

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2
Form N-CSR
November 05, 2004

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-10197

Nuveen California Dividend Advantage Municipal Fund 2

(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

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

Date of fiscal year end: August 31

Date of reporting period: August 31, 2004

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, 2004

Nuveen Investments
Municipal Closed-End
Exchange-Traded
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: Man and woman sitting on porch.
Photo of: 2 children sitting in the grass.

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: Man and child
Photo of: Woman

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OR

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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 most recent reporting period
your Fund continued to provide you with monthly income free from both federal
and California state income taxes, as well as with an attractive total return.
For more specific information about the performance of your Fund, please see the
Portfolio Managers' Comments and Performance Overview sections of this report.

With long-term interest rates still near historic lows, many investors have
begun to wonder whether these interest rates will rise, and whether that makes
this the time to adjust their holdings of fixed-income investments. No one knows
what the future will bring, which is why we think a well-balanced portfolio that
is structured and carefully monitored with the help of an investment
professional is an important component in achieving your long-term financial
goals. A well-diversified portfolio

"OUR MISSION CONTINUES TO BE TO ASSIST YOU AND YOUR FINANCIAL ADVISOR BY
OFFERING THE INVESTMENT SERVICES AND PRODUCTS THAT CAN HELP YOU TO SECURE YOUR
FINANCIAL OBJECTIVES."

may actually help to reduce your overall investment risk, and we believe that a
municipal bond investment like your Nuveen California Fund can be an important
building block in a portfolio designed to perform well through a variety of
market conditions.

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As in past reports, I'd also like to direct your attention to the inside front cover, which explains the quick and easy process to begin receiving these Fund reports via e-mail and the internet. Thousands of Nuveen Fund shareholders already have signed-up, and they are getting their Fund information faster and more conveniently than ever. I urge you to consider joining them.

At Nuveen Investments, our mission continues to be to assist you and your financial advisor by offering the investment services and products that can help you to secure your financial objectives. 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.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger
Chairman of the Board

October 15, 2004

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

Portfolio Managers'
PERSPECTIVE

Portfolio managers Dan Solender and Scott Romans discuss the market environment, key investment strategies, and the annual performance of these eight Nuveen California Funds. With twelve years of investment experience, including eight at Nuveen, Dan assumed portfolio management responsibility for NPC and NCL in May 2004. Scott, who joined Nuveen in 2000, has managed NCU, NAC, NVX, NZH, NKL and NKX since January 2003

WHAT FACTORS AFFECTED THE U.S. ECONOMY AND MUNICIPAL MARKET DURING THE ANNUAL REPORTING PERIOD ENDED AUGUST 31, 2004?

Over the entire 12 months, the U.S. economy demonstrated evidence of improvement in a number of key areas, although the recovery slowed somewhat in the last five months of the period. After surging at the fastest pace in almost 20 years (7.4% annualized) during the third quarter of 2003, the U.S. gross domestic product (GDP) expanded at annualized rates of 4.2% in the fourth quarter of 2003 and 4.5% in the first quarter of 2004. However, during the second quarter of 2004 rising energy prices restrained consumer spending, which in turn impacted economic momentum and GDP growth in the second quarter moderated to 3.3% annualized.

Higher energy costs also fueled increased worries about the future rate of inflation. While rises in consumer prices were relatively tame over this fiscal year, the annualized rise of 3.7% in the Consumer Price Index for the eight months ended August 2004 was running well ahead of the 1.9% increase for all of 2003. During the second quarter of 2004 in particular, inflation concerns, combined with the general pace of economic recovery and continued geopolitical uncertainty, caused heightened volatility in the longer-term fixed-income markets.

This volatility can be seen in the yield of the Bond Buyer 25 Revenue Bond

Index, a widely followed long-term municipal bond index, over the course of this fiscal year (September 1, 2003 through August 31, 2004). At the start of the period, the index yield was 5.41%, still close to its mid-August 2003 peak of 5.50%. From there, the yield dropped steadily over the next seven months to 4.73% by mid-March 2004. As investors increasingly anticipated action by the Federal Reserve in response to a series of improved employment reports, the index yield began to climb again, rising more than 80 basis points over the next 12 weeks to 5.45%, before retreating to end August 2004 at 5.13%.

4

Between June and August 2004, the Fed moved twice to increase the short-term fed funds rate by a total of 50 basis points in an attempt to promote a sustainable economic recovery without increasing inflationary pressures. (On September 21, following the close of this reporting period, the Fed added another 25 basis points to its fed funds target rate, bringing it to 1.75%.) Historically, longer-term interest rates often have moved in the same direction when the Fed has adjusted short-term rates up or down.

Municipal supply nationwide continued to be relatively strong over the entire 12-month reporting period, with \$369.5 billion in new bonds coming to market. Looking just at 2004, new issue supply reached \$241 billion for the first eight months a decrease of 5% from January-August 2003's record \$254 billion.

HOW ABOUT MARKET AND ECONOMIC CONDITIONS IN CALIFORNIA?

The biggest story in California over this 12-month period was voters' approval of \$15 billion in economic recovery bonds (ERBs) in March 2004 and the state's subsequent issuance of \$11 billion of ERBs in May and June. This essentially resolved the cash flow crisis that was facing California on June 30 when the state's fiscal year ended. While many observers believe work remains to address the state's longer-term deficit problems, the ERBs improved the state's balance sheet liquidity and, combined with California's steadily recovering economy, led all three major credit rating agencies to upgrade the state's \$33 billion of outstanding general obligation debt. In May 2004, Moody's revised its rating of California GOs to A3 from Baal, followed in August 2004 by Standard & Poor's upgrade to A from BBB. S&P also removed California from its credit watch. (On September 7, following the end of this reporting period, Fitch moved its rating for California to A- from BBB.)

During the 12-month reporting period ended August 2004, issuers in California sold \$58.6 billion in new municipal bonds, down 8% from the previous 12-month period. For the first eight months of 2004, supply was slightly more plentiful, due in part to the ERBs, with issuance totaling \$42.7 billion, on par with January-August 2003 levels.

On July 31, 2004, the state enacted its \$105 billion fiscal 2005 budget, closing a \$14 billion structural gap through a combination of expenditure cuts, borrowing and fund transfers, but no new tax increases. While we believe this represents meaningful

5

progress toward fiscal balance in California, the potential still exists for smaller, but significant, deficits to re-emerge in fiscal 2006 and 2007 if no further action is taken by that time. This is partially the result of budget

compromises--which offered future concessions for current spending cuts--negotiated with various constituents, including education groups, unions representing state workers, and Native Americans. These deals could limit the state's ability to address future gaps. On a positive note, in July 2004, the state controller's office reported that fiscal 2004 general fund revenues totaled \$75.5 billion, an increase of 10% from fiscal 2003, and current economic data suggest that revenue growth assumptions in the 2005 budget are reasonable.

California continued to benefit from the stability provided by a diverse state economy. Overall, the general economic downturn of the past several years has had a limited impact, despite severe weakness in the Silicon Valley area which skewed economic and job performance statistics for the entire state. Recent indicators suggest that the employment picture in Silicon Valley is stabilizing, while the jobless rate in California as a whole dropped to 5.8% in August 2004, compared with 6.8% in August 2003. The national average in August 2004 was 5.4%. Personal income growth in California consistently has outpaced the national average over the past two years, which benefits the state budget since personal income taxes represent approximately 50% of the state's general fund revenues. California's housing market also continued to be very strong, both in the Bay area and Southern California, with tight inventories of homes for sale and foreclosure rates at the lowest level in 10 years.

IN THIS ENVIRONMENT, WHAT KEY STRATEGIES WERE USED TO MANAGE THE NUVEEN CALIFORNIA FUNDS DURING THE 12 MONTHS ENDED AUGUST 31, 2004?

As the market continued to anticipate increased interest rates, our major focus during this reporting period remained on efforts to find bonds that we thought represented good value or that we judged would have attractive total return potential under a variety of market scenarios. With the yield curve relatively steep during this period, our purchase activity focused on finding attractive securities in the long-intermediate part of the curve (i.e., bonds that mature in 15 to 20 years). In many cases, these bonds offered yields similar to those of longer-term bonds with less inherent interest rate risk and greater

6

total return prospects. We believe this yield curve positioning also may help the Funds produce more consistent returns over time as interest rates rise and fall.

Much of the municipal bond issuance in California during this fiscal year period came from the general tax obligation sector (GOs), and we increased each Fund's allocation to this sector, except NZH where we maintained our exposure at August 2003 levels. In NPC and NCL, our purchases in this sector included several insured school district GOs with premium coupons that we believed could help to mitigate the effects on the Funds' price and NAV performance if interest rates continued to rise. In NCU, NAC, NVX, NZH, NKL and NKX, we bought and occasionally sold California GOs in an attempt to take advantage of general market moves. As the credit ratings on noninsured California GOs were upgraded in recent months, their prices improved and this helped the performance of these six Funds.

We also found several opportunities in NAC, NVX and NZH to increase our weightings in nonrated land-secured securities, an area we research very carefully. This past fiscal year saw a sizable number of small, attractively priced land-secured deals come market, and we focused in particular on purchasing bonds with relatively higher coupons. In cases where our research showed the likelihood of strengthening credit situations, we were willing to buy bonds out further on the yield curve than our targeted range, as we believed

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these bonds might increase in value if their issuing entities received ratings upgrades.

Some of these purchases were financed through the sale of lower-yielding bonds and bonds with relatively short call dates. In addition, we diversified credit risk at the issuer level by reducing concentrated positions in certain lower-rated and non-rated holdings in NCU, NAC, NVX, NZH, NKL and NKX. Since lower-rated bonds generally performed well over the 12 month period, we considered it a good time to take advantage of opportunities to sell these bonds at what we thought were very attractive prices. However, we were careful to balance these efforts against the goal of building and maintaining the Funds' income streams. Even as we sold some BBB rated bonds, we continued to add other BBB and sub-investment grade securities to the portfolios.

7

HOW DID THE FUNDS PERFORM?

Individual results for these Nuveen California Funds, as well as for relevant benchmarks, are presented in the accompanying table.

TOTAL RETURNS ON NET ASSET VALUE
For periods ended 8/31/04
(Annualized)

| NONINSURED FUNDS | 1-YEAR | 5-YEAR | 10-YEAR |
|---|--------|--------|---------|
| NCU | 12.94% | 8.24% | 8.06% |
| NAC | 12.11% | 9.69% | NA |
| NVX | 12.11% | NA | NA |
| NZH | 13.36% | NA | NA |
| Lehman Brothers CA Tax-Exempt Bond Index1 | 8.04% | 6.60% | 6.67% |
| Lipper CA Municipal Debt Funds Average2 | 11.91% | 7.50% | 7.09% |
| INSURED FUNDS | 1-YEAR | 5-YEAR | 10-YEAR |
| NPC | 10.64% | 8.09% | 7.64% |
| NCL | 10.02% | 8.08% | 7.66% |
| NKL | 12.53% | NA | NA |
| NKX | 12.86% | NA | NA |
| Lehman Brothers Insured CA Tax-Exempt Bond Index3 | 7.47% | 6.87% | 6.84% |

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| | | | |
|----------------------|--------|-------|-------|
| Lipper CA | | | |
| Insured Municipal | | | |
| Debt Funds | | | |
| Average ⁴ | 10.42% | 7.43% | 7.18% |
| ----- | | | |

Past performance is not predictive of future results.

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

For the 12 months ended August 31, 2004, the annual total returns on net asset value (NAV) for all four noninsured Funds outperformed the return on the Lehman Brothers CA Tax-Exempt Bond Index. All of these Funds also surpassed the average return for their Lipper California peer group for this period. Among the insured Funds, the total returns on NAV for all four Funds outperformed the Lehman Brothers Insured CA Tax-Exempt Bond Index. NPC, NKL and NKX also performed better than their insured Lipper peer group, while NCL's return trailed this measure.

- 1 The Lehman Brothers California Tax-Exempt Bond Index is an unleveraged, unmanaged index comprising a broad range of investment-grade California municipal bonds. Results for the Lehman index do not reflect any expenses.
- 2 The Lipper California Municipal Debt Funds category average is calculated using the returns of all leveraged and unleveraged closed-end exchange-traded funds in this category for each period as follows: 1 year, 30 funds; 5 years, 19 funds; and 10 years, 17 funds. Fund and Lipper returns assume reinvestment of dividends.
- 3 The Lehman Brothers Insured California Tax-Exempt Bond Index is an unleveraged, unmanaged index comprising a broad range of insured California municipal bonds. Results for the Lehman index do not reflect any expenses.
- 4 The Lipper Insured California Municipal Debt Funds category average is calculated using the returns of all closed-end exchange-traded funds in this category for each period as follows: 1 year, 13 funds; 5 years, 7 funds; and 10 years, 6 funds. Fund and Lipper returns assume reinvestment of dividends.

8

One of the primary factors benefiting the 12-month performance of each of these Funds relative to that of the unleveraged Lehman indexes was their use of financial leverage. While leveraging can add volatility to the Funds' NAVs and share prices, especially when substantial shifts in interest rates occur, this strategy also can provide opportunities for additional income and total return for common shareholders when short-term interest rates remain low and long-term rates are relatively steady or falling.

While no single factor explains all of the differences in the Funds' performances relative to each other, several Funds did benefit more than others from their duration, sector or credit quality positioning over this period. For example, the performance of NZH was helped by the fact that it is the newest of the four uninsured Funds and, consequently, had a substantially lower exposure to shorter-duration bonds than the other three uninsured Funds over the 12 months - a time when shorter-duration bonds tended to underperform longer-duration bonds. NCU did well because of its relatively large sector allocations to bonds backed by revenues from the 1998 master tobacco settlement agreement and to unenhanced state general obligation bonds. Both of these

sectors were among the strongest performers for the Fund.

Relative to the other uninsured Funds, NAC had a higher weighting in bonds with shorter durations, and this hurt the Fund relative to the three other uninsured Funds. NAC also had a more modest exposure to tobacco settlement bonds, which also affected its relative performance. NVX had a relatively lower exposure to state general obligation bonds and a relatively higher weighting in multifamily housing bonds, which generally were weaker performers over the period. The returns of NAC, NVX and NZH were also boosted by the strong performance of their nonrated land-secured holdings.

Looking at the four insured Funds, NKX and NKL were helped by the fact that they can maintain an exposure of up to 20% in non-insured bond, because lower-rated bonds tended to significantly outperform AAA-rated insured bonds over this fiscal year period. In addition, NCL had a number of housing bond calls, which slightly impacted its performance.

