITAL SHARE TRANSACTIONS                                                                        |               |              |
| Net proceeds from Common shares issued to shareholders due to reinvestment of distributions       | 73,640        | -            |
| Preferred shares offering costs adjustments                                                       | --            | (5           |
| -----                                                                                             |               |              |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | 73,640        | (5           |
| -----                                                                                             |               |              |
| Net increase (decrease) in net assets applicable to Common shares                                 | (4,729,502)   | 7,067,59     |
| Net assets applicable to Common shares at the beginning of year                                   | 241,254,091   | 234,186,49   |
| -----                                                                                             |               |              |
| Net assets applicable to Common shares at the end of year                                         | \$236,524,589 | \$241,254,09 |
| =====                                                                                             |               |              |
| Undistributed (Over-distribution of) net investment income at the end of year                     | \$ (95,484)   | \$ 899,99    |
| =====                                                                                             |               |              |

See accompanying notes to financial statements.

70

Notes to  
FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The California funds (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). Common shares of Insured California Premium Income (NPC), Insured California Premium Income 2 (NCL) and California Dividend Advantage (NAC) are



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traded on the New York Stock Exchange while Common shares of California Premium Income (NCU), California Dividend Advantage 2 (NVX), California Dividend Advantage 3 (NZH), Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX) are traded on the American Stock Exchange. The Funds are registered under the Investment Company Act of 1940, as amended, as closed-end management investment companies.

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

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

### Investment Valuation

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

### Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from transactions are determined on the specific identification method. Investments purchased on a when-issued or delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when-issued/delayed delivery purchase commitments. At August 31, 2006, Insured California Premium Income (NPC) and Insured California Premium Income 2 (NCL) had outstanding when-issued/delayed delivery purchase commitments of \$3,733,339 and \$5,745,167, respectively. There were no such outstanding purchase commitments in any of the other Funds.

### Investment Income

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

### Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to distribute substantially all net investment income and net capital gains to shareholders and to otherwise comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required. Furthermore, each Fund intends to satisfy conditions which will enable interest from municipal securities, which is exempt from regular federal and California state income taxes, and in the case of Insured California Tax-Free Advantage (NKX) the alternative minimum tax applicable to individuals, to retain such tax-exempt status when distributed to shareholders of the Funds. All monthly tax-exempt income dividends paid during the fiscal year ended August 31, 2006, have been designated Exempt Interest Dividends. Net realized capital gains and ordinary income distributions paid by the Funds are subject to federal taxation.

Notes to  
FINANCIAL STATEMENTS (continued)

Dividends and Distributions to Common Shareholders

Dividends from tax-exempt net investment income are declared monthly. Net realized capital gains and/or market discount from investment transactions, if any, are distributed to shareholders not less frequently than annually. Furthermore, capital gains are distributed only to the extent they exceed available capital loss carryforwards.

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

Preferred Shares

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

|                   | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME 2<br>(NCL) | CALIFORNIA<br>PREMIUM<br>INCOME<br>(NCU) | CA<br>A |
|-------------------|-----------------------------------------------------|-------------------------------------------------------|------------------------------------------|---------|
| -----             |                                                     |                                                       |                                          |         |
| Number of shares: |                                                     |                                                       |                                          |         |
| Series M          | --                                                  | --                                                    | 1,720                                    |         |
| Series T          | 1,800                                               | 1,900                                                 | --                                       |         |
| Series TH         | --                                                  | 1,900                                                 | --                                       |         |
| Series F          | --                                                  | --                                                    | --                                       |         |
| -----             |                                                     |                                                       |                                          |         |

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| Total             | 1,800                                          | 3,800                                          | 1,720                                                   |
|-------------------|------------------------------------------------|------------------------------------------------|---------------------------------------------------------|
|                   | 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          | 2,200                                          | 3,740                                          | --                                                      |
| Series T          | --                                             | --                                             | 2,360                                                   |
| Series TH         | --                                             | 3,740                                          | --                                                      |
| Series F          | 2,200                                          | --                                             | 2,360                                                   |
| Total             | 4,400                                          | 7,480                                          | 4,720                                                   |

Insurance

Insured California Premium Income (NPC) and Insured California Premium Income 2 (NCL) invest only in municipal securities which are either covered by insurance or are backed by an escrow or trust account containing sufficient U.S. Government or U.S. Government agency securities, both of which ensure the timely payment of principal and interest.

Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX) invest at least 80% of their net assets (including net assets attributable to Preferred shares) in municipal securities that are covered by insurance. Each Fund may also invest up to 20% of its net assets (including net assets attributable to Preferred shares) in municipal securities which are either (i) backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, or (ii) rated, at the time of investment, within the four highest grades (Baa or BBB or better by Moody's, S&P or Fitch) or unrated but judged to be of comparable quality by the Adviser.

Each insured municipal security is covered by Original Issue Insurance, Secondary Market Insurance or Portfolio Insurance. Such insurance does not guarantee the market value of the municipal securities or the value of the Funds' Common shares. Original Issue Insurance and Secondary Market Insurance remain in effect as long as the municipal securities covered thereby remain outstanding and the insurer remains in business, regardless of whether the Funds ultimately dispose of such municipal securities. Consequently, the market value of the municipal securities covered by Original Issue Insurance or Secondary Market Insurance may reflect value attributable to the insurance. Portfolio Insurance, in contrast, is effective only while the municipal securities are held by the Funds. Accordingly, neither the prices used in determining the market value of the underlying municipal securities nor the Common share net asset value of the Funds include value, if any, attributable to the Portfolio Insurance. Each policy of the Portfolio Insurance does, however, give the Funds the right to obtain permanent insurance with respect to the municipal security covered by the Portfolio Insurance policy at the time of its sale.

Forward Swap Transactions

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

#### Futures Contracts

The Funds are authorized to invest in futures contracts for the purposes of hedging against changes in values of a Fund's securities or changes in the prevailing levels of interest rates, as a substitute for a position in the underlying asset, or to enhance the portfolio's return. Upon entering into a futures contract, a Fund is required to deposit with the broker an amount of cash or liquid securities equal to a specified percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by a Fund each day, depending on the daily fluctuation of the value of the contract.

During the period the futures contract is open, changes in the value of the contract are recognized as an unrealized gain or loss by "marking-to-market" on a daily basis to reflect the changes in market value of the contract. When the contract is closed, a Fund records realized gains or losses equal to the difference between the value of the contract on the closing date and value of the contract when originally entered into.

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

#### Custodian Fee Credit

Each Fund has an arrangement with the custodian bank whereby certain custodian fees and expenses are reduced by credits earned on each Fund's cash on deposit with the bank. Such deposit arrangements are an alternative to overnight

investments.

Indemnifications

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

Use of Estimates

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

Notes to  
FINANCIAL STATEMENTS (continued)

2. FUND SHARES

Transactions in Common shares were as follows:

|                                                                                    | INSURED CALIFORNIA<br>PREMIUM INCOME (NPC) |                       | INSURED CALIFORNIA<br>PREMIUM INCOME 2 (NCL) |                       | CALIFORNIA<br>PREMIUM INCOM  |    |
|------------------------------------------------------------------------------------|--------------------------------------------|-----------------------|----------------------------------------------|-----------------------|------------------------------|----|
|                                                                                    | YEAR ENDED<br>8/31/06                      | YEAR ENDED<br>8/31/05 | YEAR ENDED<br>8/31/06                        | YEAR ENDED<br>8/31/05 | YEAR ENDED<br>8/31/06        | YE |
| Common shares issued<br>to shareholders<br>due to reinvestment<br>of distributions | 6,731                                      | 4,473                 | --                                           | 16,994                | --                           |    |
|                                                                                    | CALIFORNIA DIVIDEND<br>ADVANTAGE (NAC)     |                       | CALIFORNIA DIVIDEND<br>ADVANTAGE 2 (NVX)     |                       | CALIFORNIA DI<br>ADVANTAGE 3 |    |
|                                                                                    | YEAR ENDED<br>8/31/06                      | YEAR ENDED<br>8/31/05 | YEAR ENDED<br>8/31/06                        | YEAR ENDED<br>8/31/05 | YEAR ENDED<br>8/31/06        | YE |
| Common shares issued<br>to shareholders<br>due to reinvestment<br>of distributions | 33,399                                     | 4,849                 | --                                           | --                    | --                           |    |
|                                                                                    | INSURED                                    |                       | INSURED                                      |                       | INSURE                       |    |

|                                                                              | CALIFORNIA DIVIDEND<br>ADVANTAGE (NKL) |                       | CALIFORNIA TA<br>ADVANTAGE ( |    |
|------------------------------------------------------------------------------|----------------------------------------|-----------------------|------------------------------|----|
|                                                                              | YEAR ENDED<br>8/31/06                  | YEAR ENDED<br>8/31/05 | YEAR ENDED<br>8/31/06        | YE |
| Common shares issued to shareholders<br>due to reinvestment of distributions | 4,796                                  | --                    | --                           |    |

3. INVESTMENT TRANSACTIONS

Purchases and sales (including maturities but excluding short-term investments and derivative transactions) during the fiscal year ended August 31, 2006, 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) | CA<br>A |
|----------------------|-----------------------------------------------------|-------------------------------------------------------|------------------------------------------|---------|
| Purchases            | \$15,633,431                                        | \$38,063,401                                          | \$25,282,371                             | \$68    |
| Sales and maturities | 13,172,344                                          | 40,252,952                                            | 26,869,773                               | 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) | CA<br>A |
|----------------------|------------------------------------------------|------------------------------------------------|---------------------------------------------------------|---------|
| Purchases            | \$29,101,136                                   | \$52,091,968                                   | \$11,566,593                                            | \$4     |
| Sales and maturities | 30,856,789                                     | 54,390,357                                     | 12,318,501                                              | 5       |

4. INCOME TAX INFORMATION

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to the treatment of paydown gains and losses, timing differences in recognizing taxable market discount and timing differences in recognizing certain gains and losses on investment transactions. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts on the Statement of Assets and Liabilities, based on their Federal tax basis treatment and have no impact on the net asset value of the Funds. Temporary differences do not require reclassification.

At August 31, 2006, the cost of investments was as follows:

| INSURED | INSURED |
|---------|---------|
|---------|---------|

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|                     | CALIFORNIA<br>PREMIUM<br>INCOME<br>(NPC) | CALIFORNIA<br>PREMIUM<br>INCOME 2<br>(NCL) | CALIFORNIA<br>PREMIUM<br>INCOME<br>(NCU) |
|---------------------|------------------------------------------|--------------------------------------------|------------------------------------------|
| Cost of investments | \$133,583,833                            | \$267,204,885                              | \$119,512,129                            |

|                     | 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) |
|---------------------|------------------------------------------------|------------------------------------------------|---------------------------------------------------------|
| Cost of investments | \$315,484,862                                  | \$521,162,872                                  | \$330,937,963                                           |

Gross unrealized appreciation and gross unrealized depreciation of investments at August 31, 2006, 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) |
|--------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|------------------------------------------|
| Gross unrealized:<br>Appreciation                            | \$10,091,147                                        | \$14,503,375                                          | \$5,935,353                              |
| Depreciation                                                 | (512)                                               | (47,606)                                              | (8,399)                                  |
| Net unrealized appreciation (depreciation)<br>of investments | \$10,090,635                                        | \$14,455,769                                          | \$5,926,954                              |

|                                                              | 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) |
|--------------------------------------------------------------|------------------------------------------------|------------------------------------------------|---------------------------------------------------------|
| Gross unrealized:<br>Appreciation                            | \$16,779,565                                   | \$23,164,411                                   | \$21,558,143                                            |
| Depreciation                                                 | (200,568)                                      | (544,627)                                      | (1,646,651)                                             |
| Net unrealized appreciation (depreciation)<br>of investments | \$16,578,997                                   | \$22,619,784                                   | \$19,911,492                                            |

The tax components of undistributed net tax-exempt income, net ordinary income and net long-term capital gains at August 31, 2006, the Funds' tax year end, were as follows:

| INSURED<br>CALIFORNIA<br>PREMIUM | INSURED<br>CALIFORNIA<br>PREMIUM | CALIFORNIA<br>PREMIUM |
|----------------------------------|----------------------------------|-----------------------|
|----------------------------------|----------------------------------|-----------------------|

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|                                           | INCOME<br>(NPC) | INCOME 2<br>(NCL) | INCOME<br>(NCU) |
|-------------------------------------------|-----------------|-------------------|-----------------|
| Undistributed net tax-exempt income *     | \$757,514       | \$744,833         | \$324,441       |
| Undistributed net ordinary income **      | 46,081          | 3,783             | --              |
| Undistributed net long-term capital gains | 347,730         | --                | 213,601         |

|                                           | 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) |
|-------------------------------------------|------------------------------------------------|------------------------------------------------|---------------------------------------------------------|
| Undistributed net tax-exempt income *     | \$1,042,127                                    | \$1,925,249                                    | \$782,973                                               |
| Undistributed net ordinary income **      | --                                             | --                                             | --                                                      |
| Undistributed net long-term capital gains | --                                             | --                                             | 49,448                                                  |

\* Undistributed net tax-exempt income (on a tax basis) has not been reduced for the dividend declared on August 1, 2006, paid on September 1, 2006.

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

75

Notes to  
FINANCIAL STATEMENTS (continued)

The tax character of distributions paid during the tax years ended August 31, 2006 and August 31, 2005, was designated for purposes of the dividends paid deduction as follows:

| 2006                                               | 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) |
|----------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|------------------------------------------|
| Distributions from net tax-exempt income           | \$6,489,050                                         | \$12,330,721                                          | \$5,697,561                              |
| Distributions from net ordinary income **          | 79,771                                              | --                                                    | --                                       |
| Distributions from net long-term capital gains *** | 1,001,943                                           | --                                                    | 81,625                                   |

| 2006                                     | 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) |
|------------------------------------------|------------------------------------------------|------------------------------------------------|---------------------------------------------------------|
| Distributions from net tax-exempt income | \$15,681,327                                   | \$25,609,086                                   | \$16,451,218                                            |



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|                                                    |    |    |    |
|----------------------------------------------------|----|----|----|
| Distributions from net ordinary income **          | -- | -- | -- |
| Distributions from net long-term capital gains *** | -- | -- | -- |

|                                                | 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) |
|------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|------------------------------------------|
| 2005                                           |                                                     |                                                       |                                          |
| Distributions from net tax-exempt income       | \$6,520,209                                         | \$12,725,281                                          | \$5,644,396                              |
| Distributions from net ordinary income **      | 377,496                                             | --                                                    | --                                       |
| Distributions from net long-term capital gains | 785,476                                             | --                                                    | --                                       |

|                                                | 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) |
|------------------------------------------------|------------------------------------------------|------------------------------------------------|---------------------------------------------------------|
| 2005                                           |                                                |                                                |                                                         |
| Distributions from net tax-exempt income       | \$15,245,298                                   | \$23,895,351                                   | \$15,677,229                                            |
| Distributions from net ordinary income **      | --                                             | --                                             | 116,229                                                 |
| Distributions from net long-term capital gains | --                                             | --                                             | 689,397                                                 |

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

\*\*\* The Funds designated as a long-term capital gain dividend, pursuant to Internal Revenue Code Section 852(b)(3), the amount necessary to reduce the earnings and profits of the Funds related to net capital gain to zero for the tax year ended August 31, 2006.

76

At August 31, 2006, 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>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) |
|------------------|-------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Expiration year: |                                                       |                                                |                                                |
| 2009             | \$ 585,620                                            | \$ --                                          | \$ --                                          |
| 2010             | 440,510                                               | --                                             | --                                             |
| 2011             | --                                                    | --                                             | 2,849,060                                      |
| 2012             | --                                                    | 406,014                                        | 323,840                                        |
| 2013             | --                                                    | --                                             | --                                             |
| 2014             | --                                                    | --                                             | --                                             |
| Total            | \$1,026,130                                           | \$406,014                                      | \$3,172,900                                    |

Insured California Premium Income 2 (NCL) elected to defer net realized losses from investments incurred from November 1, 2005 through August 31, 2006 ("post-October losses") in accordance with Federal income tax regulations. Post-October losses of \$18,677 were treated as having arisen on the first day of the following year.

5. MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

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

The annual fund-level fee, payable monthly, for each Fund is based upon the average daily net assets (including net assets attributable to Preferred shares) of each Fund as follows:

| AVERAGE DAILY NET ASSETS<br>(INCLUDING NET ASSETS<br>ATTRIBUTABLE TO PREFERRED SHARES) | 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 net assets over \$5 billion                                                        | .3750                                                                                                                                          |

| AVERAGE DAILY NET ASSETS<br>(INCLUDING NET ASSETS<br>ATTRIBUTABLE TO PREFERRED SHARES) | 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)<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 net assets over \$2 billion                                                        | .3750                                                                                                                                                                                                                                      |

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The annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S., is based on the aggregate amount of total fund assets managed as stated in the table below. As of August 31, 2006, the complex-level fee rate was .1863%.

| COMPLEX-LEVEL ASSETS (1)                 | COMPLEX-LEVEL<br>FEE RATE |
|------------------------------------------|---------------------------|
| For the first \$55 billion               | .2000%                    |
| For the next \$1 billion                 | .1800                     |
| For the next \$1 billion                 | .1600                     |
| For the next \$3 billion                 | .1425                     |
| For the next \$3 billion                 | .1325                     |
| For the next \$3 billion                 | .1250                     |
| For the next \$5 billion                 | .1200                     |
| For the next \$5 billion                 | .1175                     |
| For the next \$15 billion                | .1150                     |
| For Managed Assets over \$91 billion (2) | .1400                     |

(1) The complex-level fee component of the management fee for the funds is calculated based upon the aggregate Managed Assets ("Managed Assets" means the average daily net assets of each fund including assets attributable to all types of leverage used by the Nuveen funds) of Nuveen-sponsored funds in the U.S.

(2) With respect to the complex-wide Managed Assets over \$91 billion, the fee rate or rates that will apply to such assets will be determined at a later date. In the unlikely event that complex-wide Managed Assets reach \$91 billion prior to a determination of the complex-level fee rate or rates to be applied to Managed Assets in excess of \$91 billion, the complex-level fee rate for such complex-wide Managed Assets shall be .1400% until such time as a different rate or rates is determined.

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

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

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

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\* From the commencement of operations.

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

78

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

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

\* From the commencement of operations.

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

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

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

\* From the commencement of operations.

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

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

| YEAR ENDING<br>MARCH 31, |      | YEAR ENDING<br>MARCH 31, |      |
|--------------------------|------|--------------------------|------|
| 2002*                    | .30% | 2008                     | .25% |
| 2003                     | .30  | 2009                     | .20  |
| 2004                     | .30  | 2010                     | .15  |

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|      |     |      |     |
|------|-----|------|-----|
| 2005 | .30 | 2011 | .10 |
| 2006 | .30 | 2012 | .05 |
| 2007 | .30 |      |     |

=====

\* From the commencement of operations.

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

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

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\* 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.

Notes to  
FINANCIAL STATEMENTS (continued)

6. NEW ACCOUNTING PRONOUNCEMENT

Financial Accounting Standards Board Interpretation No. 48

On July 13, 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48 Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Adoption of FIN 48 is required for fiscal years beginning after December 15, 2006 and is to be applied to all open tax years as of the effective date. At this time, management is evaluating the implications of FIN 48 and does not expect the adoption of FIN 48 will have a significant impact on the net assets or results of operations of the Funds.

7. SUBSEQUENT EVENTS

Distributions to Common Shareholders

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The Funds declared Common share dividend distributions from their tax-exempt net investment income which were paid on October 2, 2006, to shareholders of record on September 15, 2006, 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) |
|--------------------|-----------------------------------------------------|-------------------------------------------------------|------------------------------------------|----------------------------------------------|
| Dividend per share | \$ .0605                                            | \$ .0560                                              | \$ .0565                                 | \$ .0675                                     |

|                    | 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) |
|--------------------|------------------------------------------------|------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| Dividend per share | \$ .0655                                       | \$ .0655                                       | \$ .0650                                                | \$ .0590                                                |

80

Financial  
HIGHLIGHTS

81

Financial  
HIGHLIGHTS

Selected data for a Common share outstanding throughout each period:

|                                            | Investment Operations                              |                             |                                               |                                                                                         |                                                                                 | Total  |
|--------------------------------------------|----------------------------------------------------|-----------------------------|-----------------------------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|--------|
|                                            | Beginning<br>Common<br>Share<br>Net Asset<br>Value | Net<br>Investment<br>Income | Net<br>Realized/<br>Unrealized<br>Gain (Loss) | Distributions<br>from Net<br>Investment<br>Income to<br>Preferred<br>Share-<br>holders+ | Distributions<br>from<br>Capital<br>Gains to<br>Preferred<br>Share-<br>holders+ |        |
| -----                                      |                                                    |                             |                                               |                                                                                         |                                                                                 |        |
| INSURED CALIFORNIA<br>PREMIUM INCOME (NPC) |                                                    |                             |                                               |                                                                                         |                                                                                 |        |
| -----                                      |                                                    |                             |                                               |                                                                                         |                                                                                 |        |
| Year Ended 8/31:                           |                                                    |                             |                                               |                                                                                         |                                                                                 |        |
| 2006                                       | \$16.21                                            | \$ .92                      | \$ (.38)                                      | \$ (.18)                                                                                | \$ (.02)                                                                        | \$ .34 |
| 2005                                       | 16.23                                              | .95                         | .22                                           | (.10)                                                                                   | (.01)                                                                           | 1.06   |