9

HOW ABOUT THE FUNDS' DIVIDENDS AND SHARE PRICES?

With short-term interest rates remaining at or near historically low levels throughout this reporting period, the leveraged structures of these eight Funds continued to support their dividend-paying capabilities. The extent of this benefit is tied in part to the short-term rates the Funds pay their MuniPreferred(R) shareholders. (The Fund's leverage themselves by issuing MuniPreferred shares, which pay dividends based on current short-term notes and do not bear the risk of principal loss or gain.) During periods of low short-term rates, the Funds generally pay relatively lower dividends to their MuniPreferred shareholders, which can leave more earnings to support common share dividends. During this reporting period, this strategy enabled us to increase the dividends of NPC and NAC, while helping to maintain the dividends of NCL, NCU, NVX, NZH, NKL and NKX throughout the period.

All of these Funds 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, 2004, all of the Funds in this report had positive UNII balances except NKX, which had a negative UNII balance.

As of August 31, 2004, NCL was trading at a slight premium to its net asset value, while the other seven Funds were trading at share prices below their NAVs. In each case, the Funds were trading roughly in line with their average discount across the entire 12-month period.

HOW WERE THE FUNDS POSITIONED IN TERMS OF CREDIT QUALITY AND BOND CALLS AS OF AUGUST 31, 2004?

Given the current geopolitical and economic climate, we continued to believe that maintaining strong credit quality was an important requirement. As of August 31, 2004, the four uninsured Funds continued to offer excellent credit quality, with allocations of bonds rated AAA/U.S. guaranteed and AA ranging from 70% in NVX to 67% in NCU, 63% in

NZH and 62% in NAC. NPC and NCL continued to be 100% invested in insured and/or U.S. guaranteed securities. NKL and NKX, which are allowed to invest up to 20% in uninsured investment-grade quality securities, held 80% and 82% of their portfolios, respectively, in insured bonds as of August 31, 2004.

At the end of August 2004, potential call exposure for these Funds during 2004-2005 ranged from 17% in NCU, 7% in NCL, 5% in NPC, 2% in NZH and NAC, 1% in NVX, and 0% in NKL and NKX. For all of the Funds, the number of actual bond calls depends largely on market interest rates.

Nuveen Insured California Premium Income Municipal Fund, Inc.
NPC

Performance

OVERVIEW As of August 31, 2004

FUND SNAPSHOT

| | |
|---|-----------|
| Share Price | \$15.81 |
| Common Share Net Asset Value | \$16.23 |
| Premium/(Discount) to NAV | -2.59% |
| Market Yield | 5.84% |
| Taxable-Equivalent Yield ¹ | 8.92% |
| Net Assets Applicable to Common Shares (\$000) | \$104,618 |
| Average Effective Maturity (Years) | 17.23 |
| Leverage-Adjusted Duration | 8.25 |

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

| | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year | 11.80% | 10.64% |
| 5-Year | 6.87% | 8.09% |
| 10-Year | 8.17% | 7.64% |

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SECTORS
(as a % of total investments)

| | |
|-----------------------------------|-----|
| Tax Obligation/General | 31% |
| U.S. Guaranteed | 22% |
| Water and Sewer | 17% |
| Tax Obligation/Limited | 14% |
| Education and Civic Organizations | 6% |
| Utilities | 6% |
| Other | 4% |

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

| | |
|-----------------------------|-----|
| Insured | 78% |
| Insured and U.S. Guaranteed | 3% |
| U.S. Guaranteed | 19% |

Bar Chart:
2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE²

| | |
|-----|-------|
| Sep | 0.076 |
| Oct | 0.076 |
| Nov | 0.076 |
| Dec | 0.077 |
| Jan | 0.077 |
| Feb | 0.077 |
| Mar | 0.077 |
| Apr | 0.077 |
| May | 0.077 |
| Jun | 0.077 |
| Jul | 0.077 |
| Aug | 0.077 |

Line Chart:
SHARE PRICE PERFORMANCE
Weekly Closing Price
Past performance is not predictive of future results.

| | |
|--------|-------|
| 9/1/03 | 15.02 |
| | 15.16 |
| | 15.2 |
| | 15.04 |
| | 15.35 |
| | 15.36 |
| | 15.3 |
| | 15.32 |
| | 15.44 |
| | 15.39 |
| | 15.75 |
| | 15.79 |
| | 15.72 |
| | 15.64 |
| | 15.88 |
| | 16.07 |

| | |
|---------|-------|
| | 16.12 |
| | 16.31 |
| | 16.42 |
| | 16.09 |
| | 16.06 |
| | 16.21 |
| | 16.09 |
| | 16.27 |
| | 16.22 |
| | 16.41 |
| | 16.27 |
| | 16.34 |
| | 16.65 |
| | 16.43 |
| | 15.62 |
| | 14.79 |
| | 14.35 |
| | 14.14 |
| | 13.77 |
| | 13.8 |
| | 14.15 |
| | 14.29 |
| | 14.31 |
| | 14.21 |
| | 13.76 |
| | 13.89 |
| | 14.38 |
| | 14.66 |
| | 14.61 |
| | 14.45 |
| | 14.88 |
| | 15.27 |
| | 15.07 |
| | 15.39 |
| 8/31/04 | 15.49 |

- 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%. For investments that generate qualified dividend income, the taxable-equivalent yield is lower.
- 2 The Fund also paid shareholders capital gains and net ordinary income distributions in December 2003 of \$0.0615 per share.

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

Performance
OVERVIEW As of August 31, 2004

FUND SNAPSHOT

| | |
|-------------|---------|
| Share Price | \$15.18 |
|-------------|---------|

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| | |
|---------------------------------------|-----------|
| Common Share | |
| Net Asset Value | \$15.12 |
| ----- | |
| Premium/(Discount) to NAV | 0.40% |
| ----- | |
| Market Yield | 6.01% |
| ----- | |
| Taxable-Equivalent Yield ¹ | 9.18% |
| ----- | |
| Net Assets Applicable to | |
| Common Shares (\$000) | \$192,035 |
| ----- | |
| Average Effective | |
| Maturity (Years) | 18.39 |
| ----- | |
| Leverage-Adjusted Duration | 7.91 |
| ----- | |

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

| | | |
|---------|----------------|--------|
| | ON SHARE PRICE | ON NAV |
| ----- | | |
| 1-Year | 12.71% | 10.02% |
| ----- | | |
| 5-Year | 7.22% | 8.08% |
| ----- | | |
| 10-Year | 8.63% | 7.66% |
| ----- | | |

SECTORS
(as a % of total investments)

| | |
|--------------------------------------|-----|
| Tax Obligation/Limited | 32% |
| ----- | |
| Tax Obligation/General | 21% |
| ----- | |
| Water and Sewer | 15% |
| ----- | |
| Education and Civic Organizations | 9% |
| ----- | |
| Utilities | 8% |
| ----- | |
| U.S. Guaranteed | 5% |
| ----- | |
| Other | 10% |
| ----- | |

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

| | |
|-----------------------------|-----|
| Insured | 95% |
| Insured and U.S. Guaranteed | 3% |
| U.S. Guaranteed | 2% |

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE

| | |
|-----|-------|
| Sep | 0.076 |
| Oct | 0.076 |
| Nov | 0.076 |

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| | |
|-----|-------|
| Dec | 0.076 |
| Jan | 0.076 |
| Feb | 0.076 |
| Mar | 0.076 |
| Apr | 0.076 |
| May | 0.076 |
| Jun | 0.076 |
| Jul | 0.076 |
| Aug | 0.076 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

| | |
|--------|-------|
| 9/1/03 | 14.69 |
| | 14.62 |
| | 14.74 |
| | 14.7 |
| | 14.95 |
| | 14.84 |
| | 14.92 |
| | 14.93 |
| | 15.2 |
| | 15.26 |
| | 15.19 |
| | 15.32 |
| | 15.33 |
| | 15.3 |
| | 15.33 |
| | 15.43 |
| | 15.6 |
| | 15.59 |
| | 15.53 |
| | 15.52 |
| | 15.46 |
| | 15.44 |
| | 15.51 |
| | 15.53 |
| | 15.55 |
| | 15.73 |
| | 15.63 |
| | 15.66 |
| | 15.85 |
| | 15.7 |
| | 14.88 |
| | 14.1 |
| | 13.55 |
| | 13.37 |
| | 13.16 |
| | 13.23 |
| | 13.42 |
| | 13.97 |
| | 13.85 |
| | 13.77 |
| | 13.16 |
| | 13.21 |
| | 13.65 |
| | 13.88 |
| | 14.11 |
| | 13.86 |
| | 14.24 |
| | 14.52 |
| | 14.7 |

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8/31/04 14.9
15.08

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%. For investments that generate qualified dividend income, the taxable-equivalent yield is lower.

13

Nuveen California Premium Income Municipal Fund
NCU

Performance
OVERVIEW As of August 31, 2004

FUND SNAPSHOT

| | |
|---|----------|
| Share Price | \$13.67 |
| Common Share Net Asset Value | \$14.51 |
| Premium/(Discount) to NAV | -5.79% |
| Market Yield | 6.41% |
| Taxable-Equivalent Yield ¹ | 9.79% |
| Net Assets Applicable to Common Shares (\$000) | \$83,772 |
| Average Effective Maturity (Years) | 16.82 |
| Leverage-Adjusted Duration | 9.64 |

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

| | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year | 12.04% | 12.94% |
| 5-Year | 6.82% | 8.24% |
| 10-Year | 8.44% | 8.06% |

SECTORS
(as a % of total investments)

| | |
|------------------------|-----|
| Tax Obligation/Limited | 25% |
| Tax Obligation/General | 18% |

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| | |
|---------------------|-----|
| Healthcare | 16% |
| Water and Sewer | 10% |
| Utilities | 8% |
| Housing/Multifamily | 6% |
| Transportation | 6% |
| Other | 11% |

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 60% |
| AA | 7% |
| A | 14% |
| BBB | 13% |
| NR | 1% |
| BB or Lower | 5% |

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE

| | |
|-----|-------|
| Sep | 0.073 |
| Oct | 0.073 |
| Nov | 0.073 |
| Dec | 0.073 |
| Jan | 0.073 |
| Feb | 0.073 |
| Mar | 0.073 |
| Apr | 0.073 |
| May | 0.073 |
| Jun | 0.073 |
| Jul | 0.073 |
| Aug | 0.073 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

| | |
|--------|-------|
| 9/1/03 | 13.02 |
| | 13.18 |
| | 13.19 |
| | 13.31 |
| | 13.45 |
| | 13.43 |
| | 13.28 |
| | 13.35 |
| | 13.57 |
| | 13.65 |
| | 13.65 |
| | 13.69 |
| | 13.66 |
| | 13.64 |
| | 13.6 |
| | 13.61 |
| | 13.62 |
| | 13.71 |

| | |
|---------|-------|
| | 13.8 |
| | 13.87 |
| | 13.77 |
| | 13.78 |
| | 13.77 |
| | 13.84 |
| | 13.87 |
| | 14.03 |
| | 14.1 |
| | 14.11 |
| | 14.02 |
| | 14.07 |
| | 13.6 |
| | 12.92 |
| | 12.87 |
| | 12.75 |
| | 12.37 |
| | 12.17 |
| | 12.18 |
| | 12.99 |
| | 12.65 |
| | 12.51 |
| | 12.6 |
| | 12.52 |
| | 12.8 |
| | 12.81 |
| | 12.8 |
| | 12.84 |
| | 13.14 |
| | 13.18 |
| | 13.23 |
| | 13.36 |
| 8/31/04 | 13.67 |

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%. For investments that generate qualified dividend income, the taxable-equivalent yield is lower.

14

Nuveen California Dividend Advantage Municipal Fund

NAC

Performance

OVERVIEW As of August 31, 2004

FUND SNAPSHOT

| | |
|---------------------------|---------|
| Share Price | \$15.00 |
| Common Share | |
| Net Asset Value | \$15.59 |
| Premium/(Discount) to NAV | -3.78% |
| Market Yield | 6.56% |

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| | |
|---|-----------|
| Taxable-Equivalent Yield ¹ | 10.02% |
| Net Assets Applicable to Common Shares (\$000) | \$365,066 |
| Average Effective Maturity (Years) | 19.04 |
| Leverage-Adjusted Duration | 8.82 |

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

| | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year | 12.07% | 12.11% |
| 5-Year | 6.50% | 9.69% |
| Since Inception | 6.35% | 7.90% |

SECTORS
(as a % of total investments)

| | |
|--------------------------------------|-----|
| Tax Obligation/Limited | 25% |
| Tax Obligation/General | 15% |
| Transportation | 14% |
| Healthcare | 10% |
| Utilities | 9% |
| Water and Sewer | 8% |
| Education and Civic Organizations | 7% |
| Housing/Multifamily | 5% |
| Other | 7% |

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

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 54% |
| AA | 8% |
| A | 16% |
| BBB | 14% |
| NR | 8% |

Bar Chart:
2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE

| | |
|-----|-------|
| Sep | 0.081 |
| Oct | 0.081 |
| Nov | 0.081 |

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| | |
|-----|-------|
| Dec | 0.082 |
| Jan | 0.082 |
| Feb | 0.082 |
| Mar | 0.082 |
| Apr | 0.082 |
| May | 0.082 |
| Jun | 0.082 |
| Jul | 0.082 |
| Aug | 0.082 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

| | |
|--------|-------|
| 9/1/03 | 14.48 |
| | 14.56 |
| | 14.68 |
| | 14.75 |
| | 14.74 |
| | 14.54 |
| | 14.52 |
| | 14.7 |
| | 14.88 |
| | 14.82 |
| | 14.72 |
| | 14.97 |
| | 15.13 |
| | 15.13 |
| | 15.33 |
| | 15.21 |
| | 15.29 |
| | 15.33 |
| | 15.29 |
| | 15.46 |
| | 15.13 |
| | 15.2 |
| | 15.17 |
| | 15.14 |
| | 15.25 |
| | 15.45 |
| | 15.63 |
| | 15.62 |
| | 15.42 |
| | 15.3 |
| | 14.92 |
| | 14.38 |
| | 14.23 |
| | 14.13 |
| | 13.55 |
| | 13.22 |
| | 13.53 |
| | 14.16 |
| | 14.08 |
| | 13.97 |
| | 13.93 |
| | 13.91 |
| | 14.23 |
| | 14.2 |
| | 14.25 |
| | 14.09 |
| | 14.35 |
| | 14.61 |

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| | |
|---------|-------|
| | 14.65 |
| | 14.84 |
| 8/31/04 | 14.87 |

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%. For investments that generate qualified dividend income, the taxable-equivalent yield is lower.