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|      |       |      |       |       |       |      |
|------|-------|------|-------|-------|-------|------|
| 2004 | 15.59 | .99  | .68   | (.05) | --    | 1.62 |
| 2003 | 16.17 | .99  | (.45) | (.06) | (.01) | .47  |
| 2002 | 16.04 | 1.05 | .03   | (.09) | --    | .99  |

INSURED CALIFORNIA  
PREMIUM INCOME 2 (NCL)

-----

|                  |       |      |       |       |    |      |
|------------------|-------|------|-------|-------|----|------|
| Year Ended 8/31: |       |      |       |       |    |      |
| 2006             | 15.33 | .90  | (.28) | (.20) | -- | .42  |
| 2005             | 15.12 | .91  | .29   | (.11) | -- | 1.09 |
| 2004             | 14.60 | .96  | .53   | (.06) | -- | 1.43 |
| 2003             | 15.08 | .99  | (.51) | (.07) | -- | .41  |
| 2002             | 15.01 | 1.02 | (.02) | (.10) | -- | .90  |

CALIFORNIA PREMIUM  
INCOME (NCU)

-----

|                  |       |     |       |       |    |      |
|------------------|-------|-----|-------|-------|----|------|
| Year Ended 8/31: |       |     |       |       |    |      |
| 2006             | 15.03 | .89 | (.30) | (.21) | -- | .38  |
| 2005             | 14.51 | .90 | .60   | (.12) | -- | 1.38 |
| 2004             | 13.66 | .94 | .85   | (.06) | -- | 1.73 |
| 2003             | 14.42 | .96 | (.78) | (.07) | -- | .11  |
| 2002             | 14.22 | .99 | .13   | (.10) | -- | 1.02 |

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|  |              |           |        |        |        | Total Returns |  |
|--|--------------|-----------|--------|--------|--------|---------------|--|
|  |              |           |        |        |        | -----         |  |
|  |              |           |        |        |        | Based         |  |
|  |              |           |        |        |        | on            |  |
|  |              |           |        |        |        | Common        |  |
|  |              |           |        |        |        | Share         |  |
|  |              |           |        |        |        | Net           |  |
|  |              |           |        |        |        | Asset         |  |
|  |              |           |        |        |        | Value*        |  |
|  |              |           |        |        |        | -----         |  |
|  | Offering     | Ending    | Ending | Ending | Based  | Based         |  |
|  | Costs and    | Common    | Market | Market | on     | on            |  |
|  | Preferred    | Share     | Value  | Value  | Market | Market        |  |
|  | Share        | Share     | Value  | Value  | Value* | Value*        |  |
|  | Underwriting | Net Asset | Value  | Value  | Value* | Value*        |  |
|  | Discounts    | Value     | Value  | Value  | Value* | Value*        |  |
|  |              |           |        |        |        |               |  |

=====

INSURED CALIFORNIA  
PREMIUM INCOME (NPC)

-----

|                  |  |       |         |         |       |       |
|------------------|--|-------|---------|---------|-------|-------|
| Year Ended 8/31: |  |       |         |         |       |       |
| 2006             |  | \$ -- | \$15.58 | \$15.08 | 1.00% | 2.23% |
| 2005             |  | --    | 16.21   | 15.90   | 7.58  | 6.74  |
| 2004             |  | --    | 16.23   | 15.81   | 11.80 | 10.64 |
| 2003             |  | --    | 15.59   | 15.07   | 1.55  | 2.82  |
| 2002             |  | --    | 16.17   | 15.85   | 6.73  | 6.47  |

INSURED CALIFORNIA  
PREMIUM INCOME 2 (NCL)

-----

|                  |    |       |       |       |  |       |
|------------------|----|-------|-------|-------|--|-------|
| Year Ended 8/31: |    |       |       |       |  |       |
| 2006             | -- | 14.99 | 14.19 | (.63) |  | 2.91  |
| 2005             | -- | 15.33 | 15.05 | 5.10  |  | 7.42  |
| 2004             | -- | 15.12 | 15.18 | 12.71 |  | 10.02 |
| 2003             | -- | 14.60 | 14.32 | 2.69  |  | 2.71  |
| 2002             | -- | 15.08 | 14.80 | 5.57  |  | 6.29  |

CALIFORNIA PREMIUM  
INCOME (NCU)

-----

|                  |    |       |       |       |  |      |
|------------------|----|-------|-------|-------|--|------|
| Year Ended 8/31: |    |       |       |       |  |      |
| 2006             | -- | 14.63 | 14.01 | 3.14  |  | 2.72 |
| 2005             | -- | 15.03 | 14.37 | 11.76 |  | 9.75 |

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|      |    |       |       |       |       |
|------|----|-------|-------|-------|-------|
| 2004 | -- | 14.51 | 13.67 | 12.04 | 12.94 |
| 2003 | -- | 13.66 | 13.02 | (.91) | .69   |
| 2002 | -- | 14.42 | 14.00 | 4.84  | 7.48  |

Ratios/Supplemental Data

|  | Before Credit/Reimbursement                                    |                                                                         | After Credit/Reimbursement                                 |                                                                         | Ratio of Net Investment Income to Average Net Assets to Common Shares++ |
|--|----------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|
|  | Ratio of Expenses to Average Net Assets to Common Shares (000) | Ratio of Net Investment Income to Average Net Assets to Common Shares++ | Ratio of Expenses to Average Net Assets to Common Shares++ | Ratio of Net Investment Income to Average Net Assets to Common Shares++ |                                                                         |

INSURED CALIFORNIA  
PREMIUM INCOME (NPC)

Year Ended 8/31:

|      |           |       |       |       |
|------|-----------|-------|-------|-------|
| 2006 | \$100,581 | 1.16% | 5.89% | 1.15% |
| 2005 | 104,510   | 1.14  | 5.85  | 1.13  |
| 2004 | 104,618   | 1.17  | 6.17  | 1.16  |
| 2003 | 100,427   | 1.17  | 6.13  | 1.16  |
| 2002 | 104,137   | 1.21  | 6.65  | 1.19  |

INSURED CALIFORNIA  
PREMIUM INCOME 2 (NCL)

Year Ended 8/31:

|      |         |      |      |      |
|------|---------|------|------|------|
| 2006 | 190,571 | 1.20 | 6.05 | 1.19 |
| 2005 | 194,895 | 1.17 | 6.03 | 1.17 |
| 2004 | 192,035 | 1.19 | 6.38 | 1.19 |
| 2003 | 185,181 | 1.20 | 6.53 | 1.19 |
| 2002 | 190,870 | 1.23 | 6.83 | 1.22 |

CALIFORNIA PREMIUM  
INCOME (NCU)

Year Ended 8/31:

|      |        |      |      |      |
|------|--------|------|------|------|
| 2006 | 84,467 | 1.23 | 6.09 | 1.21 |
| 2005 | 86,785 | 1.21 | 6.08 | 1.20 |
| 2004 | 83,772 | 1.23 | 6.62 | 1.22 |
| 2003 | 78,859 | 1.24 | 6.72 | 1.24 |
| 2002 | 83,249 | 1.27 | 7.07 | 1.26 |

Preferred Shares at End of Period

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

INSURED CALIFORNIA  
PREMIUM INCOME (NPC)

Year Ended 8/31:



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|      |          |          |          |
|------|----------|----------|----------|
| 2006 | \$45,000 | \$25,000 | \$80,878 |
| 2005 | 45,000   | 25,000   | 83,061   |
| 2004 | 45,000   | 25,000   | 83,121   |
| 2003 | 45,000   | 25,000   | 80,793   |
| 2002 | 45,000   | 25,000   | 82,854   |

INSURED CALIFORNIA  
PREMIUM INCOME 2 (NCL)

-----  
Year Ended 8/31:

|      |        |        |        |
|------|--------|--------|--------|
| 2006 | 95,000 | 25,000 | 75,150 |
| 2005 | 95,000 | 25,000 | 76,288 |
| 2004 | 95,000 | 25,000 | 75,535 |
| 2003 | 95,000 | 25,000 | 73,732 |
| 2002 | 95,000 | 25,000 | 75,229 |

CALIFORNIA PREMIUM  
INCOME (NCU)

-----  
Year Ended 8/31:

|      |        |        |        |
|------|--------|--------|--------|
| 2006 | 43,000 | 25,000 | 74,109 |
| 2005 | 43,000 | 25,000 | 75,456 |
| 2004 | 43,000 | 25,000 | 73,704 |
| 2003 | 43,000 | 25,000 | 70,848 |
| 2002 | 43,000 | 25,000 | 73,400 |

=====

- \* Total Return 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. Total Return 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. Total returns are not annualized.
- \*\* After custodian fee credit and expense reimbursement, where applicable.
- + The amounts shown are based on Common share equivalents.
- ++ Ratios do not reflect the effect of dividend payments to Preferred shareholders; income ratios reflect income earned on assets attributable to Preferred shares.

See accompanying notes to financial statements.

82-83 spread

Financial HIGHLIGHTS (continued)

Selected data for a Common share outstanding throughout each period:

| Investment Operations        |     |                  |                                                                   |                                                           |
|------------------------------|-----|------------------|-------------------------------------------------------------------|-----------------------------------------------------------|
| Beginning<br>Common<br>Share | Net | Net<br>Realized/ | Distributions<br>from Net<br>Investment<br>Income to<br>Preferred | Distributions<br>from<br>Capital<br>Gains to<br>Preferred |

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|                                                | Net Asset<br>Value | Investment<br>Income | Unrealized<br>Gain (Loss) | Share-<br>holders+ | Share-<br>holders+ | Total  |
|------------------------------------------------|--------------------|----------------------|---------------------------|--------------------|--------------------|--------|
| CALIFORNIA DIVIDEND<br>ADVANTAGE (NAC)         |                    |                      |                           |                    |                    |        |
| -----                                          |                    |                      |                           |                    |                    |        |
| Year Ended 8/31:                               |                    |                      |                           |                    |                    |        |
| 2006                                           | \$15.98            | \$1.01               | \$ (.25)                  | \$ (.21)           | \$ --              | \$ .55 |
| 2005                                           | 15.59              | 1.04                 | .50                       | (.12)              | --                 | 1.42   |
| 2004                                           | 14.82              | 1.05                 | .76                       | (.06)              | --                 | 1.75   |
| 2003                                           | 15.24              | 1.06                 | (.47)                     | (.07)              | --                 | .52    |
| 2002                                           | 15.13              | 1.07                 | --                        | (.10)              | --                 | .97    |
| CALIFORNIA DIVIDEND<br>ADVANTAGE 2 (NVX)       |                    |                      |                           |                    |                    |        |
| -----                                          |                    |                      |                           |                    |                    |        |
| Year Ended 8/31:                               |                    |                      |                           |                    |                    |        |
| 2006                                           | 15.63              | .97                  | (.19)                     | (.21)              | --                 | .57    |
| 2005                                           | 14.97              | .98                  | .71                       | (.12)              | --                 | 1.57   |
| 2004                                           | 14.18              | .99                  | .77                       | (.06)              | --                 | 1.70   |
| 2003                                           | 14.79              | 1.00                 | (.62)                     | (.07)              | --                 | .31    |
| 2002                                           | 15.11              | 1.06                 | (.40)                     | (.11)              | --                 | .55    |
| CALIFORNIA DIVIDEND<br>ADVANTAGE 3 (NZH)       |                    |                      |                           |                    |                    |        |
| -----                                          |                    |                      |                           |                    |                    |        |
| Year Ended 8/31:                               |                    |                      |                           |                    |                    |        |
| 2006                                           | 15.31              | .97                  | (.20)                     | (.22)              | --                 | .55    |
| 2005                                           | 14.65              | .97                  | .68                       | (.13)              | --                 | 1.52   |
| 2004                                           | 13.72              | .98                  | .88                       | (.07)              | --                 | 1.79   |
| 2003                                           | 14.33              | .98                  | (.66)                     | (.08)              | --                 | .24    |
| 2002 (a)                                       | 14.33              | .83                  | .09                       | (.08)              | --                 | .84    |
| INSURED CALIFORNIA<br>DIVIDEND ADVANTAGE (NKL) |                    |                      |                           |                    |                    |        |
| -----                                          |                    |                      |                           |                    |                    |        |
| Year Ended 8/31:                               |                    |                      |                           |                    |                    |        |
| 2006                                           | 15.81              | 1.01                 | (.25)                     | (.22)              | --                 | .54    |
| 2005                                           | 15.35              | 1.01                 | .52                       | (.12)              | --                 | 1.41   |
| 2004                                           | 14.60              | 1.02                 | .84                       | (.06)              | (.01)              | 1.79   |
| 2003                                           | 15.14              | .99                  | (.49)                     | (.07)              | (.01)              | .42    |
| 2002 (b)                                       | 14.33              | .34                  | .92                       | (.03)              | --                 | 1.23   |
| INSURED CALIFORNIA<br>TAX-FREE ADVANTAGE (NKX) |                    |                      |                           |                    |                    |        |
| -----                                          |                    |                      |                           |                    |                    |        |
| Year Ended 8/31:                               |                    |                      |                           |                    |                    |        |
| 2006                                           | 15.17              | .95                  | (.25)                     | (.21)              | --                 | .49    |
| 2005                                           | 14.62              | .96                  | .57                       | (.13)              | --                 | 1.40   |
| 2004                                           | 13.79              | .96                  | .84                       | (.06)              | --                 | 1.74   |
| 2003 (c)                                       | 14.33              | .64                  | (.33)                     | (.04)              | --                 | .27    |

| Total Returns |                                                             |                                        |                  |                       |                                                |
|---------------|-------------------------------------------------------------|----------------------------------------|------------------|-----------------------|------------------------------------------------|
| -----         |                                                             |                                        |                  |                       |                                                |
|               | Offering<br>Costs and<br>Preferred<br>Share<br>Underwriting | Ending<br>Common<br>Share<br>Net Asset | Ending<br>Market | Based<br>on<br>Market | Based<br>on<br>Common<br>Share<br>Net<br>Asset |

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|                                             | Discounts | Value   | Value   | Value* | Value* |
|---------------------------------------------|-----------|---------|---------|--------|--------|
| CALIFORNIA DIVIDEND ADVANTAGE (NAC)         |           |         |         |        |        |
| Year Ended 8/31:                            |           |         |         |        |        |
| 2006                                        | \$ --     | \$15.59 | \$15.97 | 5.47%  | 3.63%  |
| 2005                                        | --        | 15.98   | 16.07   | 14.62  | 9.41   |
| 2004                                        | --        | 15.59   | 15.00   | 12.07  | 12.11  |
| 2003                                        | --        | 14.82   | 14.30   | 4.79   | 3.37   |
| 2002                                        | --        | 15.24   | 14.55   | 3.67   | 6.75   |
| CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)       |           |         |         |        |        |
| Year Ended 8/31:                            |           |         |         |        |        |
| 2006                                        | --        | 15.36   | 14.95   | 4.19   | 3.82   |
| 2005                                        | --        | 15.63   | 15.19   | 14.98  | 10.80  |
| 2004                                        | --        | 14.97   | 14.08   | 13.60  | 12.11  |
| 2003                                        | --        | 14.18   | 13.24   | (.95)  | 2.16   |
| 2002                                        | --        | 14.79   | 14.28   | (.27)  | 3.90   |
| CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH)       |           |         |         |        |        |
| Year Ended 8/31:                            |           |         |         |        |        |
| 2006                                        | --        | 15.03   | 14.84   | 8.50   | 3.81   |
| 2005                                        | --        | 15.31   | 14.49   | 15.75  | 10.69  |
| 2004                                        | --        | 14.65   | 13.33   | 11.97  | 13.36  |
| 2003                                        | .01       | 13.72   | 12.71   | (3.20) | 1.68   |
| 2002 (a)                                    | (.12)     | 14.33   | 14.00   | (1.68) | 5.32   |
| INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) |           |         |         |        |        |
| Year Ended 8/31:                            |           |         |         |        |        |
| 2006                                        | --        | 15.50   | 15.70   | 10.72  | 3.62   |
| 2005                                        | --        | 15.81   | 15.00   | 9.00   | 9.46   |
| 2004                                        | --        | 15.35   | 14.67   | 12.54  | 12.53  |
| 2003                                        | --        | 14.60   | 14.00   | (.35)  | 2.70   |
| 2002 (b)                                    | (.12)     | 15.14   | 15.00   | 2.05   | 7.84   |
| INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX) |           |         |         |        |        |
| Year Ended 8/31:                            |           |         |         |        |        |
| 2006                                        | --        | 14.92   | 14.27   | 4.56   | 3.43   |
| 2005                                        | --        | 15.17   | 14.38   | 7.46   | 9.84   |
| 2004                                        | --        | 14.62   | 14.19   | 11.54  | 12.86  |
| 2003 (c)                                    | (.21)     | 13.79   | 13.56   | (5.79) | .34    |

Ratios/Supplemental Data

|                   | Before Credit/Reimbursement             |                                                      | After Credit/Reimbursement              |                                                      |
|-------------------|-----------------------------------------|------------------------------------------------------|-----------------------------------------|------------------------------------------------------|
| Ending Net Assets | Ratio of Expenses to Average Net Assets | Ratio of Net Investment Income to Average Net Assets | Ratio of Expenses to Average Net Assets | Ratio of Net Investment Income to Average Net Assets |
|                   |                                         |                                                      |                                         |                                                      |

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|                                             | Applicable<br>to Common<br>Shares (000) | Applicable<br>to Common<br>Shares++ | Applicable<br>to Common<br>Shares++ | Applicable<br>to Common<br>Shares++ | Applicable<br>to Common<br>Shares++ |
|---------------------------------------------|-----------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| CALIFORNIA DIVIDEND ADVANTAGE (NAC)         |                                         |                                     |                                     |                                     |                                     |
| Year Ended 8/31:                            |                                         |                                     |                                     |                                     |                                     |
| 2006                                        | \$365,516                               | 1.13%                               | 6.22%                               | .83%                                |                                     |
| 2005                                        | 374,265                                 | 1.12                                | 6.22                                | .75                                 |                                     |
| 2004                                        | 365,066                                 | 1.14                                | 6.38                                | .70                                 |                                     |
| 2003                                        | 346,918                                 | 1.15                                | 6.44                                | .70                                 |                                     |
| 2002                                        | 356,821                                 | 1.18                                | 6.76                                | .72                                 |                                     |
| CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)       |                                         |                                     |                                     |                                     |                                     |
| Year Ended 8/31:                            |                                         |                                     |                                     |                                     |                                     |
| 2006                                        | 227,160                                 | 1.16                                | 5.94                                | .73                                 |                                     |
| 2005                                        | 231,140                                 | 1.16                                | 5.94                                | .70                                 |                                     |
| 2004                                        | 221,395                                 | 1.18                                | 6.24                                | .72                                 |                                     |
| 2003                                        | 209,722                                 | 1.18                                | 6.30                                | .73                                 |                                     |
| 2002                                        | 218,814                                 | 1.19                                | 6.82                                | .73                                 |                                     |
| CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH)       |                                         |                                     |                                     |                                     |                                     |
| Year Ended 8/31:                            |                                         |                                     |                                     |                                     |                                     |
| 2006                                        | 362,473                                 | 1.16                                | 6.08                                | .70                                 |                                     |
| 2005                                        | 369,262                                 | 1.17                                | 6.05                                | .70                                 |                                     |
| 2004                                        | 353,360                                 | 1.20                                | 6.32                                | .73                                 |                                     |
| 2003                                        | 330,829                                 | 1.20                                | 6.33                                | .73                                 |                                     |
| 2002 (a)                                    | 345,470                                 | 1.15*                               | 6.01*                               | .69*                                |                                     |
| INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) |                                         |                                     |                                     |                                     |                                     |
| Year Ended 8/31:                            |                                         |                                     |                                     |                                     |                                     |
| 2006                                        | 236,525                                 | 1.17                                | 6.12                                | .71                                 |                                     |
| 2005                                        | 241,254                                 | 1.16                                | 6.06                                | .71                                 |                                     |
| 2004                                        | 234,186                                 | 1.18                                | 6.28                                | .72                                 |                                     |
| 2003                                        | 222,751                                 | 1.18                                | 6.00                                | .72                                 |                                     |
| 2002 (b)                                    | 231,062                                 | 1.10*                               | 4.98*                               | .60*                                |                                     |
| INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX) |                                         |                                     |                                     |                                     |                                     |
| Year Ended 8/31:                            |                                         |                                     |                                     |                                     |                                     |
| 2006                                        | 87,775                                  | 1.22                                | 5.97                                | .73                                 |                                     |
| 2005                                        | 89,272                                  | 1.21                                | 5.95                                | .73                                 |                                     |
| 2004                                        | 86,008                                  | 1.23                                | 6.17                                | .73                                 |                                     |
| 2003 (c)                                    | 81,141                                  | 1.14*                               | 5.25*                               | .67*                                |                                     |

Preferred Shares at End of Period

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

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CALIFORNIA DIVIDEND  
ADVANTAGE (NAC)

| -----            |           |          |          |
|------------------|-----------|----------|----------|
| Year Ended 8/31: |           |          |          |
| 2006             | \$175,000 | \$25,000 | \$77,217 |
| 2005             | 175,000   | 25,000   | 78,466   |
| 2004             | 175,000   | 25,000   | 77,152   |
| 2003             | 175,000   | 25,000   | 74,560   |
| 2002             | 175,000   | 25,000   | 75,974   |