15

Nuveen California Dividend Advantage Municipal Fund 2
NVX

Performance
OVERVIEW As of August 31, 2004

FUND SNAPSHOT

| | |
|---|-----------|
| Share Price | \$14.08 |
| Common Share Net Asset Value | \$14.97 |
| Premium/(Discount) to NAV | -5.95% |
| Market Yield | 6.48% |
| Taxable-Equivalent Yield ¹ | 9.89% |
| Net Assets Applicable to Common Shares (\$000) | \$221,395 |
| Average Effective Maturity (Years) | 18.50 |
| Leverage-Adjusted Duration | 9.67 |

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

| | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year | 13.60% | 12.11% |
| Since Inception | 4.43% | 7.46% |

SECTORS
(as a % of total investments)

| | |
|------------------------|-----|
| Tax Obligation/Limited | 29% |
| Tax Obligation/General | 21% |

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| | |
|--------------------------------------|-------|
| Education and Civic Organizations | 11% |
| ----- | ----- |
| Water and Sewer | 9% |
| ----- | ----- |
| Utilities | 6% |
| ----- | ----- |
| Transportation | 6% |
| ----- | ----- |
| Healthcare | 6% |
| ----- | ----- |
| Housing/Multifamily | 6% |
| ----- | ----- |
| Other | 6% |
| ----- | ----- |

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 68% |
| AA | 2% |
| A | 12% |
| BBB | 12% |
| NR | 6% |

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE

| | |
|-----|-------|
| Sep | 0.076 |
| Oct | 0.076 |
| Nov | 0.076 |
| Dec | 0.076 |
| Jan | 0.076 |
| Feb | 0.076 |
| Mar | 0.076 |
| Apr | 0.076 |
| May | 0.076 |
| Jun | 0.076 |
| Jul | 0.076 |
| Aug | 0.076 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

| | |
|--------|-------|
| 9/1/03 | 13.52 |
| | 13.5 |
| | 13.55 |
| | 13.72 |
| | 13.8 |
| | 13.59 |
| | 13.65 |
| | 13.74 |
| | 13.97 |
| | 14 |
| | 13.82 |
| | 14.1 |
| | 14.18 |
| | 14.01 |
| | 14.05 |
| | 14.02 |
| | 14.02 |
| | 14.2 |

| | |
|---------|-------|
| | 14.26 |
| | 14.28 |
| | 14.11 |
| | 14.31 |
| | 14.3 |
| | 14.2 |
| | 14.32 |
| | 14.35 |
| | 14.52 |
| | 14.53 |
| | 14.49 |
| | 14.19 |
| | 13.95 |
| | 13.35 |
| | 13.06 |
| | 12.92 |
| | 12.61 |
| | 12.41 |
| | 12.75 |
| | 13.05 |
| | 13.09 |
| | 12.99 |
| | 12.96 |
| | 13.14 |
| | 13.42 |
| | 13.35 |
| | 13.37 |
| | 13.3 |
| | 13.4 |
| | 13.68 |
| | 13.65 |
| | 13.88 |
| 8/31/04 | 13.93 |

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%. For investments that generate qualified dividend income, the taxable-equivalent yield is lower.

16

Nuveen California Dividend Advantage Municipal Fund 3
NZH

Performance

OVERVIEW As of August 31, 2004

FUND SNAPSHOT

| | |
|---------------------------------|---------|
| Share Price | \$13.33 |
| Common Share Net Asset Value | \$14.65 |
| Premium/(Discount) to NAV | -9.01% |
| Market Yield | 6.48% |

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| | |
|---|-----------|
| Taxable-Equivalent Yield ¹ | 9.89% |
| Net Assets Applicable to Common Shares (\$000) | \$353,360 |
| Average Effective Maturity (Years) | 18.18 |
| Leverage-Adjusted Duration | 10.11 |

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

| | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year | 11.97% | 13.36% |
| Since Inception | 2.19% | 6.83% |

SECTORS
(as a % of total investments)

| | |
|--------------------------------------|-----|
| Tax Obligation/Limited | 31% |
| Tax Obligation/General | 21% |
| Utilities | 9% |
| Water and Sewer | 9% |
| Healthcare | 8% |
| Transportation | 6% |
| Housing/Multifamily | 6% |
| Education and Civic Organizations | 5% |
| Other | 5% |

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 61% |
| AA | 2% |
| A | 16% |
| BBB | 13% |
| NR | 8% |

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE

| | |
|-----|-------|
| Sep | 0.072 |
| Oct | 0.072 |
| Nov | 0.072 |
| Dec | 0.072 |
| Jan | 0.072 |

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| | |
|-----|-------|
| Feb | 0.072 |
| Mar | 0.072 |
| Apr | 0.072 |
| May | 0.072 |
| Jun | 0.072 |
| Jul | 0.072 |
| Aug | 0.072 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

| | |
|--------|-------|
| 9/1/03 | 12.87 |
| | 12.85 |
| | 13.11 |
| | 13.2 |
| | 13.17 |
| | 13.1 |
| | 13.12 |
| | 13.13 |
| | 13.29 |
| | 13.41 |
| | 13.54 |
| | 13.4 |
| | 13.62 |
| | 13.55 |
| | 13.43 |
| | 13.32 |
| | 13.31 |
| | 13.5 |
| | 13.74 |
| | 13.71 |
| | 13.51 |
| | 13.69 |
| | 13.81 |
| | 13.61 |
| | 13.7 |
| | 13.77 |
| | 13.9 |
| | 13.87 |
| | 13.93 |
| | 13.58 |
| | 13.26 |
| | 12.86 |
| | 12.51 |
| | 12.53 |
| | 12.09 |
| | 12.04 |
| | 12.25 |
| | 12.44 |
| | 12.33 |
| | 12.3 |
| | 12.26 |
| | 12.46 |
| | 12.65 |
| | 12.65 |
| | 12.66 |
| | 12.69 |
| | 12.77 |
| | 13.07 |
| | 13.01 |

8/31/04 13.16
13.27

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%. For investments that generate qualified dividend income, the taxable-equivalent yield is lower.

17

Nuveen Insured California Dividend Advantage Municipal Fund

NKL

Performance

OVERVIEW As of August 31, 2004

FUND SNAPSHOT

| | |
|---|-----------|
| Share Price | \$14.67 |
| Common Share Net Asset Value | \$15.35 |
| Premium/(Discount) to NAV | -4.43% |
| Market Yield | 6.22% |
| Taxable-Equivalent Yield ¹ | 9.50% |
| Net Assets Applicable to Common Shares (\$000) | \$234,186 |
| Average Effective Maturity (Years) | 20.68 |
| Leverage-Adjusted Duration | 7.29 |

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

| | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year | 12.54% | 12.53% |
| Since Inception | 5.69% | 9.45% |

SECTORS

(as a % of total investments)

| | |
|------------------------|-----|
| Tax Obligation/Limited | 29% |
| Tax Obligation/General | 26% |
| Utilities | 13% |

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| | |
|-----------------------------------|-----|
| Water and Sewer | 11% |
| Education and Civic Organizations | 6% |
| Healthcare | 5% |
| Other | 10% |

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

| | |
|-----------------|-----|
| Insured | 80% |
| AAA (Uninsured) | 1% |
| AA (Uninsured) | 3% |
| A (Uninsured) | 11% |
| BBB (Uninsured) | 5% |

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE²

| | |
|-----|-------|
| Sep | 0.076 |
| Oct | 0.076 |
| Nov | 0.076 |
| Dec | 0.076 |
| Jan | 0.076 |
| Feb | 0.076 |
| Mar | 0.076 |
| Apr | 0.076 |
| May | 0.076 |
| Jun | 0.076 |
| Jul | 0.076 |
| Aug | 0.076 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

| | |
|--------|-------|
| 9/1/03 | 14.55 |
| | 14.26 |
| | 14.35 |
| | 14.42 |
| | 14.47 |
| | 14.32 |
| | 14.36 |
| | 14.51 |
| | 14.84 |
| | 14.75 |
| | 14.65 |
| | 14.8 |
| | 14.6 |
| | 14.74 |
| | 14.74 |
| | 14.6 |
| | 14.75 |
| | 14.83 |
| | 14.97 |
| | 14.96 |
| | 14.76 |
| | 14.9 |

| | |
|---------|-------|
| | 14.97 |
| | 15 |
| | 15.16 |
| | 15.25 |
| | 15.1 |
| | 15.11 |
| | 15.25 |
| | 15 |
| | 14.42 |
| | 13.85 |
| | 13.48 |
| | 13.38 |
| | 13.29 |
| | 13.23 |
| | 13.21 |
| | 13.59 |
| | 13.4 |
| | 13.4 |
| | 13.17 |
| | 13.25 |
| | 13.5 |
| | 13.8 |
| | 13.93 |
| | 13.85 |
| | 13.95 |
| | 14.2 |
| | 14.21 |
| | 14.2 |
| 8/31/04 | 14.62 |

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%. For investments that generate qualified dividend income, the taxable-equivalent yield is lower.

2 The Fund also paid shareholders a capital gains distribution in December 2003 of \$0.1252 per share.

18

Nuveen Insured California Tax-Free Advantage Municipal Fund

NKX

Performance

OVERVIEW As of August 31, 2004

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

| | |
|-----------------|-----|
| Insured | 82% |
| A (Uninsured) | 12% |
| BBB (Uninsured) | 6% |

Bar Chart:

2003-2004 MONTHLY TAX-FREE DIVIDENDS PER SHARE

| | |
|-----|--------|
| Sep | 0.0755 |
|-----|--------|

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| | |
|-----|--------|
| Oct | 0.0755 |
| Nov | 0.0755 |
| Dec | 0.0755 |
| Jan | 0.0755 |
| Feb | 0.0755 |
| Mar | 0.0755 |
| Apr | 0.0755 |
| May | 0.0755 |
| Jun | 0.0755 |
| Jul | 0.0755 |
| Aug | 0.0755 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

| | |
|--------|-------|
| 9/1/03 | 13.64 |
| | 14.2 |
| | 14.15 |
| | 14.02 |
| | 14.64 |
| | 14.35 |
| | 14.37 |
| | 14.26 |
| | 14.55 |
| | 14.66 |
| | 14.42 |
| | 14.56 |
| | 14.48 |
| | 14.1 |
| | 14.07 |
| | 14 |
| | 14.07 |
| | 14.55 |
| | 14.74 |
| | 15 |
| | 14.89 |
| | 14.97 |
| | 14.8 |
| | 14.94 |
| | 15.04 |
| | 15.08 |
| | 15 |
| | 14.78 |
| | 14.96 |
| | 14.94 |
| | 14.52 |
| | 13.55 |
| | 13.43 |
| | 13.42 |
| | 13.49 |
| | 13.01 |
| | 13.01 |
| | 13.4 |
| | 13.42 |
| | 13.15 |
| | 12.99 |
| | 12.94 |
| | 13.25 |
| | 13.49 |
| | 13.5 |

| | |
|---------|-------|
| | 13.62 |
| | 13.6 |
| | 13.88 |
| | 13.81 |
| | 13.89 |
| 8/31/04 | 14.15 |

FUND SNAPSHOT

| | |
|---|----------|
| Share Price | \$14.19 |
| Common Share | |
| Net Asset Value | \$14.62 |
| Premium/(Discount) to NAV | -2.94% |
| Market Yield | 6.38% |
| Taxable-Equivalent Yield ¹ | 9.74% |
| Net Assets Applicable to Common Shares (\$000) | \$86,008 |
| Average Effective Maturity (Years) | 21.08 |
| Leverage-Adjusted Duration | 8.50 |

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

| | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year | 11.54% | 12.86% |
| Since Inception | 2.83% | 7.24% |

SECTORS

(as a % of total investments)

| | |
|------------------------|-----|
| Tax Obligation/General | 32% |
| Tax Obligation/Limited | 29% |
| Healthcare | 12% |
| Transportation | 9% |
| Water and Sewer | 8% |
| Other | 10% |

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%. For 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 as of August 31, 2004, and the related statements of operations, changes in net assets and the financial highlights for 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of investments owned as of August 31, 2004, by correspondence with the custodian and brokers or other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 position 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, 2004, the results of their operations, changes in their net assets and financial highlights for the periods indicated therein in conformity with U.S. generally accepted accounting principles.