CALIFORNIA DIVIDEND  
ADVANTAGE 2 (NVX)

| -----            |         |        |        |
|------------------|---------|--------|--------|
| Year Ended 8/31: |         |        |        |
| 2006             | 110,000 | 25,000 | 76,627 |
| 2005             | 110,000 | 25,000 | 77,532 |
| 2004             | 110,000 | 25,000 | 75,317 |
| 2003             | 110,000 | 25,000 | 72,664 |
| 2002             | 110,000 | 25,000 | 74,731 |

CALIFORNIA DIVIDEND  
ADVANTAGE 3 (NZH)

| -----            |         |        |        |
|------------------|---------|--------|--------|
| Year Ended 8/31: |         |        |        |
| 2006             | 187,000 | 25,000 | 73,459 |
| 2005             | 187,000 | 25,000 | 74,367 |
| 2004             | 187,000 | 25,000 | 72,241 |
| 2003             | 187,000 | 25,000 | 69,229 |
| 2002 (a)         | 187,000 | 25,000 | 71,186 |

INSURED CALIFORNIA  
DIVIDEND ADVANTAGE (NKL)

| -----            |         |        |        |
|------------------|---------|--------|--------|
| Year Ended 8/31: |         |        |        |
| 2006             | 118,000 | 25,000 | 75,111 |
| 2005             | 118,000 | 25,000 | 76,113 |
| 2004             | 118,000 | 25,000 | 74,616 |
| 2003             | 118,000 | 25,000 | 72,193 |
| 2002 (b)         | 118,000 | 25,000 | 73,954 |

INSURED CALIFORNIA  
TAX-FREE ADVANTAGE (NKX)

| -----            |        |        |        |
|------------------|--------|--------|--------|
| Year Ended 8/31: |        |        |        |
| 2006             | 45,000 | 25,000 | 73,764 |
| 2005             | 45,000 | 25,000 | 74,595 |
| 2004             | 45,000 | 25,000 | 72,782 |
| 2003 (c)         | 45,000 | 25,000 | 70,078 |

\* Annualized.

\*\* Total Return 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. Total Return 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. Total returns are not annualized.

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

+ The amounts shown are based on Common share equivalents.

++ Ratios do not reflect the effect of dividend payments to Preferred

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shareholders; income ratios reflect income earned on assets attributable to Preferred shares.

- (a) For the period September 25, 2001 (commencement of operations) through August 31, 2002.
- (b) For the period March 25, 2002 (commencement of operations) through August 31, 2002.
- (c) For the period November 21, 2002 (commencement of operations) through August 31, 2003.

See accompanying notes to financial statements.

84-85 spread

Board Members  
AND OFFICERS

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

| NAME, BIRTHDATE<br>AND ADDRESS | POSITION(S)<br>HELD WITH<br>THE FUNDS | YEAR FIRST<br>ELECTED OR<br>APPOINTED (2) | PRINCIPAL OCCUPATION(S)<br>INCLUDING OTHER DIRECTORSHIPS<br>DURING PAST 5 YEARS |
|--------------------------------|---------------------------------------|-------------------------------------------|---------------------------------------------------------------------------------|
|--------------------------------|---------------------------------------|-------------------------------------------|---------------------------------------------------------------------------------|

BOARD MEMBER WHO IS AN INTERESTED PERSON OF THE FUNDS:

|                                                                                   |                                                 |      |                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------|-------------------------------------------------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Timothy R. Schwertfeger(1)<br>3/28/49<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Chairman of<br>the Board<br>and Board<br>Member | 1994 | Chairman (since 1996) and Director of N<br>Inc., Nuveen Investments, LLC, Nuveen A<br>Nuveen Institutional Advisory Corp.(3);<br>(1996-2006) of Institutional Capital Co<br>and Director (since 1997) of Nuveen Ass<br>Chairman and Director of Rittenhouse As<br>Inc. (since 1999); Chairman of Nuveen I<br>Advisers Inc. (since 2002). |
|-----------------------------------------------------------------------------------|-------------------------------------------------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

BOARD MEMBERS WHO ARE NOT INTERESTED PERSONS OF THE FUNDS:

|                                                                          |                                  |      |                                                                                                                                                          |
|--------------------------------------------------------------------------|----------------------------------|------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Robert P. Bremner<br>8/22/40<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Lead Independent<br>Board member | 1997 | Private Investor and Management Consult                                                                                                                  |
| Lawrence H. Brown<br>7/29/34<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Board member                     | 1993 | Retired (since 1989) as Senior Vice Pre<br>Northern Trust Company; Director (since<br>Advisory Board for Highland Park and Hi<br>Way of the North Shore. |

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|                                                                       |              |      |                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------|--------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Jack B. Evans<br>10/22/48<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Board member | 1999 | President, The Hall-Perrine Foundation, corporation (since 1996); Director and Fire Group, a publicly held company; Ad University of Iowa; Director, Gazette C of Coe College and Iowa College Foundat Director, Alliant Energy; formerly, Dir Bank of Chicago; formerly, President an SCI Financial Group, Inc., a regional f |
|-----------------------------------------------------------------------|--------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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|                                                                         |              |      |                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------|--------------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| William C. Hunter<br>3/6/48<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Board member | 2004 | Dean, Tippie College of Business, Unive June 2006); formerly, Dean and Distingu School of Business at the University of previously, Senior Vice President and D at the Federal Reserve Bank of Chicago Director (since 1997), Credit Research University; Director (since 2004) of Xe Director, SS&C Technologies, Inc. (May |
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| David J. Kundert<br>10/28/42<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Board member | 2005 | Retired (since 2004) as Chairman, JPMor Management, President and CEO, Banc One Advisors Corporation, and President, On Funds; prior thereto, Executive Vice Pr Corporation and Chairman and CEO, Banc Management Group; Board of Regents, Lut member of the Wisconsin Bar Association of Directors, Friends of Boerner Botani |
|--------------------------------------------------------------------------|--------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| NAME, BIRTHDATE<br>AND ADDRESS | POSITION(S)<br>HELD WITH<br>THE FUNDS | YEAR FIRST<br>ELECTED OR<br>APPOINTED (2) | PRINCIPAL OCCUPATION(S)<br>INCLUDING OTHER DIRECTORSHIPS<br>DURING PAST 5 YEARS |
|--------------------------------|---------------------------------------|-------------------------------------------|---------------------------------------------------------------------------------|
|--------------------------------|---------------------------------------|-------------------------------------------|---------------------------------------------------------------------------------|

BOARD MEMBERS WHO ARE NOT INTERESTED PERSONS OF THE FUNDS (CONTINUED):

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|-----------------------------------------------------------------------------|--------------|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| William J. Schneider<br>9/24/44<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Board member | 1997 | Chairman of Miller-Valentine Partners L investment company; formerly, Senior Pa Operating Officer (retired, 2004) of Mi Group; formerly, Vice President, Miller Board Member, Chair of the Finance Comm member of the Audit Committee of Premie the not-for-profit company of Miami Val President, Dayton Philharmonic Orchestr Member, Regional Leaders Forum, which p on economic development issues; Directo Coalition; formerly, Member, Community National City Bank, Dayton, Ohio and Bu Council, Cleveland Federal Reserve Bank |
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|-----------------------------------------------------------------------------|--------------|------|------------------------------------------------------------------------------------------------------------------------|
| Judith M. Stockdale<br>12/29/47<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Board member | 1997 | Executive Director, Gaylord and Dorothy Foundation (since 1994); prior thereto, Great Lakes Protection Fund (from 1990 |
|-----------------------------------------------------------------------------|--------------|------|------------------------------------------------------------------------------------------------------------------------|

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|                                                                           |              |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------------------------|--------------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Eugene S. Sunshine<br>1/22/50<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Board member | 2005 | Senior Vice President for Business and Northwestern University (since 1997); Director of Chicago Board Options Exchange; formerly National Mentor Holdings, a privately-held company of home and community-based services; Chairman (since 1997), Board of Directors, Rubicon, a captive insurance company owned by Northwestern University; Director (since 1997), Evanston Chamber of Commerce and Evanston Inventive business development organization. |
|---------------------------------------------------------------------------|--------------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| NAME, BIRTHDATE<br>AND ADDRESS | POSITION(S)<br>HELD WITH<br>THE FUNDS | YEAR FIRST<br>ELECTED OR<br>APPOINTED (4) | PRINCIPAL OCCUPATION(S)<br>DURING PAST 5 YEARS |
|--------------------------------|---------------------------------------|-------------------------------------------|------------------------------------------------|
|--------------------------------|---------------------------------------|-------------------------------------------|------------------------------------------------|

OFFICERS OF THE FUND:

|                                                                            |                                    |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------------|------------------------------------|------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Gifford R. Zimmerman<br>9/9/56<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Chief<br>Administrative<br>Officer | 1988 | Managing Director (since 2002), Assistant Associate General Counsel, formerly, Vice Assistant General Counsel, of Nuveen Institutional Managing Director (2002-2004), General and Assistant Secretary, formerly, Vice Advisory Corp. and Nuveen Institutional Managing Director (since 2002) and Assistant Associate General Counsel, formerly, Vice (since 1997), of Nuveen Asset Management (since 2004) and Assistant Secretary (since 2004) of Nuveen Investments, Inc.; Assistant Secretary of Management Company, LLC. (since 2002); Assistant Secretary of Nuveen Investments (since 2002); Managing Director, Associate and Assistant Secretary of Rittenhouse Inc. and Symphony Asset Management LLC Assistant Secretary of Tradewinds NWQ Group LLC (since 2006); Chartered Financial Analyst |
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Board Members  
AND OFFICERS (CONTINUED)

| NAME, BIRTHDATE<br>AND ADDRESS | POSITION(S)<br>HELD WITH<br>THE FUNDS | YEAR FIRST<br>ELECTED OR<br>APPOINTED (4) | PRINCIPAL OCCUPATION(S)<br>DURING PAST 5 YEARS |
|--------------------------------|---------------------------------------|-------------------------------------------|------------------------------------------------|
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OFFICERS OF THE FUNDS (CONTINUED):