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/s/ Ernst & Young LLP

Chicago, Illinois
October 15, 2004

20

Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC)
Portfolio of
INVESTMENTS August 31, 2004

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|--|------------------------|
| ----- | | |
| | EDUCATION AND CIVIC ORGANIZATIONS - 8.8% | |
| \$ 2,000 | California Educational Facilities Authority, Revenue Bonds, Santa Clara University, Series 1996, 5.750%, 9/01/26 - MBIA Insured | 9/06 at 102 |
| 2,125 | California Educational Facilities Authority, Student Loan Revenue Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 (Alternative Minimum Tax) - MBIA Insured | 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 |
| 2,000 | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2002O, 5.125%, 9/01/31 - FGIC Insured | 9/10 at 101 |
| ----- | | |
| | HEALTHCARE - 4.6% | |
| 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 |
| ----- | | |
| | HOUSING/MULTIFAMILY - 1.9% | |
| 1,000 | ABAG Finance Authority for Non-Profit Corporations, California, Multifamily Housing Revenue Bonds, Civic Center Drive Apartments, Series 1999A, 5.800%, 9/01/20 (Alternative Minimum Tax) - FSA Insured | 9/09 at 100 |
| 970 | Los Angeles, California, FHA-Insured Section 8 Mortgage Loan Revenue Refunding Bonds, Series 1993A, 6.300%, 1/01/25 - MBIA Insured | 1/05 at 100 |
| ----- | | |
| | HOUSING/SINGLE FAMILY - 0.5% | |
| 460 | California Housing Finance Agency, Single Family Mortgage Bonds II, Series 1997A-1, 6.000%, 8/01/20 (Alternative | 2/07 at 102 |

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Minimum Tax) - MBIA Insured

TAX OBLIGATION/GENERAL - 41.3%

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 |

California, Various Purpose General Obligation Bonds,
Series 2000:

| | | |
|-------|--------------------------------|-------------|
| 7,995 | 5.750%, 3/01/22 - MBIA Insured | 3/10 at 101 |
| 2,000 | 5.750%, 3/01/27 - MBIA Insured | 3/10 at 101 |

2,000 California, General Obligation Veterans Welfare Bonds,
Series 2001BZ, 5.375%, 12/01/24 (Alternative Minimum
Tax) - MBIA Insured 6/07 at 101

750 California, General Obligation Bonds, Series 2004,
5.000%, 4/01/31 - AMBAC Insured 4/14 at 100

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

2,500 Fresno Unified School District, Fresno County, California,
General Obligation Bonds, Series 2001A, 5.125%, 8/01/26 -
FSA Insured 8/09 at 102

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

2,000 Los Angeles Unified School District, California, General
Obligation Bonds, Series 1997A, 5.000%, 7/01/21 -
FGIC Insured 7/08 at 102

21

Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC) ()
Portfolio of INVESTMENTS August 31, 2004

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|--|------------------------|
| <hr/> | | |
| | TAX OBLIGATION/GENERAL (continued) | |
| \$ 3,000 | Pomona Unified School District, Los Angeles County, California, General Obligation Refunding Bonds, Series 1997A, 6.500%, 8/01/19 - MBIA Insured | 8/11 at 103 |
| | San Diego Unified School District, San Diego County, California, General Obligation Bonds, Election of 1998, Series 2001C: | |

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

TAX OBLIGATION/LIMITED - 19.4%

| | | |
|-------|---|--------------|
| 1,000 | Brea and Olinda Unified School District, Orange County, California, Refunding Certificates of Participation, Series 2002A, 5.125%, 8/01/26 - FSA Insured | 8/11 at 101 |
| | California Infrastructure Economic Development Bank, Revenue Bonds, North County Center for Self-Sufficiency Corporation, Series 2004: | |
| 1,215 | 5.000%, 12/01/19 - AMBAC Insured | 12/13 at 100 |
| 1,615 | 5.000%, 12/01/21 - AMBAC Insured | 12/13 at 100 |
| 2,000 | California State Public Works Board, Lease Revenue Bonds, Department of Health Services, Series 1999A, 5.750%, 11/01/24 - MBIA Insured | 11/09 at 101 |
| 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 |
| 895 | Los Angeles Community Redevelopment Agency, California, Tax Allocation Bonds, Bunker Hill Project, Series 2004A, 5.000%, 12/01/20 - FSA Insured | 12/14 at 100 |
| 3,000 | Santa Clara County Financing Authority, California, Lease Revenue Bonds, VMC Facility Replacement Project, Series 1994A, 5.000%, 11/15/22 - AMBAC Insured | 11/07 at 102 |
| 2,805 | Yucaipa-Calimesa Joint Unified School District, San Bernardino County, California, General Obligation Refunding Bonds, Series 2001A, 5.000%, 10/01/31 - MBIA Insured | 10/11 at 100 |

U.S. GUARANTEED*** - 31.1%

| | | |
|-------|--|-------------|
| 6,000 | Huntington Park Redevelopment Agency, California, Single Family Residential Mortgage Revenue Refunding Bonds, Series 1986A, 8.000%, 12/01/19 | 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) | 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) | No Opt. C |
| 1,485 | San Jose, California, Single Family Mortgage Revenue Bonds, Series 1985A, 9.500%, 10/01/13 | No Opt. C |
| 4,800 | University of California, Hospital Revenue Bonds, Davis | 7/06 at 101 |

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Medical Center, Series 1996, 5.750%, 7/01/24 (Pre-refunded to 7/01/06) - AMBAC Insured

| | | |
|------------------|--|--------------|
| UTILITIES - 7.7% | | |
| 4,000 | California Pollution Control Financing Authority, Revenue Bonds, Southern California Edison Company, Series 1992B, 6.400%, 12/01/24 (Alternative Minimum Tax) - MBIA Insured | 12/04 at 100 |
| 3,600 | Sacramento Municipal Utility District, California, Electric Revenue Refunding Bonds, Series 2003S, 5.000%, 11/15/13 - MBIA Insured | No Opt. C |

| | | |
|-------------------------|---|--------------|
| WATER AND SEWER - 23.9% | | |
| 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 (WI, settling 9/15/04) - FGIC Insured | 3/14 at 100 |
| 3,000 | Los Angeles, California, Wastewater System Revenue Bonds, Series 1993D, 4.700%, 11/01/19 - FGIC Insured | 11/04 at 101 |
| 3,400 | San Diego Public Facilities Financing Authority, California, Sewerage Revenue Bonds, Series 1997A, 5.250%, 5/15/22 - FGIC Insured | 5/07 at 101 |

22

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|-----------------------------|--|---------------------|
| <hr/> | | |
| WATER AND SEWER (continued) | | |
| \$ 2,150 | Santa Clara Valley Water District, California, Water Utility System Revenue Bonds, Series 2000A, 5.125%, 6/01/31 - FGIC Insured | 6/10 at 100 |
| 2,310 | Santa Fe Springs Public Financing Authority, California, Water Revenue Bonds, Series 2003A, 5.000%, 5/01/33 - MBIA Insured | 5/13 at 100 |
| 1,345 | West Basin Municipal Water District, California, Revenue Certificates of Participation, Series 2003A, 5.000%, 8/01/20 - MBIA Insured | 8/13 at 100 |
| 5,000 | Wheeler Ridge-Maricopa Water District, Kern County, California, Water Revenue Refunding Bonds, Series 1996, 5.700%, 11/01/15 - AMBAC Insured | 11/06 at 102 |
| <hr/> | | |
| \$ 129,790 | Total Long-Term Investments (cost \$132,901,995) - 139.2% | |
| <hr/> | | |

SHORT-TERM INVESTMENTS - 1.0%

| | | |
|-------|-------|---|
| | 1,000 | Puerto Rico Government Development Bank, Adjustable Refunding Bonds, Variable Rate Demand Obligations, Series 1985, 1.250%, 12/01/15 - MBIA Insured+ |
| ----- | | |
| \$ | 1,000 | Total Short-Term Investments (cost \$1,000,000) |
| ===== | | |
| | | Total Investments (cost \$133,901,995) - 140.2% |
| ----- | | |
| | | Other Assets Less Liabilities - 2.8% |
| ----- | | |
| | | Preferred Shares, at Liquidation Value - (43.0)% |
| ----- | | |
| | | Net Assets Applicable to Common Shares - 100% |
| ===== | | |

All of the bonds in the portfolio 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.

* 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.

** Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.

*** Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.

(WI) Security purchased on a when-issued basis.

+ Security has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term security. The rate disclosed is that currently in effect. This rate changes periodically based on market conditions or a specified market index.

See accompanying notes to financial statements.

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| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|---|------------------------|
| ----- | | |
| | EDUCATION AND CIVIC ORGANIZATIONS - 13.0% | |
| | California Educational Facilities Authority, Revenue Bonds, Santa Clara University, Series 1996: | |
| \$ 2,400 | 5.750%, 9/01/21 - MBIA Insured | 9/06 at 102 |
| 3,000 | 5.750%, 9/01/26 - MBIA Insured | 9/06 at 102 |
| 2,000 | California Educational Facilities Authority, Revenue Bonds, University of the Pacific, Series 2000, 5.875%, 11/01/20 - MBIA Insured | 11/10 at 100 |
| 2,125 | California Educational Facilities Authority, Student Loan Revenue Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 (Alternative Minimum Tax) - MBIA Insured | 3/08 at 102 |
| | California Infrastructure Economic Development Bank, Revenue Bonds, Asian Art Museum of San Francisco, Series 2000: | |
| 1,295 | 5.500%, 6/01/19 - MBIA Insured | 6/10 at 101 |
| 1,000 | 5.500%, 6/01/20 - MBIA Insured | 6/10 at 101 |
| 5,380 | California State University, Systemwide Revenue Bonds, Series 2004A, 5.000%, 11/01/16 - FSA Insured | 5/14 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 |
| ----- | | |
| | HEALTHCARE - 4.7% | |
| 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 | 7/06 at 102 |
| 5,000 | California Health Facilities Financing Authority, Insured Health Facility Revenue Refunding Bonds, Catholic Healthcare West, Series 1996A, 6.000%, 7/01/25 - MBIA Insured | 7/06 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 |
| ----- | | |
| | HOUSING/MULTIFAMILY - 4.7% | |
| | ABAG Finance Authority for Non-Profit Corporations, California, Multifamily Housing Revenue Bonds, Civic Center Drive Apartments, Series 1999A: | |
| 4,000 | 5.800%, 9/01/20 (Alternative Minimum Tax) - FSA Insured | 9/09 at 100 |
| 1,370 | 5.875%, 3/01/32 (Alternative Minimum Tax) - FSA Insured | 9/09 at 100 |
| 3,110 | Los Angeles Community Redevelopment Agency, California, FNMA-Collateralized Section 8 Multifamily Housing Revenue Refunding Bonds, Angelus Plaza, Series 1995A, 7.400%, 6/15/10 | 6/05 at 105 |
| ----- | | |

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HOUSING/SINGLE FAMILY - 0.6%

| | | |
|-------|--|-------------|
| 1,150 | California Housing Finance Agency, Single Family Mortgage Bonds, Series 1997C-2-II, 5.625%, 8/01/20 (Alternative Minimum Tax) - MBIA Insured | 8/07 at 101 |
|-------|--|-------------|

TAX OBLIGATION/GENERAL - 28.3%

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

| | | |
|-----|--|--------------|
| 485 | California, General Obligation Veterans Welfare Bonds, Series 1997BH, 5.500%, 12/01/24 (Alternative Minimum Tax) - FSA Insured | 12/04 at 101 |
|-----|--|--------------|

| | | |
|-------|--|-------------|
| 2,500 | California, Various Purpose General Obligation Bonds, Series 1999, 5.500%, 9/01/24 - FSA Insured | 9/09 at 101 |
|-------|--|-------------|

California, Various Purpose General Obligation Bonds, Series 2000:

| | | |
|-------|--------------------------------|-------------|
| 7,995 | 5.750%, 3/01/22 - MBIA Insured | 3/10 at 101 |
|-------|--------------------------------|-------------|

| | | |
|-------|--------------------------------|-------------|
| 2,000 | 5.750%, 3/01/27 - MBIA Insured | 3/10 at 101 |
|-------|--------------------------------|-------------|

| | | |
|-------|---|-------------|
| 4,900 | California, General Obligation Bonds, Series 2003, 5.000%, 2/01/31 - MBIA Insured | 2/13 at 100 |
|-------|---|-------------|

| | | |
|-------|---|-------------|
| 3,000 | California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.375%, 12/01/24 (Alternative Minimum Tax) - MBIA Insured | 6/07 at 101 |
|-------|---|-------------|

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

TAX OBLIGATION/GENERAL (continued)

| | | |
|----------|--|-------------|
| \$ 2,500 | 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 |
|-------|---------------------------------|-------------|

| | | |
|-------|--|-------------|
| 2,575 | Calipatria Unified School District, Imperial County, California, General Obligation Bonds, Series 1996A, 5.625%, 8/01/13 - AMBAC Insured | 8/06 at 102 |
|-------|--|-------------|

Fresno Unified School District, Fresno County, California, General Obligation Bonds, Series 2001F:

| | | |
|-------|-------------------------------|-------------|
| 1,065 | 5.125%, 8/01/21 - FSA Insured | 8/09 at 102 |
|-------|-------------------------------|-------------|

| | | |
|-------|-------------------------------|-------------|
| 1,160 | 5.125%, 8/01/22 - FSA Insured | 8/09 at 102 |
|-------|-------------------------------|-------------|

| | | |
|-------|-------------------------------|-------------|
| 1,220 | 5.125%, 8/01/23 - FSA Insured | 8/09 at 102 |
|-------|-------------------------------|-------------|

| | | |
|-------|--|-------------|
| 1,500 | Hacienda La Puente Unified School District, Los Angeles County, California, General Obligation Bonds, Election of 2000, Series 2000A, 5.250%, 8/01/25 - MBIA Insured | 8/10 at 101 |
|-------|--|-------------|

Kern Community College District, California, General

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| | | |
|-------|--|--------------|
| | Obligation Bonds, Series 2003A: | |
| 3,655 | 5.000%, 11/01/20 - FGIC Insured | 11/13 at 100 |
| 2,665 | 5.000%, 11/01/21 - FGIC Insured | 11/13 at 100 |
| 1,750 | Lake Tahoe Unified School District, El Dorado County, California, General Obligation Bonds, Series 1999A, 5.250%, 8/01/24 - FGIC Insured | 8/09 at 100 |
| | Manteca Unified School District, San Joaquin County, California, General Obligation Bonds, Series 2004: | |
| 1,000 | 5.250%, 8/01/21 - FSA Insured | 8/14 at 100 |
| 1,000 | 5.250%, 8/01/22 - FSA Insured | 8/14 at 100 |
| 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 |
| 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 |
| 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 |

TAX OBLIGATION/LIMITED - 44.9%

| | | |
|-------|---|--------------|
| | 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 |
| 1,535 | California Infrastructure Economic Development Bank, Revenue Bonds, North County Center for Self-Sufficiency Corporation, Series 2004, 5.000%, 12/01/20 - AMBAC Insured | 12/13 at 100 |
| 3,500 | California Department of Transportation, Federal Highway Grant Anticipation Bonds, Series 2004A, 5.000%, 2/01/15 - FGIC Insured | No Opt. C |
| 3,450 | California State Public Works Board, Lease Revenue Bonds, Department of Health Services, Series 1999A, 5.750%, 11/01/24 - MBIA Insured | 11/09 at 101 |
| 5,000 | Compton Community Redevelopment Agency, California, Tax Allocation Refunding Bonds, Merged Area Redevelopment Projects, Series 1995A, 6.500%, 8/01/13 - FSA Insured | 8/05 at 102 |
| 4,000 | Contra Costa County, California, Refunding Certificates of Participation, Merrithew Memorial Hospital Replacement Project, 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 |

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| | | |
|-------|--|--------------|
| 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 |
| 5,000 | Kern County Board of Education, California, Refunding Certificates of Participation, 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 |

25

Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL)
Portfolio of INVESTMENTS August 31, 2004

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|------------------------------------|--|------------------------|
| ----- | | |
| TAX OBLIGATION/LIMITED (continued) | | |
| \$ 4,000 | Los Angeles, California, Certificates of Participation, Municipal Improvement Corporation, Series 2003AW, 5.000%, 6/01/33 - AMBAC Insured | 6/13 at 100 |
| 1,000 | Los Angeles Community Redevelopment Agency, California, Tax Allocation Bonds, Bunker Hill Project, Series 2004A, 5.000%, 12/01/20 - FSA Insured | 12/14 at 100 |
| 3,865 | Los Angeles County Metropolitan Transportation Authority, California, Second Senior Lien Proposition C Sales Tax Revenue Bonds, Series 2000A, 5.250%, 7/01/30 - FGIC Insured | 7/10 at 101 |
| 1,890 | Menifee Union School District, Riverside County, California, Certificates of Participation, School Projects, Series 1996, 6.125%, 9/01/24 - FSA Insured | 9/06 at 102 |
| 2,690 | Norwalk Community Facilities Financing Authority, Los Angeles County, California, Tax Allocation Revenue Refunding Bonds, Series 1995A, 6.000%, 9/01/15 - FSA Insured | 9/05 at 102 |
| 2,780 | Pittsburg Redevelopment Agency, California, Tax Allocation Refunding Bonds, Los Medanos Community Development Project, Series 2003A, 5.000%, 8/01/12 - MBIA Insured | No Opt. C |
| 4,140 | Plumas County, California, Certificates of Participation, Capital Improvement Program, Series 2003A, 5.000%, 6/01/28 - AMBAC Insured | 6/13 at 101 |
| 2,000 | Poway Redevelopment Agency, California, Tax Allocation Refunding Bonds, Paguay Redevelopment Project, Series 2000, 5.750%, 6/15/33 - MBIA Insured | 12/10 at 102 |
| 1,000 | Rocklin Unified School District, Placer County, California, | 9/13 at 100 |

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| | | |
|-------|---|--------------|
| | Special Tax Bonds, Community Facilities District 1, Series 2004, 5.000%, 9/01/25 - MBIA Insured | |
| 5,000 | San Bernardino Joint Powers Financing Authority, California, Refunding Certificates of Participation, Police Station Financing Project, Series 1999, 5.500%, 9/01/20 - MBIA Insured | 9/09 at 102 |
| 3,500 | San Francisco Bay Area Rapid Transit District, California, Sales Tax Revenue Bonds, Series 1999, 5.500%, 7/01/34 - FGIC Insured | 7/09 at 101 |
| 1,930 | Santa Margarita/Dana Point Authority, Orange County, California, Refinancing Revenue Bonds, Improvement Districts 1, 2, 2A and 8, Series 1994A, 7.250%, 8/01/05 - MBIA Insured | No Opt. C |
| 5,450 | Visalia, California, Refunding Certificates of Participation, Motor Vehicle License Fee Enhancement, Series 1996A, 5.375%, 12/01/26 - MBIA Insured | 12/06 at 102 |
| ----- | | |
| | TRANSPORTATION - 6.6% | |
| 6,500 | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 0.000%, 1/15/18 - MBIA Insured | 1/10 at 65 |
| 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 (Alternative Minimum Tax) - MBIA Insured | 5/11 at 100 |
| ----- | | |
| | U.S. GUARANTEED*** - 7.9% | |
| 2,865 | Central Unified School District, Fresno County, California, General Obligation Bonds, Series 1993, 5.625%, 3/01/18 - AMBAC Insured | 9/04 at 101 |
| 3,000 | Escondido Union High School District, San Diego County, California, General Obligation Bonds, Series 1996, 5.700%, 11/01/10 - MBIA Insured | 11/06 at 102 |
| 2,500 | Oakland, California, Insured Revenue Bonds, 1800 Harrison Foundation - Kaiser Permanente, Series 1999A, 6.000%, 1/01/29 (Pre-refunded to 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) | No Opt. C |
| ----- | | |
| | UTILITIES - 12.1% | |
| 3,740 | California Pollution Control Financing Authority, Revenue | 9/09 at 101 |

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Refunding Bonds, Southern California Edison Company,
Series 1999B, 5.450%, 9/01/29 - MBIA Insured

| | | |
|-------|---|--------------|
| 3,215 | Modesto Irrigation District, California, Revenue Refunding Bonds, Series 1996A, 6.000%, 10/01/15 - MBIA Insured | 10/06 at 102 |
| 3,500 | Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2002II, 5.125%, 7/01/26 - FSA Insured | 7/12 at 101 |

26

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|---|------------------------|
| ----- | | |
| | UTILITIES (continued) | |
| \$ 1,790 | 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 (Alternative Minimum Tax) - AMBAC Insured | 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 |
| ----- | | |
| | WATER AND SEWER - 22.7% | |
| 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 | 2/05 at 102 |
| 2,000 | El Dorado Irrigation District, California, Water and Sewer Certificates of Participation, Series 2004A, 5.000%, 3/01/21 (WI, settling 9/15/04) - FGIC Insured | 3/14 at 100 |
| 2,700 | Los Angeles County Sanitation Districts Financing Authority, California, Senior Revenue Bonds, Capital Projects, Series 2003A, 5.000%, 10/01/21 - FSA Insured | 10/13 at 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 |
| 1,000 | Sacramento County Sanitation District Financing Authority, California, Revenue Bonds, Series 2000A, 5.500%, 12/01/20 - AMBAC Insured | 12/10 at 101 |

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| | | |
|------------|--|--------------|
| 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 |
| 2,000 | South San Joaquin Irrigation District, San Joaquin County, California, Revenue Refunding Certificates of Participation, Series 1993, 5.500%, 1/01/15 - AMBAC Insured | 1/05 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 |
| ----- | | |
| \$ 273,720 | Total Long-Term Investments (cost \$263,591,647) - 145.5% | |
| ===== | | |

27

Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL)
Portfolio of INVESTMENTS August 31, 2004

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) |
|---------------------------|--|
| | SHORT-TERM INVESTMENTS - 1.5% |
| \$ 800 | Irvine, California, Assessment District 93-14 Variable Rate Limited Obligation Improvement Bonds, Series 2000, 1.320%, 9/02/25+ |
| 2,000 | Puerto Rico Government Development Bank, Adjustable Refunding Bonds, Variable Rate Demand Obligations, Series 1985, 1.250%, 12/01/15 - MBIA Insured+ |
| ----- | |
| \$ 2,800 | Total Short-Term Investments (cost \$2,800,000) |
| ===== | |
| | Total Investments (cost \$266,391,647) - 147.0% |
| ----- | |
| | Other Assets Less Liabilities - 2.5% |
| ----- | |
| | Preferred Shares, at Liquidation Value - (49.5)% |

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

All of the bonds in the portfolio, excluding temporary investments in short-term municipal securities, 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.
- * 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.
- ** Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.
- (WI) Security purchased on a when-issued basis.
- + Security has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term security. The rate disclosed is that currently in effect. This rate changes periodically based on market conditions or a specified market index.

See accompanying notes to financial statements.

28

Nuveen California Premium Income Municipal Fund (NCU)
 Portfolio of
 INVESTMENTS August 31, 2004

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|---|------------------------|
| ----- | | |
| | CONSUMER STAPLES - 5.4% | |
| \$ 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 |
| 3,720 | California Statewide Financing Authority, Tobacco Settlement Asset-Backed Bonds, Pooled Tobacco Securitization Program, Series 2002A, 5.625%, 5/01/29 | 5/12 at 100 |
| ----- | | |
| | EDUCATION AND CIVIC ORGANIZATIONS - 2.0% | |

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| | | |
|--------------------------------|---|--------------|
| 1,500 | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2003A, 5.125%, 5/15/17 - AMBAC Insured | 5/13 at 100 |
| ----- | | |
| HEALTHCARE - 22.3% | | |
| 1,500 | California Health Facilities Financing Authority, Revenue Bonds, Cedars-Sinai Medical Center, Series 1999A, 6.125%, 12/01/30 | 12/09 at 101 |
| 5,150 | California Health Facilities Financing Authority, Hospital Revenue Bonds, Downey Community Hospital, Series 1993, 5.750%, 5/15/15 | 11/04 at 101 |
| 1,500 | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31 | 8/11 at 102 |
| 8,100 | California Statewide Community Development Authority, Revenue Refunding Bonds, Sherman Oaks Health System, Series 1998A, 5.000%, 8/01/22 - AMBAC Insured | No Opt. C |
| 2,000 | Loma Linda, California, Hospital Revenue Bonds, Loma Linda University Medical Center, Series 1993A, 6.000%, 12/01/06 | 12/04 at 101 |
| ----- | | |
| HOUSING/MULTIFAMILY - 9.1% | | |
| 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 |
| 5,580 | Los Angeles Community Redevelopment Agency, California, FNMA-Collateralized Section 8 Multifamily Housing Revenue Refunding Bonds, Angelus Plaza, Series 1995A, 7.400%, 6/15/10 | 6/05 at 105 |
| ----- | | |
| HOUSING/SINGLE FAMILY - 2.3% | | |
| 865 | California Housing Finance Agency, Single Family Mortgage Bonds II, Series 1997A-1, 6.000%, 8/01/20 (Alternative Minimum Tax) - MBIA Insured | 2/07 at 102 |
| 810 | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 1994F-3, 6.100%, 8/01/15 (Alternative Minimum Tax) - MBIA Insured | 8/05 at 102 |
| 145 | California Rural Home Mortgage Finance Authority, Single Family Mortgage Revenue Bonds, Mortgage-Backed Securities Program, Series 1996C, 7.500%, 8/01/27 (Alternative Minimum Tax) | No Opt. C |
| ----- | | |
| TAX OBLIGATION/GENERAL - 27.3% | | |
| 4,000 | California, General Obligation Veterans Welfare Bonds, Series 1999BR, 5.300%, 12/01/29 (Alternative Minimum Tax) | 12/04 at 101 |

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| | | | |
|-------|---|--|--------------|
| | California, General Obligation Bonds, Series 2003: | | |
| 1,000 | 5.250%, 11/01/19 - RAAI Insured | | 11/13 at 100 |
| 1,055 | 5.250%, 2/01/21 | | 8/13 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 |
| 1,750 | 5.000%, 2/01/23 | | 2/14 at 100 |
| 1,400 | 5.200%, 4/01/26 | | 4/14 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 |

29

Nuveen California Premium Income Municipal Fund (NCU) (continued)
Portfolio of INVESTMENTS August 31, 2004

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|---|------------------------|
| ----- | | |
| | TAX OBLIGATION/GENERAL (continued) | |
| \$ 2,250 | Los Angeles Unified School District, California, General Obligation Bonds, Series 2003A, 5.000%, 7/01/22 - FSA Insured | 7/13 at 100 |
| 6,000 | North Orange County Community College District, California, General Obligation Bonds, Series 2003B, 0.000%, 8/01/27 - FGIC Insured | No Opt. C |
| 3,000 | Pomona Unified School District, Los Angeles County, California, General Obligation Refunding Bonds, Series 1997A, 6.150%, 8/01/15 - MBIA Insured | 8/11 at 103 |
| 1,200 | Riverside Community College District, California, General Obligation Bonds, Series 2004A, 5.250%, 8/01/22 - MBIA Insured | 8/14 at 100 |
| ----- | | |
| | TAX OBLIGATION/LIMITED - 38.8% | |
| 1,000 | Bell Community Redevelopment Agency, California, Tax Allocation Bonds, Bell Project Area, Series 2003, 5.625%, 10/01/33 - RAAI Insured | 10/13 at 100 |
| 985 | Beverly Hills Public Financing Authority, California, Lease Revenue Refunding Bonds, Series 2003A, 5.250%, 6/01/15 - MBIA Insured | 6/13 at 100 |
| | California, Economic Recovery Revenue Bonds, Series 2004A: | |
| 1,720 | 5.000%, 7/01/15 | 7/14 at 100 |
| 1,000 | 5.000%, 7/01/16 | 7/11 at 100 |
| 5,920 | California State Public Works Board, Lease Revenue Bonds, Department of Veterans Affairs, Southern California Veterans Home - Chula Vista Facility, Series 1999A, 5.600%, 11/01/19 - AMBAC Insured | 11/09 at 101 |

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| | | | |
|-------|---|--|--------------|
| | Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Bonds, Series 2003B: | | |
| 1,000 | 5.500%, 6/01/33 | | 6/13 at 100 |
| 1,000 | 5.625%, 6/01/33 | | 6/13 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 |
| 1,890 | 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) | | 12/04 at 101 |
| 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 |
| 3,000 | Sacramento City Financing Authority, California, Lease Revenue Refunding Bonds, Series 1993B, 5.400%, 11/01/20 | | No Opt. C |
| 1,500 | Sacramento City Financing Authority, California, Lease Revenue Refunding Bonds, Series 1993A, 5.400%, 11/01/20 - MBIA Insured | | No Opt. C |
| | 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 |

TRANSPORTATION - 8.4%

| | | | |
|-------|--|--|-------------|
| 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 | | 7/13 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 |
| 2,000 | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series, Issue 10A, 5.700%, 5/01/26 (Alternative Minimum Tax) - MBIA Insured | | 5/06 at 102 |

U.S. GUARANTEED*** - 6.4%

| | | | |
|-------|---|--|-------------|
| 2,750 | Puerto Rico, Public Improvement General Obligation Bonds, Series 2000, 5.750%, 7/01/21 (Pre-refunded to 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, | | 3/09 at 102 |

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5.750%, 3/15/29

30

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|--|------------------------|
| ----- | | |
| | UTILITIES - 11.5% | |
| | California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A: | |
| \$ 400 | 5.375%, 5/01/17 - XLCA Insured | 5/12 at 101 |
| 2,250 | 5.125%, 5/01/18 | 5/12 at 101 |
| 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 |
| 1,500 | Merced Irrigation District, California, Revenue Refunding Bonds, Electric System Project, Series 2001, 6.500%, 9/01/22 | 9/05 at 102 |
| 4,580 | Sacramento Municipal Utility District, California, Electric Revenue Refunding Bonds, Series 2002Q, 5.250%, 8/15/20 - FSA Insured | 8/12 at 100 |
| ----- | | |
| | WATER AND SEWER - 14.5% | |
| 5,000 | Culver City, California, Wastewater Facilities Revenue Refunding Bonds, Series 1999A, 5.700%, 9/01/29 - FGIC Insured | 9/09 at 102 |
| 3,495 | Orange County Sanitation District, California, Certificates of Participation, Series 2003, 5.250%, 2/01/21 - FGIC Insured | 8/13 at 100 |
| 1,000 | Sacramento County Water Financing Authority, California, Revenue Bonds, Agency Zones 40-41 System Projects, Series 2003, 5.000%, 6/01/22 - AMBAC Insured | 6/13 at 100 |
| 1,795 | Woodbridge Irrigation District, California, Certificates of Participation, Water Systems Project, Series 2003, 5.500%, 7/01/33 | 7/13 at 100 |
| ----- | | |
| \$ 121,985 | Total Long-Term Investments (cost \$118,587,913) - 148.0% | |
| ===== | | |
| | SHORT-TERM INVESTMENTS - 1.2% | |
| 1,000 | California Statewide Community Development Authority, Certificates of Participation, John Muir/Mount Diablo Health System, Variable Rate Demand Obligations, Series 1997, 1.220%, 8/15/27, AMBAC Insured+ | |
| ----- | | |
| \$ 1,000 | Total Short-Term Investments (cost \$1,000,000) | |
| ===== | | |
| | Total Investments (cost \$119,587,913) - 149.2% | |
| ----- | | |

Other Assets Less Liabilities - 2.1%

 Preferred Shares, at Liquidation Value - (51.3)%

 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.