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|---------------------------------------------------------------------------|----------------|------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Julia L. Antonatos<br>9/22/63<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President | 2004 | Managing Director (since 2005), formerly (since 2002); formerly, Assistant Vice of Nuveen Investments, LLC; Chartered Financial Analyst |
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| <p>Michael T. Atkinson<br/>2/3/66<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p>   | <p>Vice President<br/>and Assistant<br/>Secretary</p> | <p>2000</p> | <p>Vice President (since 2002), formerly,<br/>President (since 2000) of Nuveen Invest</p>                                                                                                                                                                                                                                                                                                                                                                                                           |
| <p>Peter H. D'Arrigo<br/>11/28/67<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p>   | <p>Vice President</p>                                 | <p>1999</p> | <p>Vice President and Treasurer of Nuveen<br/>and of Nuveen Investments, Inc. (since<br/>and Treasurer of Nuveen Asset Management<br/>and of Nuveen Investments Advisers Inc.<br/>Treasurer of NWQ Investment Management<br/>(since 2002); Vice President and Treasu<br/>Rittenhouse Asset Management, Inc. and<br/>Management LLC (since 2003); Treasurer,<br/>Global Investors, LLC (since 2006); for<br/>Treasurer (1999-2004) of Nuveen Advisor<br/>Institutional Advisory Corp.(3); Charte</p> |
| <p>John N. Desmond<br/>8/24/61<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p>      | <p>Vice President</p>                                 | <p>2005</p> | <p>Vice President, Director of Investment<br/>Investments, LLC (since January 2005);<br/>Business Manager, Deutsche Asset Manage<br/>Director, Business Development and Tran<br/>Trust Bank Japan (2002-2003); previousl<br/>President, Head of Investment Operation<br/>Scudder Investments Japan, (2000-2002),<br/>President, Head of Plan Administration<br/>Services, Scudder Investments (1995-200</p>                                                                                         |
| <p>Jessica R. Droeger<br/>9/24/64<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p>   | <p>Vice President<br/>and Secretary</p>               | <p>1998</p> | <p>Vice President (since 2002), Assistant<br/>Assistant General Counsel (since 1998)<br/>Vice President (since 1998) of Nuveen I<br/>Vice President (2002-2004) and Assistan<br/>formerly, Assistant Vice President of N<br/>and Nuveen Institutional Advisory Corp.<br/>Assistant Secretary (since 2005) of Nuv</p>                                                                                                                                                                                |
| <p>Lorna C. Ferguson<br/>10/24/45<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p>   | <p>Vice President</p>                                 | <p>1998</p> | <p>Managing Director (since 2004), formerl<br/>Nuveen Investments, LLC, Managing Direc<br/>Vice President (1998-2004) of Nuveen Ad<br/>Nuveen Institutional Advisory Corp.(3);<br/>(since 2005) of Nuveen Asset Management</p>                                                                                                                                                                                                                                                                      |
| <p>William M. Fitzgerald<br/>3/2/64<br/>333 W. Wacker Drive<br/>Chicago, IL 60606</p> | <p>Vice President</p>                                 | <p>1995</p> | <p>Managing Director (since 2002), formerl<br/>Nuveen Investments; Managing Director (<br/>Nuveen Advisory Corp. and Nuveen Instit<br/>Corp.(3); Managing Director (since 2001<br/>Management; Vice President (since 2002)<br/>Investments Advisers Inc.; Chartered Fi</p>                                                                                                                                                                                                                          |

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| NAME, BIRTHDATE<br>AND ADDRESS | POSITION(S)<br>HELD WITH<br>THE FUNDS | YEAR FIRST<br>ELECTED OR<br>APPOINTED (4) | PRINCIPAL OCCUPATION(S)<br>DURING PAST 5 YEARS |
|--------------------------------|---------------------------------------|-------------------------------------------|------------------------------------------------|
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OFFICERS OF THE FUNDS (CONTINUED):  
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|-----------------------------------------------------------------------|----------------------------------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stephen D. Foy<br>5/31/54<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President<br>and Controller | 1998 | Vice President (since 1993) and Funds Controller of Nuveen Investments, LLC; formerly, Funds Controller (1998-2004) of Nuveen Certified Public Accountant. |
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|--------------------------------------------------------------------------|--------------------------------|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Walter M. Kelly<br>2/24/70<br>333 West Wacker Drive<br>Chicago, IL 60606 | Chief<br>Compliance<br>Officer | 2003 | Assistant Vice President and Assistant Nuveen Funds (since 2003); Assistant Vice Assistant General Counsel (since 2003) LLC; previously, Associate (2001-2003) Price, Kaufman & Kammholz. |
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|----------------------------------------------------------------------|----------------|------|--------------------------------------------------------------------------------------|
| David J. Lamb<br>3/22/63<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President | 2000 | Vice President (since 2000) of Nuveen Investments, LLC; Certified Public Accountant. |
|----------------------------------------------------------------------|----------------|------|--------------------------------------------------------------------------------------|

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| Tina M. Lazar<br>8/27/61<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President | 2002 | Vice President of Nuveen Investments, LLC |
|----------------------------------------------------------------------|----------------|------|-------------------------------------------|

|                                                                        |                                              |      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------------------|----------------------------------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Larry W. Martin<br>7/27/51<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President<br>and Assistant<br>Secretary | 1988 | Vice President, Assistant Secretary and Counsel of Nuveen Investments, LLC; formerly, and Assistant Secretary of Nuveen Institutional Advisory Corp. (3); Vice President and Assistant Secretary of Nuveen Investments, LLC (since 2005) and Assistant Secretary of Nuveen Asset Management; Vice President of Nuveen Asset Management; Vice President and Assistant Secretary and Assistant General Counsel (1998) of Rittenhouse Asset Management, and Assistant Secretary of Nuveen Investments, LLC (since 2002); Assistant Secretary of Nuveen Investments, LLC (since 2002), S Management LLC (since 2003) and Tradewinds Investors, LLC (since 2006). |
|------------------------------------------------------------------------|----------------------------------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

- (1) Mr. Schwertfeger is an "interested person" of the Funds, as defined in the Investment Company Act of 1940, because he is an officer and board member of the Adviser.
- (2) Board members serve an indefinite term until his/her successor is elected. The year first elected or appointed represents the year in which the board member was first elected or appointed to any fund in the Nuveen Complex.
- (3) Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. were reorganized into Nuveen Asset Management, effective January 1, 2005.
- (4) Officers serve one year terms through July of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

ANNUAL INVESTMENT  
MANAGEMENT AGREEMENT  
APPROVAL PROCESS

The Board of Trustees is responsible for overseeing the performance of the investment adviser to the Funds and determining whether to continue the advisory arrangements. At a meeting held on May 23-25, 2006 (the "May Meeting"), the Board of Trustees of the Funds, including the independent Trustees, unanimously approved the continuance of the Investment Management Agreement between each Fund and NAM (the "Fund Adviser").

THE APPROVAL PROCESS

During the course of the year, the Board received a wide variety of materials relating to the services provided by the Fund Adviser and the performance of each Fund. To assist the Board in its evaluation of the advisory contract with the Fund Adviser at the May Meeting, the independent Trustees received extensive materials in advance of their meeting which outlined, among other things:

- o the nature, extent and quality of services provided by the Fund Adviser;
- o the organization and business operations of the Fund Adviser, including the responsibilities of various departments and key personnel;
- o the Fund's past performance, the Fund's performance compared to funds of similar investment objectives compiled by an independent third party and to customized benchmarks;
- o the profitability of the Fund Adviser and certain industry profitability analyses for unaffiliated advisers;
- o the expenses of the Fund Adviser in providing the various services;
- o the advisory fees (gross and net management fees) and total expense ratios of the Fund, including comparisons of such fees and expenses with those of comparable, unaffiliated funds based on information and data provided by Lipper (the "Peer Universe") as well as compared to a subset of funds within the Peer Universe (the "Peer Group") to the respective Fund (as applicable);
- o the advisory fees the Fund Adviser assesses to other types of investment products or clients;
- o the soft dollar practices of the Fund Adviser, if any; and
- o from independent legal counsel, a legal memorandum describing, among other things, the duties of the Trustees under the Investment Company Act of 1940 (the "1940 Act") as well as the general principles of relevant state law in reviewing and approving advisory contracts; the requirements of the 1940 Act in such matters; an adviser's fiduciary duty with respect to advisory agreements and compensation; the standards used by courts in determining whether investment company boards of directors have fulfilled their duties; and factors to be considered by the Board in voting on advisory agreements.

At the May Meeting, the Fund Adviser made a presentation to and responded to questions from the Board. After the presentations and after reviewing the written materials, the independent Trustees met privately with their legal counsel to review the Board's duties in reviewing advisory contracts and consider the renewal of the advisory contracts. It is with this background that the Trustees considered the advisory contract with the Fund Adviser. The independent Trustees, in consultation with independent counsel, reviewed the factors set out in judicial decisions and SEC directives relating to the renewal of advisory contracts. As outlined in more detail below, the Trustees considered all factors they believed relevant with respect to each Fund, including the following: (a) the nature, extent and quality of the services to be provided by the Fund Adviser; (b) the investment performance of the Fund and the Fund Adviser; (c) the costs of the services to be provided and profitability of the Fund Adviser and its affiliates; (d) the extent to which economies of scale would be realized as the Fund grows; and (e) whether fee levels reflect these economies of scale for the benefit of Fund investors.

A. NATURE, EXTENT AND QUALITY OF SERVICES

In reviewing the Fund Adviser, the Trustees considered the nature, extent and quality of the Fund Adviser's services. The Trustees reviewed materials outlining, among other things, the Fund Adviser's organization and business; the types of services that the Fund 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 and enhancements Nuveen has taken for its municipal fund product line. In connection with their continued service as Trustees, the Trustees also have a good understanding of the Fund Adviser's organization, operations and personnel. In this regard, the Trustees are familiar with and have evaluated the professional experience, qualifications and credentials of the Fund Adviser's personnel. The Trustees further reviewed materials describing, among other things, the teams and personnel involved in the investment, research, risk-management and operational processes involved in managing municipal funds

90

and their respective functions. Given the Trustees' experience with the Funds and Fund Adviser, the Trustees recognized the demonstrated history of care and depth of experience of the respective personnel in managing these Funds. In this regard, the Trustees considered the continued quality of the Fund Adviser's investment process in making portfolio management decisions as well as additional refinements and improvements adopted to the portfolio management processes noted below. With respect to the services provided to municipal funds, including the Funds, the Trustees noted that the Fund Adviser continues to make refinements to its portfolio management process including, among other things, the increased use of derivatives to enhance management of risk, additional analytical software for research staff and improved municipal pricing processes.

In addition to advisory services, the independent Trustees considered the quality of any administrative or non-advisory services provided. The Fund Adviser provides the Funds with such administrative and other services (exclusive of, and in addition to, any such services provided by others for the Funds) and officers and other personnel as are necessary for the operations of the respective Fund. In connection with the review of the Investment Management Agreement, the Trustees considered the extent and quality of these other services which include, among other things, providing: product management (e.g., product positioning, performance benchmarking, risk management); fund administration (e.g., daily net asset value pricing and reconciliation, tax

reporting, fulfilling regulatory filing requirements); oversight of third party service providers; administration of board relations (e.g., organizing board meetings and preparing related materials); compliance (e.g., monitoring compliance with investment policies and guidelines and regulatory requirements); and legal support (e.g., helping prepare and file registration statements, amendments thereto, proxy statements and responding to regulatory requests and/or inquiries). As the Funds operate in a highly regulated industry and given the importance of compliance, the Trustees considered, in particular, the additions of experienced personnel to the compliance teams and the enhancements to technology and related systems to support the compliance activities for the Funds (including a new reporting system for quarterly portfolio holdings).