* 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.

** Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.

*** Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.

N/R Investment is not rated.

+ Security has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term security. The rate disclosed is that currently in effect. This rate changes periodically based on market conditions or a specified market index.

See accompanying notes to financial statements.

Nuveen California Dividend Advantage Municipal Fund (NAC)
 Portfolio of
 INVESTMENTS August 31, 2004

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|------------------------|---|---------------------|
| | CONSUMER STAPLES - 5.2% | |
| \$ 5,000 | California Statewide Community Development Authority, Certificates of Participation, Pride Industries and Pride One Inc., Series 1999, 7.250%, 11/01/29 | 11/09 at 102 |
| 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 |
| | Northern California Tobacco Securitization Authority, Tobacco Settlement Asset-Backed Bonds, Series 2001A: | |

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| | | |
|-------|---|-------------|
| 2,500 | 5.250%, 6/01/31 | 6/11 at 100 |
| 4,500 | 5.375%, 6/01/41 | 6/11 at 100 |
| 3,635 | Southern California Tobacco Securitization Authority, Tobacco Settlement Asset-Backed Bonds, Senior Series 2001A, 5.250%, 6/01/27 | 6/12 at 100 |

EDUCATION AND CIVIC ORGANIZATIONS - 10.5%

| | | |
|--------|---|--------------|
| 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, Multi-Purpose Projects, Series 2000K, 5.000%, 9/01/12 | 9/08 at 101 |
| | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2002O: | |
| 10,770 | 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 |

HEALTHCARE - 14.0%

| | | |
|--------|--|--------------|
| 8,400 | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente System, Series 1998B, 5.250%, 10/01/14 (Optional put 10/01/08) | 10/08 at 101 |
| 15,000 | California Health Facilities Financing Authority, Revenue Bonds, Cedars-Sinai Medical Center, Series 1999A, 6.125%, 12/01/30 | 12/09 at 101 |
| 2,160 | California Health Facilities Financing Authority, Revenue Bonds, Adventist Health System/West, Series 2003A, 5.000%, 3/01/15 | 3/13 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 |
| 2,800 | Upland, California, Certificates of Participation, San Antonio Community Hospital, Series 1993, 5.250%, 1/01/08 | 1/05 at 101 |
| 2,500 | Whittier, California, Health Facility Revenue Bonds, | 6/12 at 101 |

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Presbyterian Intercommunity Hospital, Series 2002,
5.600%, 6/01/22

| HOUSING/MULTIFAMILY - 7.3% | | |
|----------------------------|---|-------------|
| 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 |
| 5,250 | 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 |
| 5,000 | 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 |

32

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|--|--|------------------------|
| <hr/> | | |
| HOUSING/MULTIFAMILY (continued) | | |
| \$ 7,500 | San Bernardino County Housing Authority, California, Multifamily Housing Revenue Refunding Bonds, Equity Residential Properties/Redlands Lawn and Tennis Apartments, Series 1999A, 5.200%, 6/15/29 (Mandatory put 6/15/09) | No Opt. C |
| <hr/> | | |
| LONG-TERM CARE - 2.4% | | |
| 8,500 | Riverside County Public Financing Authority, California, Certificates of Participation, Air Force Village West, Series 1999, 5.800%, 5/15/29 | 5/09 at 101 |
| <hr/> | | |
| TAX OBLIGATION/GENERAL - 22.3% | | |
| California, General Obligation Refunding Bonds, Series 2002: | | |
| 8,000 | 5.000%, 2/01/12 | No Opt. C |
| 4,435 | 6.000%, 4/01/16 - AMBAC Insured | No Opt. C |
| California, General Obligation Bonds, Series 2003: | | |
| 2,000 | 5.250%, 11/01/19 - RAAI Insured | 11/13 at 100 |
| 5,200 | 5.250%, 2/01/20 | 8/13 at 100 |
| California, General Obligation Bonds, Series 2004: | | |
| 5,000 | 5.125%, 4/01/23 | 4/14 at 100 |
| 4,150 | 5.125%, 4/01/25 | 4/14 at 100 |
| 1,000 | Los Angeles Community College District, Los Angeles County, California, General Obligation Bonds, Election of 2001, Series 2001A, 5.000%, 6/01/26 - MBIA Insured | 8/11 at 100 |

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| | | |
|--------|---|-------------|
| 18,500 | Los Angeles Unified School District, California, General Obligation Bonds, Series 1999C, 5.250%, 7/01/24 - MBIA Insured | 7/09 at 101 |
| 10,845 | Los Angeles Unified School District, California, General Obligation Bonds, Series 2002E, 5.000%, 7/01/19 - MBIA Insured | 7/12 at 100 |
| 3,335 | Moreno Valley Unified School District, Riverside County, California, General Obligation Bonds, Series 2004A, 5.250%, 8/01/21 - FSA Insured | 8/14 at 100 |
| 1,750 | Oakland Unified School District, Alameda County, California, General Obligation Bonds, Series 2001, 5.125%, 8/01/21 - FSA Insured | 8/08 at 101 |
| 5,000 | San Diego Unified School District, San Diego County, California, General Obligation Bonds, Series 2003E, 5.250%, 7/01/20 - FSA Insured | 7/13 at 101 |
| 2,700 | Ventura County Community College District, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/15 - MBIA Insured | 8/12 at 101 |
| 3,605 | West Contra Costa Unified School District, Contra Costa County, California, General Obligation Bonds, Series 2003B, 5.000%, 8/01/21 - FSA Insured | 8/11 at 101 |

TAX OBLIGATION/LIMITED - 38.1%

| | | |
|-------|--|--------------|
| | Brentwood Infrastructure Financing Authority, Contra Costa County, California, Capital Improvement Revenue Bonds, Series 2001: | |
| 1,110 | 5.375%, 11/01/18 - FSA Insured | 11/11 at 100 |
| 1,165 | 5.375%, 11/01/19 - FSA Insured | 11/11 at 100 |
| 1,990 | Brentwood Infrastructure Financing Authority, California, Infrastructure Revenue Refunding Bonds, Series 2002A, 5.125%, 9/02/24 - FSA Insured | 9/12 at 100 |
| 7,400 | California, Economic Recovery Revenue Bonds, Series 2004A, 5.000%, 7/01/15 | 7/14 at 100 |
| 2,000 | Capistrano Unified School District - Talega, Orange County, California, Special Tax Bonds, Community Facilities District 90-2, Series 2003, 6.000%, 9/01/33 | 9/13 at 100 |
| 3,490 | Fontana, California, Senior Special Tax Refunding Bonds, Heritage Village Community Facilities District 2, Series 1998A, 5.250%, 9/01/17 - MBIA Insured | 9/08 at 102 |
| 1,125 | Fontana, California, Special Tax Bonds, Sierra Community Facilities District 22, Series 2004, 6.000%, 9/01/34 | 9/14 at 100 |
| 3,980 | Garden Grove, California, Certificates of Participation, Financing Project, Series 2002A, 5.500%, 3/01/22 - AMBAC Insured | 3/12 at 101 |
| 4,500 | Inglewood Redevelopment Agency, California, Tax Allocation Refunding Bonds, Merged Area Redevelopment Project, Series 1998A, 5.250%, 5/01/23 - AMBAC Insured | No Opt. C |

Nuveen California Dividend Advantage Municipal Fund (NAC) (continued)
 Portfolio of INVESTMENTS August 31, 2004

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|---|------------------------|
| ----- | | |
| | TAX OBLIGATION/LIMITED (continued) | |
| \$ 2,000 | Lee Lake Water District, Riverside County, California, Special Tax Bonds, Community Facilities District 1 of Sycamore Creek, Series 2003, 6.500%, 9/01/24 | 9/13 at 102 |
| 2,200 | Lincoln, California, Special Tax Bonds, Lincoln Crossing Community Facilities District 03-1, Series 2003A, 6.500%, 9/01/25 | 9/13 at 102 |
| 1,500 | Lincoln, California, Special Tax Bonds, Lincoln Crossing Community Facilities District 03-1, Series 2004, 6.000%, 9/01/34 | 9/13 at 102 |
| 5,000 | Los Angeles County Metropolitan Transportation Authority, California, Second Senior Lien Proposition C Sales Tax Revenue Refunding Bonds, Series 1998A, 5.000%, 7/01/23 - AMBAC Insured | 7/08 at 101 |
| 10,000 | Los Angeles County Public Works Financing Authority, California, Revenue Bonds, Regional Park and Open Space District, Series 1997A, 5.000%, 10/01/16 | 10/07 at 101 |
| 9,200 | Norco Redevelopment Agency, California, Tax Allocation Refunding Bonds, Project Area 1, Series 2001, 5.000%, 3/01/19 - MBIA Insured | 3/11 at 102 |
| 5,545 | Oakland Joint Power Financing Authority, California, Lease Revenue Refunding Bonds, Oakland Convention Centers, Series 2001, 5.500%, 10/01/14 - AMBAC Insured | No Opt. C |
| 3,290 | Oakland Redevelopment Agency, California, Subordinate Lien Tax Allocation Bonds, Central District Redevelopment Project, Series 2003, 5.500%, 9/01/16 - FGIC Insured | 3/13 at 100 |
| 4,000 | Orange County Local Transportation Authority, California, Limited Sales Tax Revenue Refunding Bonds, Measure M, Series 1997A, 5.700%, 2/15/08 - AMBAC Insured | No Opt. C |
| 5,600 | Palm Springs Financing Authority, California, Lease Revenue Refunding Bonds, Convention Center Project, Series 2001A, 5.000%, 11/01/22 - MBIA Insured | 11/11 at 101 |
| 8,100 | Poway Redevelopment Agency, California, Tax Allocation Refunding Bonds, Paguay Redevelopment Project, Series 2000, 5.750%, 6/15/33 - MBIA Insured | 12/10 at 102 |
| 1,055 | Poway Redevelopment Agency, California, Tax Allocation Bonds, Paguay Redevelopment Project, Series 2001, 5.375%, 12/15/16 - AMBAC Insured | 12/11 at 101 |

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| | | |
|--------|---|-------------|
| 1,860 | Riverside Redevelopment Agency, California, Tax Allocation Refunding Bonds, Merged Project Areas, Series 2003, 5.250%, 8/01/22 - MBIA Insured | 8/13 at 100 |
| 5,815 | Riverside County Public Financing Authority, California, Junior Lien Reassessment Revenue Bonds, Rancho Villages Project, Series 1999B, 6.000%, 9/02/07 | No Opt. C |
| 1,725 | Rohnert Park Finance Authority, California, Senior Lien Revenue Bonds, Rancho Feliz Mobile Home Park, Series 2003A, 5.750%, 9/15/38 | 9/13 at 100 |
| 1,120 | Rohnert Park Finance Authority, California, Subordinate Lien Revenue Bonds, Rancho Feliz Mobile Home Park, Series 2003B, 6.625%, 9/15/38 | 9/13 at 100 |
| 2,500 | Sacramento City Financing Authority, California, Lease Revenue Refunding Bonds, Series 1993A, 5.400%, 11/01/20 - AMBAC Insured | No Opt. C |
| 1,150 | Sacramento, California, Special Tax Bonds, North Natomas Community Facilities District 4, Series 2003C, 6.000%, 9/01/33 | 9/14 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 |
| 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 |
| 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 |
| 1,350 | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Series 2004A, 6.125%, 9/01/39 | 9/13 at 103 |

 TRANSPORTATION - 19.9%

| | | |
|-------|--|-------------|
| 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 (Alternative Minimum Tax) - AMBAC Insured | 8/11 at 100 |

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| AMOUNT (000) | DESCRIPTION(1) | PROVISIO |
|---|---|--------------|
| TRANSPORTATION (continued) | | |
| \$ 23,000 | Port of Oakland, California, Revenue Bonds, Series 2000K, 5.750%, 11/01/29 (Alternative Minimum Tax) - FGIC Insured | 5/10 at 100 |
| 5,000 | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series, Issue 13B, 5.625%, 5/01/21 (Alternative Minimum Tax) - MBIA Insured | 5/06 at 101 |
| 23,275 | San Francisco Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series, 2000 Issue 24A, 5.750%, 5/01/30 (Alternative Minimum Tax) - FSA Insured | 5/10 at 101 |
| U.S. GUARANTEED*** - 1.6% | | |
| 5,000 | Puerto Rico, Public Improvement General Obligation Bonds, Series 2000, 5.750%, 7/01/16 (Pre-refunded to 7/01/10) - MBIA Insured | 7/10 at 100 |
| UTILITIES - 12.8% | | |
| California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A: | | |
| 2,500 | 5.375%, 5/01/17 - XLCA Insured | 5/12 at 101 |
| 9,750 | 5.125%, 5/01/18 | 5/12 at 101 |
| 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 Refunding 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 |
| 7,000 | Merced Irrigation District, California, Revenue Refunding Bonds, Electric System Project, Series 2001, 6.750%, 9/01/31 | 9/05 at 102 |
| 4,000 | Modesto Irrigation District, California, Certificates of Participation, Capital Improvements, Series 2004A, 5.000%, 7/01/18 - FSA Insured | 7/14 at 100 |
| WATER AND SEWER - 11.0% | | |
| 11,000 | California Department of Water Resources, Water System Revenue Bonds, Central Valley Project, Series 2001W, | 12/11 at 100 |

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| | | | |
|------------|--|---|--------------|
| | | 5.250%, 12/01/22 - FSA Insured | |
| 14,000 | | Orange County Water District, California, Revenue Certificates of Participation, Series 1999A, 5.375%, 8/15/29 | 8/09 at 101 |
| 8,250 | | Pico Rivera Water Authority, California, Revenue Bonds, Series 2001A, 6.250%, 12/01/32 | 12/11 at 102 |
| 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 |
| ----- | | | |
| \$ 500,790 | | Total Long-Term Investments (cost \$502,905,914) - 145.1% | |
| ===== | | | |
| | | Other Assets Less Liabilities - 2.8% | |
| ----- | | | |
| | | Preferred Shares, at Liquidation Value - (47.9)% | |
| ----- | | | |
| | | 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.