In addition to the foregoing, the Trustees also noted the additional services that the Fund Adviser or its affiliates provide to closed-end funds, including, in particular, secondary market support activities. The Trustees recognized Nuveen's continued commitment to supporting the secondary market for the common shares of its closed-end funds through a variety of initiatives designed to raise investor and analyst awareness and understanding of closed-end funds. These efforts include providing advertising and other media relations programs, continued contact with analysts, maintaining and enhancing its website for closed-end funds, and targeted advisor communication programs. With respect to funds that utilize leverage through the issuance of preferred shares, the Trustees noted Nuveen's continued support for the preferred shares by maintaining, among other things, an in-house preferred trading desk; designating a product manager whose responsibilities include creating and disseminating product information and managing relations in connection with the preferred share auction; and maintaining systems necessary to test compliance with rating agency requirements.

Based on their review, the Trustees found that, overall, the nature, extent and quality of services provided (and expected to be provided) to the respective Funds under the Investment Management Agreement were of a high level and were satisfactory.

#### B. THE INVESTMENT PERFORMANCE OF THE FUND AND FUND ADVISER

The Board considered the investment performance for each Fund, including the Fund's historic performance as well as its performance compared to funds with similar investment objectives identified by an independent third party (the "Performance Peer Group") and portfolio level performance against customized benchmarks, as described below. In evaluating the performance information, in certain instances, the Trustees noted that the closest Performance Peer Group for a Fund still may not adequately reflect such Fund's investment objectives, strategies and portfolio duration, thereby limiting the usefulness of the comparisons of such Fund's performance with that of the Performance Peer Group. With respect to state specific municipal funds, the Trustees recognized that certain state municipal funds do not have a corresponding state specific Performance Peer Group in which case their performance is measured against a more general municipal category for various states. The closed-end state municipal funds that do not have corresponding state-specific Performance Peer Groups are from Arizona, Connecticut, Georgia, Maryland, Massachusetts, Missouri, North Carolina, Ohio, Texas, and Virginia. Further, due to a lack of state-specific unleveraged categories, certain unleveraged state municipal funds are included in their leveraged state category (such as, the Nuveen California Select Tax-Free Income Fund, Nuveen California Municipal Value Fund, Nuveen New York Select Tax-Free Income Fund and Nuveen New York Municipal Value Fund).

In reviewing performance, the Trustees reviewed performance information including, among other things, total return information compared with the Fund's Performance Peer Group for the one-, three- and five-year periods (as applicable) ending December 31, 2005. The Trustees also reviewed the Fund's portfolio level performance (which does not reflect fund level fees and

expenses) compared to customized portfolio-level benchmarks for the one- and three-year periods ending December 31, 2005 (as applicable). This analysis is designed to assess the efficacy of investment decisions against appropriate measures of risk and total return, within specific market segments. This information supplements the Fund performance information provided to the Board at each of their quarterly meetings. Based on their review, the Trustees determined that the respective Fund's absolute and relative investment performance over time had been satisfactory.

C. FEES, EXPENSES AND PROFITABILITY

1. FEES AND EXPENSES

In evaluating the management fees and expenses of a Fund, the Board reviewed, among other things, the Fund's advisory fees (net and gross management fees) and total expense ratios (before and after expense reimbursements and/or waivers) in absolute terms as well as comparisons to the gross management fees (before waivers), net management fees (after waivers) and total expense ratios (before and after waivers) of comparable funds in the Peer Universe and the Peer Group. The Trustees reviewed data regarding the construction of Peer Groups as well as the methods of measurement for the fee and expense analysis and the performance analysis. In certain cases, due to the small number of peers in the Peer Universe, the Peer Universe and Peer Group may be the same. Further, the Trustees recognized that in certain cases the closest Peer Universe and/or Peer Group did not adequately reflect the Fund's investment objectives and strategies limiting the usefulness of comparisons. In reviewing comparisons,

91

ANNUAL INVESTMENT MANAGEMENT  
AGREEMENT APPROVAL PROCESS (continued)

the Trustees also considered the size of the Peer Universe and/or Peer Group, the composition of the Peer Group (including differences in the use of leverage and insurance) as well as differing levels of fee waivers and/or expense reimbursements. In this regard, the Trustees 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 funds launched since 1999). Based on their review of the fee and expense information provided, the Trustees determined that each Fund's net total expense ratio was within an acceptable range compared to peers.

2. COMPARISONS WITH THE FEES OF OTHER CLIENTS

The Trustees further reviewed data comparing the advisory fees of the Fund Adviser with fees the Fund Adviser charges to other clients, including municipal managed accounts. In general, the fees charged for separate accounts are somewhat lower than the fees assessed to the Funds. The Trustees recognized that the differences in fees are attributable to a variety of factors, including the differences in services provided, product distribution, portfolio investment policies, investor profiles, account sizes and regulatory requirements. The Trustees noted, in particular, that the range of services provided to the Funds is more extensive than that provided to managed separate accounts. As described in further detail

above, such additional services include, but are not limited to, providing: product management, fund administration, oversight of third party service providers, administration of board relations, and legal support. Funds further operate in a highly regulated industry requiring extensive compliance functions compared to the other investment products. In addition to the costs of the additional services, administrative costs may also be greater for funds as the average account size for separate accounts is notably larger than the retail accounts of funds. Given the differences in the product structures, particularly the extensive services provided to closed-end municipal funds, the Trustees believe such facts justify the different levels of fees.

### 3. PROFITABILITY OF FUND ADVISER

In conjunction with its review of fees, the Trustees also considered the profitability of Nuveen Investments for advisory activities (which incorporated Nuveen's wholly-owned affiliated sub-advisers). The Trustees reviewed data comparing Nuveen's profitability with other fund sponsors prepared by three independent third party service providers as well as comparisons of the revenues, expenses and profits margins of various unaffiliated management firms with similar amounts of assets under management prepared by Nuveen. The Trustees further reviewed the 2005 Annual Report for Nuveen Investments. In considering profitability, the Trustees recognized the inherent limitations in determining profitability as well as the difficulties in comparing the profitability of other unaffiliated advisers. Profitability may be affected by numerous factors, including the methodology for allocating expenses, the adviser's business mix, the types of funds managed, the adviser's capital structure and cost of capital. Further, individual fund or product line profitability of other sponsors is generally not publicly available. Accordingly, the profitability information that is publicly available from various investment advisory or management firms may not be representative of the industry.

Notwithstanding the foregoing, in reviewing profitability, the Trustees reviewed Nuveen's methodology and assumptions for allocating expenses across product lines to determine profitability. In this regard, the methods of allocation used appeared reasonable. The Trustees also, to the extent available, compared Nuveen's profitability margins (including pre- and post-marketing profit margins) with the profitability of various unaffiliated management firms. The Trustees noted that Nuveen's profitability is enhanced due to its efficient internal business model. The Trustees also recognized that while a number of factors affect profitability, Nuveen's profitability may change as fee waivers and/or expense reimbursement commitments of Nuveen to various funds in the Nuveen complex expire. To keep apprised of profitability and developments that may affect profitability, the Trustees have requested profitability analysis be provided periodically during the year. Based on their review, the Trustees were satisfied that the Fund Adviser's level of profitability was reasonable in light of the services provided.

In evaluating the reasonableness of the compensation, the Trustees also considered any other revenues paid to the Fund Adviser as well as any indirect benefits (such as soft dollar arrangements, if any) the Fund Adviser and its affiliates are expected to receive that are directly attributable to their management of the Funds, if any. See Section E below for additional information. Based on their review of the overall fee arrangements of the applicable Fund, the Trustees 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 Trustees recognized the potential benefits resulting from the costs of a fund being spread over a larger asset base as a fund grows. To help ensure the shareholders share in these benefits, the Trustees have reviewed and considered the breakpoints in the advisory fee schedules that reduce advisory fees as the applicable Fund's assets grow. In addition to advisory fee breakpoints as assets in a respective Fund rise, after lengthy discussions with management, the Board also approved a complex-wide fee arrangement that was introduced on August 1, 2004. Pursuant to the complex-wide fee arrangement, the fees of the funds in the Nuveen complex, including the Funds, are reduced as the assets in the fund complex reach certain levels. In evaluating the complex-wide fee arrangement, the Trustees considered, among other things, the historic and expected fee savings to shareholders as assets grow, the amount of fee reductions at various asset levels, and that the arrangement would extend to all funds in the Nuveen complex. The Trustees noted that 2005 was the first full year to reflect the fee reductions from the complex wide fee arrangement. The Trustees also considered the impact, if any, the complex-wide fee arrangement may have on the level of services provided. Based on their review, the Trustees concluded that the breakpoint schedule and complex-wide fee arrangement currently was acceptable and desirable in providing benefits from economies of scale to shareholders.

E. INDIRECT BENEFITS

In evaluating fees, the Trustees also considered any indirect benefits or profits the Fund Adviser or its affiliates may receive as a result of its relationship with each Fund. In this regard, the Trustees considered revenues received by affiliates of the Fund Adviser for serving as agent at Nuveen's preferred trading desk and for serving as a co-manager in the initial public offering of new closed-end exchange traded funds.

In addition to the above, the Trustees considered whether the Fund Adviser received any benefits from soft dollar arrangements. With respect to NAM, the Trustees noted that NAM does not currently have any soft dollar arrangements and does not pay excess brokerage commissions (or spreads on principal transactions) in order to receive research services; however, the Fund Adviser may from time to time receive and have access to research generally provided to institutional clients.

The Trustees did not identify any single factor discussed previously as all-important or controlling. The Trustees, including a majority of independent Trustees, concluded that the terms of the Investment Management Agreements were fair and reasonable, that the Fund Adviser's fees are reasonable in light of the services provided to each Fund, and that the renewal of the Investment Management Agreements should be approved.

Reinvest Automatically  
EASILY AND CONVENIENTLY

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



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### NUVEEN CLOSED-END FUNDS DIVIDEND REINVESTMENT PLAN

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

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

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

### EASY AND CONVENIENT

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

### HOW SHARES ARE PURCHASED

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the 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. Dividends and distributions received to purchase shares in the open market will normally be invested shortly after the dividend payment date. No interest will be paid on dividends and distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions.

### FLEXIBLE

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

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

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

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

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

Other Useful  
INFORMATION

QUARTERLY PORTFOLIO OF INVESTMENTS AND PROXY VOTING INFORMATION

Each Fund's (i) quarterly portfolio of investments, (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the 12-month period ended June 30, 2006, and (iii) a description of the policies and procedures that the Funds used to determine how to vote proxies relating to portfolio securities are available 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 1-202-942-8090 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 450 Fifth Street NW, Washington, D.C. 20549.