* 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.

** Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.

*** Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.

N/R Investment is not rated.

See accompanying notes to financial statements.

Nuveen California Dividend Advantage Municipal Fund 2 (NVX)
Portfolio of
INVESTMENTS August 31, 2004

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|--|------------------------|
| | CONSUMER STAPLES - 5.1% | |
| \$ 4,625 | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Stanislaus County Tobacco Funding Corporation, Series 2002A, | 6/12 at 100 |

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| | | |
|---|--|--------------|
| | 5.500%, 6/01/33 | |
| 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 |
| 3,000 | Northern California Tobacco Securitization Authority, Tobacco Settlement Asset-Backed Bonds, Series 2001A, 5.375%, 6/01/41 | 6/11 at 100 |
| 2,800 | Southern California Tobacco Securitization Authority, Tobacco Settlement Asset-Backed Bonds, Senior Series 2001A, 5.500%, 6/01/36 | 6/12 at 100 |
| ----- | | |
| EDUCATION AND CIVIC ORGANIZATIONS - 15.3% | | |
| 2,000 | California Educational Facilities Authority, Revenue Bonds, Stanford University, Series 2001Q, 5.250%, 12/01/32 | 6/11 at 101 |
| 6,375 | California Educational Facilities Authority, Student Loan Revenue Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 (Alternative Minimum Tax) - MBIA Insured | 3/08 at 102 |
| 8,880 | California State Public Works Board, Lease Revenue Bonds, University of California System, Series 2002A: 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, 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, 5.250%, 11/01/30 - AMBAC Insured | 11/11 at 101 |
| ----- | | |
| HEALTHCARE - 8.2% | | |
| 2,000 | California Health Facilities Financing Authority, Revenue Bonds, Casa Colina Inc., Series 2001, 6.000%, 4/01/22 | 4/12 at 100 |
| 500 | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31 | 8/11 at 102 |
| 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 |
| 2,185 | California Statewide Community Development Authority, Health Facility Revenue Refunding Bonds, Memorial Health Services, Series 2003A, 6.000%, 10/01/11 | No Opt. C |
| 2,500 | California Statewide Community Development Authority, Hospital Revenue Bonds, Monterey Peninsula Hospital, Series 2003B, 5.250%, 6/01/18 - FSA Insured | 6/13 at 100 |
| 3,000 | Central California Joint Powers Health Finance Authority, | 2/10 at 101 |

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Certificates of Participation, Community Hospitals of
Central California Obligated Group, Series 2000,
6.000%, 2/01/30

| | | |
|-------|---|-------------|
| 1,500 | Whittier, California, Health Facility Revenue Bonds, Presbyterian Intercommunity Hospital, Series 2002, 5.600%, 6/01/22 | 6/12 at 101 |
|-------|---|-------------|

HOUSING/MULTIFAMILY - 8.1%

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

| | | |
|-------|---|-------------|
| 4,750 | 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 |
|-------|---|-------------|

| | | |
|-------|--|-------------|
| 5,962 | California Statewide Community Development Authority, Multifamily Housing Revenue Refunding Bonds, Claremont Village Apartments, Series 2001D, 5.500%, 6/01/31 (Alternative Minimum Tax) (Mandatory put 6/01/16) | 6/11 at 102 |
|-------|--|-------------|

36

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

HOUSING/MULTIFAMILY (continued)

| | | |
|----------|---|-------------|
| \$ 3,500 | 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 |
|----------|---|-------------|

HOUSING/SINGLE FAMILY - 1.3%

| | | |
|-------|---|-------------|
| 2,830 | California Rural Home Mortgage Finance Authority, Single Family Mortgage Revenue Bonds, Mortgage-Backed Securities Program, Series 2001A, 5.650%, 12/01/31 (Alternative Minimum Tax) | 6/11 at 102 |
|-------|---|-------------|

LONG-TERM CARE - 0.7%

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

TAX OBLIGATION/GENERAL - 31.1%

| | | |
|-------|---|-----------|
| 5,000 | California, General Obligation Refunding Bonds, | No Opt. C |
|-------|---|-----------|

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| | | |
|--------|---|-------------|
| | Series 2002, 5.000%, 2/01/12 | |
| 7,225 | California, General Obligation Veterans Welfare Bonds, Series 2001BV, 5.600%, 12/01/32 - FSA Insured | 6/06 at 101 |
| | California, General Obligation Bonds, Series 2003: | |
| 3,000 | 5.250%, 2/01/20 | 8/13 at 100 |
| 1,400 | 5.250%, 2/01/21 | 8/13 at 100 |
| 1,350 | California, General Obligation Bonds, Series 2004, 5.125%, 4/01/25 | 4/14 at 100 |
| 3,615 | Colton Joint Unified School District, San Bernardino County, California, General Obligation Bonds, Series 2002A, 5.500%, 8/01/22 - FGIC Insured | 8/12 at 102 |
| | 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 |
| 1,325 | Golden West Schools Financing Authority, California, Revenue Bonds, School District General Obligation Refunding Program, Series 1998A, 6.650%, 8/01/13 - MBIA Insured | No Opt. C |
| 8,330 | Los Angeles Unified School District, California, General Obligation Bonds, Series 2000D, 5.375%, 7/01/25 - FGIC Insured | 7/10 at 100 |
| 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, Public Improvement General Obligation Refunding Bonds, Series 2001A, 5.500%, 7/01/20 - MBIA Insured | No Opt. C |
| 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 |
| 1,160 | Saugus Union School District, Los Angeles County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/21 - FGIC Insured | 8/12 at 100 |
| 7,600 | Southwestern Community College District, San Diego County, California, General Obligation Bonds, Series 2001, 5.375%, 8/01/25 - AMBAC Insured | 8/11 at 101 |
| ----- | | |
| | TAX OBLIGATION/LIMITED - 44.0% | |
| 9,000 | Anitoch Area Public Facilities Financing Agency, California, Special Tax Bonds, Community Facilities District 1989-1, Series 2001, 5.250%, 8/01/25 - MBIA Insured | 8/11 at 100 |
| 4,500 | California, Economic Recovery Revenue Bonds, | 7/14 at 100 |

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Series 2004A, 5.000%, 7/01/15

| | | |
|-------|---|--------------|
| 4,900 | California State Public Works Board, Lease Revenue Bonds, Department of Corrections, Series 2003C, 5.500%, 6/01/16 | 12/13 at 100 |
| 1,200 | Capistrano Unified School District - Talega, Orange County, California, Special Tax Bonds, Community Facilities District 90-2, Series 2003, 6.000%, 9/01/33 | 9/13 at 100 |
| 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 |
| 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 |

37

Nuveen California Dividend Advantage Municipal Fund 2 (NVX) (continued)
Portfolio of INVESTMENTS August 31, 2004

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|------------------------------------|---|------------------------|
| ----- | | |
| TAX OBLIGATION/LIMITED (continued) | | |
| \$ 750 | Fontana, California, Special Tax Bonds, Sierra Community Facilities District 22, Series 2004, 6.000%, 9/01/34 | 9/14 at 100 |
| 4,000 | Industry Urban Development Agency, California, Tax Allocation Refunding Bonds, Civic, Recreational and Industrial Redevelopment Project 1, Series 2002, 5.500%, 5/01/19 - MBIA Insured | 5/07 at 101 |
| 2,000 | Lake Elsinore Public Financing Authority, California, Local Agency Revenue Refunding Bonds, Series 2003H, 6.000%, 10/01/20 | 10/13 at 102 |
| 1,265 | Lee Lake Water District, Riverside County, California, Special Tax Bonds, Community Facilities District 1 of Sycamore Creek, Series 2003, 6.500%, 9/01/24 | 9/13 at 102 |
| 1,320 | Lincoln, California, Special Tax Bonds, Lincoln Crossing Community Facilities District 03-1, Series 2003A, 6.500%, 9/01/25 | 9/13 at 102 |
| 1,000 | Lincoln, California, Special Tax Bonds, Lincoln Crossing Community Facilities District 03-1, Series 2004, 6.000%, 9/01/34 | 9/13 at 102 |
| 8,000 | Los Angeles County Metropolitan Transportation Authority, California, Second Senior Lien Proposition C Sales Tax Revenue Refunding Bonds, Series 1998A, 5.000%, 7/01/23 - AMBAC Insured | 7/08 at 101 |
| 5,000 | Los Angeles County Metropolitan Transportation Authority, California, Second Senior Lien Proposition C Sales Tax | No Opt. C |

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| | | |
|--------|--|--------------|
| | Revenue Refunding Bonds, Series 2003A, 5.250%, 7/01/13 - MBIA Insured | |
| 3,295 | Oakland Redevelopment Agency, California, Subordinate Lien Tax Allocation Bonds, Central District Redevelopment Project, Series 2003, 5.500%, 9/01/16 - FGIC Insured | 3/13 at 100 |
| 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 |
| 2,000 | Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, Series 2002E, 6.000%, 8/01/26 | No Opt. C |
| 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 |
| 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 |
| 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 |
| | Santa Clara Valley Transportation Authority, California, Sales Tax Revenue Bonds, Series 2001A: | |
| 16,090 | 5.000%, 6/01/25 - MBIA Insured | 6/11 at 100 |
| 2,000 | 5.000%, 6/01/26 - MBIA Insured | 6/11 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 |
| 850 | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Series 2004A, 6.125%, 9/01/39 | 9/13 at 103 |
| 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 |
| ----- | | |
| | TRANSPORTATION - 9.0% | |
| 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 (Alternative Minimum Tax) - MBIA Insured | 11/12 at 100 |

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| | | |
|-------|--|-------------|
| 2,000 | San Francisco Airports Commission, California, Revenue Refunding Bonds, San Francisco International Airport, Second Series 2002, Issue 28A, 5.250%, 5/01/17 (Alternative Minimum Tax) - MBIA Insured | 5/12 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 (Alternative Minimum Tax) - FGIC Insured | 5/13 at 100 |
| 2,555 | 5.250%, 5/01/19 (Alternative Minimum Tax) - FGIC Insured | 5/13 at 100 |

38

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|--|------------------------|
| ----- | | |
| | TRANSPORTATION (continued) | |
| \$ 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 |
| ----- | | |
| | UTILITIES - 9.0% | |
| 5,000 | Anaheim Public Finance Authority, California, Second Lien Electric Distribution Revenue Bonds, Series 2004, 5.250%, 10/01/21 - MBIA Insured | 10/14 at 100 |
| 6,000 | California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A, 5.125%, 5/01/18 | 5/12 at 101 |
| | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2003A-2: | |
| 750 | 5.000%, 7/01/21 - MBIA Insured | 7/13 at 100 |
| 1,000 | 5.000%, 7/01/23 - MBIA Insured | 7/13 at 100 |
| 3,000 | Merced Irrigation District, California, Revenue Refunding Bonds, Electric System Project, Series 2001, 6.850%, 9/01/36 | 9/05 at 102 |
| 1,000 | Merced Irrigation District, California, Revenue Certificates of Participation, Electric System Project, Series 2002, 6.500%, 9/01/34 | 9/05 at 103 |
| 2,000 | Santa Clara, California, Subordinate Electric Revenue Bonds, Series 2003A, 5.250%, 7/01/20 - MBIA Insured | 7/13 at 100 |
| ----- | | |
| | WATER AND SEWER - 13.0% | |
| 2,740 | California Department of Water Resources, Water System Revenue Bonds, Central Valley Project, Series 2002Z, 5.000%, 12/01/18 - FGIC Insured | 12/12 at 100 |
| 4,900 | East Bay Municipal Utility District, Alameda and Contra Costa Counties, California, Water System Subordinated Revenue Bonds, Series 2001, 5.000%, 6/01/26 - MBIA Insured | 6/11 at 100 |

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| | | |
|--------|---|-------------|
| 2,655 | El Dorado Irrigation District, California, Water and Sewer Certificates of Participation, Series 2004A, 5.000%, 3/01/20 (WI, settling 9/15/04) - FGIC Insured | 3/14 at 100 |
| 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 |

\$ 306,522 Total Long-Term Investments (cost \$310,078,141) - 144.8%

Other Assets Less Liabilities - 4.9%

Preferred Shares, at Liquidation Value - (49.7)%

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.

* 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.

** Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.

N/R Investment is not rated.

(WI) Security purchased on a when-issued basis.

See accompanying notes to financial statements.