CEO CERTIFICATION DISCLOSURE

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

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

GLOSSARY OF TERMS USED IN THIS REPORT

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

**AVERAGE EFFECTIVE MATURITY:** The average of all the maturities of the bonds in a Fund's portfolio, computed by weighting each maturity date (the date the security comes due) by the market value of the security. This figure does not account for the likelihood of prepayments or the exercise of call provisions.

**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.

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NET ASSET VALUE (NAV): A Fund's common share NAV per share is calculated by subtracting the liabilities of the Fund (including any MuniPreferred shares issued in order to leverage the Fund) from its total assets and then dividing the remainder by the number of shares outstanding. Fund NAVs are calculated at the end of each business day.

TAXABLE-EQUIVALENT YIELD: The yield necessary from a fully taxable investment to equal, on an after-tax basis, the yield of a municipal bond investment.

### BOARD OF DIRECTORS/TRUSTEES

Robert P. Bremner  
Lawrence H. Brown  
Jack B. Evans  
William C. Hunter  
David J. Kundert  
William J. Schneider  
Timothy R. Schwertfeger  
Judith M. Stockdale  
Eugene S. Sunshine

### FUND MANAGER

Nuveen Asset Management  
333 West Wacker Drive  
Chicago, IL 60606

### CUSTODIAN

State Street Bank & Trust Company  
Boston, MA

### TRANSFER AGENT AND SHAREHOLDER SERVICES

State Street Bank & Trust Company  
Nuveen Funds  
P.O. Box 43071 Providence, RI 02940-3071

(800) 257-8787

### LEGAL COUNSEL

Chapman and Cutler LLP  
Chicago, IL

### INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP  
Chicago, IL

Each Fund intends to repurchase shares of its own common or preferred stock in the future at such times and in such amounts as is deemed advisable. No shares were repurchased during the period covered by this report. Any future repurchases will be reported to shareholders in the next annual or semiannual report.

Nuveen Investments:  
SERVING Investors  
For GENERATIONS

Since 1898, financial advisors and their clients have relied on Nuveen Investments to provide dependable investment solutions. For the past century, Nuveen Investments has adhered to the belief that the best approach to investing is to apply conservative risk-management principles to help minimize volatility.

Building on this tradition, we today offer a range of high quality equity and fixed-income solutions that are integral to a well-diversified core portfolio. Our clients have come to appreciate this diversity, as well as our continued adherence to proven, long-term investing principles.

WE OFFER MANY DIFFERENT INVESTING SOLUTIONS FOR OUR CLIENTS' DIFFERENT NEEDS.

Managing more than \$149 billion in assets, Nuveen Investments offers access to a number of different asset classes and investing solutions through a variety of products. Nuveen Investments markets its capabilities under six distinct brands: Nuveen, a leader in fixed-income investments; NWQ, a leader in value-style equities; Rittenhouse, a leader in growth-style equities; and Symphony, a leading institutional manager of market-neutral alternative investment portfolios; Santa Barbara a leader in growth equities; and Tradewinds NWQ, a leader in global equities.

FIND OUT HOW WE CAN HELP YOU REACH YOUR FINANCIAL GOALS.

To learn more about the products and services Nuveen Investments offers, talk to your financial advisor, or call us at (800) 257-8787. Please read the information provided carefully before you invest.

Be sure to obtain a prospectus, where applicable. Investors should consider the investment objective and policies, risk considerations, charges and expenses of the Fund carefully before investing. The prospectus contains this and other information relevant to an investment in the Fund. For a prospectus, please contact your securities representative or Nuveen Investments, 333 W. Wacker Dr., Chicago, IL 60606. Please read the prospectus carefully before you invest or send money.

|                       |                              |
|-----------------------|------------------------------|
| Learn more            | o Share prices               |
| about Nuveen Funds at | o Fund details               |
| WWW.NUVEEN.COM/ETF    | o Daily financial news       |
|                       | o Investor education         |
|                       | o Interactive planning tools |

Logo: NUVEEN Investments

EAN-B-0806D

## 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

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posted the code of ethics on its website at [www.nuveen.com/etf](http://www.nuveen.com/etf). (To view the code, click on the Investor Resources drop down menu box, click on Fund Governance and then click on Code of Conduct.)

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

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

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

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Nuveen California Dividend Advantage Municipal Fund 2

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

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

SERVICES THAT THE FUND'S AUDITOR BILLED TO THE FUND

| FISCAL YEAR ENDED                            | AUDIT FEES BILLED TO FUND (1) | AUDIT-RELATED FEES BILLED TO FUND (2) | TAX FEES BILLED TO FUND (3) |
|----------------------------------------------|-------------------------------|---------------------------------------|-----------------------------|
| August 31, 2006                              | \$ 14,426                     | \$ 0                                  | \$ 400                      |
| Percentage approved pursuant to pre-approval | 0%                            | 0%                                    | 0%                          |

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exception

|                                                        |           |      |        |
|--------------------------------------------------------|-----------|------|--------|
| August 31, 2005                                        | \$ 13,481 | \$ 0 | \$ 776 |
| Percentage approved pursuant to pre-approval exception | 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 other than "Audit Fees", "Audit Related Fees", and "Tax Fees".

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

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

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

| FISCAL YEAR ENDED                            | AUDIT-RELATED FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS | TAX FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS (1) | ALL OTHER FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDER |
|----------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------|
| August 31, 2006                              | \$ 0                                                                       | \$ 2,200                                                             | \$ 0                                                                  |
| Percentage approved pursuant to pre-approval | 0%                                                                         | 0%                                                                   | 0%                                                                    |

exception

|                                                        |      |          |      |
|--------------------------------------------------------|------|----------|------|
| August 31, 2005                                        | \$ 0 | \$ 2,200 | \$ 0 |
| Percentage approved pursuant to pre-approval exception | 0%   | 0%       | 0%   |

(1) The amounts reported for the Fund under the column heading "Tax Fees" represents amounts billed to the Adviser exclusively for the preparation for the Fund's tax return, the cost of which is borne by the Adviser. In the aggregate, for all Nuveen funds for which Ernst & Young LLP serves as independent registered public accounting firm, these fees amounted to \$275,000 in 2006 and \$282,575 in 2005.

NON-AUDIT SERVICES

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

| FISCAL YEAR ENDED | TOTAL NON-AUDIT FEE 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-BILLED TO AFFILIATED PROVIDERS ENGAGE |
|-------------------|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| August 31, 2006   | \$ 3,300                           | \$ 2,200                                                                                                                                                          | \$ 0                                            |
| August 31, 2005   | \$ 3,476                           | \$ 2,200                                                                                                                                                          | \$ 0                                            |

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

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

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\$10,000 but greater than \$5,000; and (iii) reported to the Audit Committee at the next Audit Committee meeting if they are expected to be for an amount under \$5,000.

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

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

### ITEM 6. SCHEDULE OF INVESTMENTS.

See Portfolio of Investments in Item 1.

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

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

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

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

#### THE PORTFOLIO MANAGER

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

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

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

| PORTFOLIO MANAGER | TYPE OF ACCOUNT MANAGED | NUMBER OF ACCOUNTS | ASSETS |
|-------------------|-------------------------|--------------------|--------|
|-------------------|-------------------------|--------------------|--------|



|                 |                                  |    |                |
|-----------------|----------------------------------|----|----------------|
| Scott R. Romans | Registered Investment Company    | 28 | \$5.94 billion |
|                 | Other Pooled Investment Vehicles | 0  | \$0            |
|                 | Other Accounts                   | 4  | \$.25 million  |

\* Assets are as of August 31, 2006. 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, including these three elements, to the market in order to create a compensation structure that is competitive and consistent with similar financial services companies. As discussed below, several factors are considered in determining each portfolio manager's total compensation. In any year these factors may include, among others, the effectiveness of the investment strategies recommended by the portfolio manager's investment team, the investment performance of the accounts managed by the portfolio manager, and the overall performance of Nuveen Investments, Inc. (the parent company of NAM). Although investment performance is a factor in determining the portfolio manager's compensation, it is not necessarily a decisive factor. The portfolio manager's performance is evaluated in part by comparing manager's performance against a specified investment benchmark. This fund-specific benchmark is a customized subset (limited to bonds in each Fund's specific state and with certain maturity parameters) of the S&P/Investortools Municipal Bond index, an index comprised of bonds held by managed municipal bond fund customers of Standard & Poor's Securities Pricing, Inc. that are priced daily and whose fund holdings aggregate at least \$2 million. As of August 30, 2006, the S&P/Investortools Municipal Bond index was comprised of 47,346 securities with an aggregate current market value of \$879 billion.

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

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

Long-term incentive compensation. Each portfolio manager is eligible to receive bonus compensation in the form of equity-based awards issued in securities issued by Nuveen Investments, Inc. The amount of such compensation is dependent upon the same factors articulated for cash bonus awards but also factors in his long-term potential with the firm.

Material Conflicts of Interest. Each portfolio manager's simultaneous management of the registrant and the other accounts noted above may present actual or apparent conflicts of interest with respect to the allocation and aggregation of securities orders placed on behalf of the Registrant and the other account. NAM, however, believes that such potential conflicts are mitigated by the fact that the NAM has adopted several policies that address potential conflicts of

interest, including best execution and trade allocation policies that are designed to ensure (1) that portfolio management is seeking the best price for portfolio securities under the circumstances, (2) fair and equitable allocation of investment opportunities among accounts over time and (3) compliance with applicable regulatory requirements. All accounts are to be treated in a non-preferential manner, such that allocations are not based upon account performance, fee structure or preference of the portfolio manager. In addition, NAM has adopted a Code of Conduct that sets forth policies regarding conflicts of interest.

Beneficial Ownership of Securities. As of the August 31, 2006, 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.

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

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PORTFOLIO MANAGER BIO:

Scott R. Romans, PhD, joined Nuveen Investments in 2000 as a senior analyst in the education sector. In 2003, he was assigned management responsibility for several closed- and open-ended municipal bond funds most of which are state funds covering California and other western states. Currently, he manages investments for 29 Nuveen-sponsored investment companies.

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

Not applicable.

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

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrants 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

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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/etf](http://www.nuveen.com/etf) and there were no amendments during the period covered by this report. (To view the code, click on the Investor Resources drop down menu box, click on Fund Governance and then Code of Conduct.)

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

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

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

SIGNATURES

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

(Registrant) Nuveen California Dividend Advantage Municipal Fund 2  
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By (Signature and Title)\* /s/ Jessica R. Droeger

-----  
Jessica R. Droeger  
Vice President and Secretary

Date: November 8, 2006  
-----

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

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

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

Date: November 8, 2006  
-----

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

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

Date: November 8, 2006  
-----

\* Print the name and title of each signing officer under his or her signature.