Nuveen California Dividend Advantage Municipal Fund 3 (NZH)
Portfolio of
INVESTMENTS August 31, 2004

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|------------------------|--|---------------------|
| | CONSUMER STAPLES - 5.2% | |
| \$ 11,240 | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Merced County Tobacco Funding Corporation, Series 2002A, 5.500%, 6/01/33 | 6/12 at 100 |
| 6,100 | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2003A-1, | 6/13 at 100 |

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6.250%, 6/01/33

| | | |
|-------|---|-------------|
| 4,200 | Southern California Tobacco Securitization Authority, Tobacco Settlement Asset-Backed Bonds, Senior Series 2001A, 5.500%, 6/01/36 | 6/12 at 100 |
|-------|---|-------------|

EDUCATION AND CIVIC ORGANIZATIONS - 7.8%

| | | |
|-------|---|-------------|
| 3,825 | California Educational Facilities Authority, Student Loan Revenue Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 (Alternative Minimum Tax) - MBIA Insured | 3/08 at 102 |
|-------|---|-------------|

| | | |
|-------|---|--------------|
| 3,600 | California State Public Works Board, Lease Revenue Bonds, University of California System, 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 |
|-------|--|-------------|

| | | |
|-------|--|-------------|
| 3,820 | University of California, Revenue Bonds, Research Facilities, Series 2001E, 5.000%, 9/01/26 - AMBAC Insured | 9/09 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 |
|-------|---|-------------|

HEALTHCARE - 12.5%

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

| | | |
|-------|---|-------------|
| 9,000 | California Infrastructure Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance LLC, Series 2001A, 5.550%, 8/01/31 | 8/11 at 102 |
|-------|---|-------------|

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

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

| | | |
|-------|--|-------------|
| | Central California Joint Powers Health Finance Authority, Certificates of Participation, Community Hospitals of Central California Obligated Group, Series 2000: | |
| 1,770 | 6.000%, 2/01/20 | 2/10 at 101 |

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| | | |
|-------|---|-------------|
| 1,740 | 6.000%, 2/01/30 | 2/10 at 101 |
| 2,500 | Whittier, California, Health Facility Revenue Bonds, Presbyterian Intercommunity Hospital, Series 2002, 5.600%, 6/01/22 | 6/12 at 101 |

HOUSING/MULTIFAMILY - 9.0%

| | | |
|-------|--|-----------|
| 4,750 | ABAG Finance Authority for Non-Profit Corporations, California, Multifamily Housing Revenue Refunding Bonds, United Dominion/2000 Post Apartments, Series 2000A, 6.400%, 8/15/30 (Alternative Minimum Tax) (Mandatory put 8/15/08) | No Opt. C |
|-------|--|-----------|

40

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

HOUSING/MULTIFAMILY (continued)

| | | |
|----------|--|--------------|
| \$ 4,000 | 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 |
| 5,250 | 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 |
| 7,500 | San Bernardino County Housing Authority, California, Multifamily Housing Revenue Refunding Bonds, Equity Residential Properties/Redlands Lawn and Tennis Apartments, Series 1999A, 5.200%, 6/15/29 (Mandatory put 6/15/09) | No Opt. C |
| 3,610 | San Bernardino County Housing Authority, California, GNMA Collateralized Multifamily Mortgage Revenue Bonds, Pacific Palms Mobile Home Park, Series 2001A, 6.700%, 12/20/41 | 11/11 at 105 |
| 1,250 | San Jose, California, Multifamily Housing Revenue Bonds, GNMA Mortgage-Backed Securities Program, Lenzen Housing, Series 2001B: 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 |

HOUSING/SINGLE FAMILY - 0.6%

| | | |
|-------|---|-------------|
| 1,960 | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 1998B, 5.150%, 2/01/18 (Alternative Minimum Tax) - AMBAC Insured | 2/08 at 101 |
|-------|---|-------------|

INDUSTRIALS - 1.3%

| | | |
|-------|---|-----------|
| 4,715 | California Pollution Control Financing Authority, Solid Waste | No Opt. C |
|-------|---|-----------|

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Disposal Revenue Bonds, Waste Management Inc.,
 Series 2002B, 4.450%, 7/01/27 (Alternative Minimum
 Tax) (Mandatory put 7/01/05)

 LONG-TERM CARE - 1.5%

| | | |
|-------|---|-------------|
| | California Health Facilities Financing Authority, Insured Senior Living Revenue Bonds, Aldersly, Series 2002A: | |
| 1,500 | 5.125%, 3/01/22 | 3/12 at 101 |
| 1,315 | 5.250%, 3/01/32 | 3/12 at 101 |
| 2,450 | California Health Facilities Financing Authority, Revenue Bonds, Northern California Retired Officers Community Corporation - Paradise Valley Estates, Series 2002, 5.125%, 1/01/22 | 1/13 at 100 |

 TAX OBLIGATION/GENERAL - 30.3%

| | | |
|--------|--|--------------|
| 8,500 | California, General Obligation Veterans Welfare Bonds, Series 1997BH, 5.500%, 12/01/18 (Alternative Minimum Tax) | 12/04 at 101 |
| 10 | California, General Obligation Veterans Welfare Bonds, Series 1997BJ, 5.500%, 12/01/18 (Alternative Minimum Tax) | 12/06 at 102 |
| 9,335 | California, General Obligation Bonds, Series 2002, 6.000%, 2/01/16 - FSA Insured | No Opt. C |
| 8,450 | California, General Obligation Refunding Bonds, Series 2002: 5.000%, 2/01/12 | No Opt. C |
| 2,780 | 6.000%, 4/01/16 - AMBAC Insured | No Opt. C |
| 14,300 | California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.350%, 12/01/21 (Alternative Minimum Tax) - MBIA Insured | 6/07 at 101 |
| 9,000 | California, General Obligation Bonds, Series 2004, 5.125%, 4/01/23 | 4/14 at 100 |
| 1,840 | Compton Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2003A, 5.250%, 9/01/18 - MBIA Insured | 9/13 at 100 |
| 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 |

Nuveen California Dividend Advantage Municipal Fund 3 (NZH) (continued)
 Portfolio of INVESTMENTS August 31, 2004

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|---|------------------------|
| ----- | | |
| | TAX OBLIGATION/GENERAL (continued) | |
| \$ 1,525 | Lucia Mar Unified School District, San Luis Obispo County, California, General Obligation Bonds, Series 2004A, 5.250%, 8/01/22 - FGIC Insured | 8/14 at 100 |
| 2,710 | Pajaro Valley Unified School District, Santa Cruz County, California, General Obligation Bonds, Series 2003, 5.000%, 8/01/22 - FSA Insured | 8/13 at 100 |
| 870 | Puerto Rico, Public Improvement General Obligation Refunding Bonds, Series 2001, 5.000%, 7/01/24 - FSA Insured | 7/11 at 100 |
| 5,000 | Riverside Unified School District, Riverside County, California, General Obligation Bonds, Series 2002A, 5.000%, 2/01/27 - FGIC Insured | 2/12 at 101 |
| 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 |
| 1,000 | Saugus Union School District, Los Angeles County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/24 - FGIC Insured | 8/12 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 |
| ----- | | |
| | TAX OBLIGATION/LIMITED - 45.5% | |
| 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 |
| 7,350 | California, Economic Recovery Revenue Bonds, Series 2004A, 5.000%, 7/01/15 | 7/14 at 100 |
| 3,350 | California State Public Works Board, Lease Revenue Bonds, Department of General Services, Capital East End, Series 2002A, 5.250%, 12/01/17 - AMBAC Insured | 12/12 at 100 |
| 8,210 | California State Public Works Board, Lease Revenue Bonds, | 12/13 at 100 |

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| | | |
|-------|--|--------------|
| | Department of Corrections, Series 2003C, 5.500%, 6/01/16 | |
| 2,630 | California State Public Works Board, Lease Revenue Bonds, Department of Corrections, Series 2001B, 5.250%, 1/01/12 - AMBAC Insured | No Opt. C |
| 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 |
| 9,000 | 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 |
| | Capistrano Unified School District - Talega, Orange County, California, Special Tax Bonds, Community Facilities District 90-2, Series 2003: | |
| 1,750 | 5.875%, 9/01/23 | 9/13 at 100 |
| 550 | 6.000%, 9/01/33 | 9/13 at 100 |
| 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 |
| 2,000 | Daly City Housing Development Finance Agency, California, Mobile Home Park Revenue Bonds, Franciscan Mobile Home Park Project, Series 2002A, 5.800%, 12/15/25 | 12/13 at 102 |
| 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 Tax Bonds, Amerige Heights, Series 2002, 6.100%, 9/01/22 | 9/12 at 100 |
| 3,000 | Lake Elsinore Public Financing Authority, California, Local Agency Revenue Refunding Bonds, Series 2003H, 6.000%, 10/01/20 | 10/13 at 102 |
| 5,250 | Lammersville School District, San Joaquin County, California, Special Tax Bonds, Community Facilities District of Mountain House, Series 2002, 6.300%, 9/01/24 | 9/12 at 101 |

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|---|------------------------|
| ----- | | |
| | TAX OBLIGATION/LIMITED (continued) | |
| \$ 2,000 | Lee Lake Water District, Riverside County, California, Special Tax Bonds, Community Facilities District 1 of Sycamore Creek, Series 2003, 6.500%, 9/01/24 | 9/13 at 102 |
| 2,200 | Lincoln, California, Special Tax Bonds, Lincoln Crossing | 9/13 at 102 |

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| | | |
|--------|---|--------------|
| | Community Facilities District 03-1, Series 2003A, 6.500%, 9/01/25 | |
| 1,500 | Lincoln, California, Special Tax Bonds, Lincoln Crossing Community Facilities District 03-1, Series 2004, 6.000%, 9/01/34 | 9/13 at 102 |
| 5,425 | Lodi, California, Certificates of Participation, Public Improvement Financing Project, Series 2002, 5.000%, 10/01/26 - MBIA Insured | 10/12 at 100 |
| 6,075 | Los Angeles County Metropolitan Transportation Authority, California, Second Senior Lien Proposition C Sales Tax Revenue Refunding Bonds, Series 2003A, 5.250%, 7/01/13 - MBIA Insured | No Opt. C |
| 1,000 | Monterey County, California, Certificates of Participation, Master Plan Financing, Series 2001, 5.250%, 8/01/15 - MBIA Insured | 8/11 at 100 |
| 1,000 | Norco, California, Special Tax Bonds, Community Facilities District 01-1, Series 2002, 6.750%, 9/01/22 | 9/12 at 102 |
| 3,000 | Oakland Redevelopment Agency, California, Subordinate Lien Tax Allocation Bonds, Central District Redevelopment Project, Series 2003, 5.500%, 9/01/19 - FGIC Insured | 3/13 at 100 |
| 4,520 | Ontario Redevelopment Financing Authority, California, Lease Revenue Bonds, Capital Projects, Series 2001, 5.000%, 8/01/24 - AMBAC Insured | 8/11 at 101 |
| 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 | Pomoma Public Financing Authority, California, Revenue Refunding Bonds, Merged Redevelopment Projects, Series 2001AD, 5.000%, 2/01/27 - MBIA Insured | 2/11 at 100 |
| 5,500 | Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2002D, 5.375%, 7/01/36 | 7/12 at 100 |
| 1,735 | Rohnert Park Finance Authority, California, Senior Lien Revenue Bonds, Rancho Feliz Mobile Home Park, Series 2003A, 5.750%, 9/15/38 | 9/13 at 100 |
| 1,125 | Rohnert Park Finance Authority, California, Subordinate Lien Revenue Bonds, Rancho Feliz Mobile Home Park, Series 2003B, 6.625%, 9/15/38 | 9/13 at 100 |
| 1,700 | Roseville, California, Special Tax Bonds, Crocker Ranch Community Facilities District 1, Series 2003, 6.000%, 9/01/27 | 9/09 at 103 |
| 1,150 | Sacramento, California, Special Tax Bonds, North Natomas Community Facilities District 4, Series 2003C, 6.000%, 9/01/33 | 9/14 at 100 |

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| | | |
|--------|--|--------------|
| 14,505 | San Diego Redevelopment Agency, California, Subordinate 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 |
| 2,085 | San Marcos Public Facilities Authority, California, Special Tax Revenue Bonds, Community Facilities District 99-1, Series 2002, 6.300%, 9/01/20 | 9/07 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 |
| 1,595 | Santa Clara Valley Transportation Authority, California, Sales Tax Revenue Bonds, Series 2001A, 5.000%, 6/01/22 - MBIA Insured | 6/11 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 |
| 1,375 | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, 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 |

43

Nuveen California Dividend Advantage Municipal Fund 3 (NZH) (continued)
Portfolio of INVESTMENTS August 31, 2004

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|---|------------------------|
| | TRANSPORTATION - 9.4% | |
| \$ 11,750 | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Refunding Bonds, Series 1999, 0.000%, 1/15/28 | 1/14 at 101 |
| 1,500 | Port of Oakland, California, Revenue Refunding Bonds, Series 1997I, 5.600%, 11/01/19 - MBIA Insured | 11/07 at 102 |
| 1,000 | Port of Oakland, California, Revenue Bonds, Series 2002M, 5.250%, 11/01/20 - FGIC Insured | 11/12 at 100 |
| | 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 |

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U.S. GUARANTEED*** - 0.4%

| | | |
|-------|--|-------------|
| 1,380 | Puerto Rico, Public Improvement General Obligation Refunding Bonds, Series 2001, 5.000%, 7/01/24 (Pre-refunded to 7/01/11) - FSA Insured | 7/11 at 100 |
|-------|--|-------------|

 UTILITIES - 13.3%

| | | |
|--------|---|-------------|
| 15,000 | California Pollution Control Financing Authority, Remarketed Revenue Bonds, Pacific Gas and Electric Company, Series 1996A, 5.350%, 12/01/16 (Alternative Minimum Tax) - MBIA Insured | 4/11 at 102 |
|--------|---|-------------|

| | | |
|-------|---|-------------|
| | California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A: | |
| 3,500 | 5.375%, 5/01/17 - XLCA Insured | 5/12 at 101 |
| 9,000 | 5.125%, 5/01/18 | 5/12 at 101 |

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

| | | |
|-------|--|-------------|
| 1,600 | Merced Irrigation District, California, Revenue Certificates of Participation, Electric System Project, Series 2002, 6.500%, 9/01/34 | 9/05 at 103 |
|-------|--|-------------|

| | | |
|-------|--|-------------|
| 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 (Alternative Minimum Tax) - AMBAC Insured | 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 |
|-------|--|-------------|

 WATER AND SEWER - 12.8%

| | | |
|-------|---|-------------|
| 8,000 | 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 (WI, settling 9/15/04) - FGIC Insured | 3/14 at 100 |
|-------|---|-------------|

| | | |
|-------|--|--------------|
| 1,000 | Pico Rivera Water Authority, California, Revenue Bonds, Series 2001A, 6.250%, 12/01/32 | 12/11 at 102 |
|-------|--|--------------|

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| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|--|------------------------|
| ----- | | |
| | WATER AND SEWER (continued) | |
| | 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 |
| | San Francisco City and County Public Utilities Commission, California, Clean Water Revenue Refunding Bonds, Series 2003A: | |
| 3,315 | 5.250%, 10/01/18 - MBIA Insured | 4/13 at 100 |
| 12,000 | 5.250%, 10/01/19 - MBIA Insured | 4/13 at 100 |
| ----- | | |
| \$ 505,980 | Total Long-Term Investments (cost \$516,108,449) - 149.6% | |
| ===== | | |
| | Other Assets Less Liabilities - 3.3% | |
| ----- | | |
| | Preferred Shares, at Liquidation Value - (52.9)% | |
| ----- | | |
| | 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.

* 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.

** Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.

*** Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.

N/R Investment is not rated.

(WI) Security purchased on a when-issued basis.

See accompanying notes to financial statements.

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

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| | | | |
|-------|-------|---|--------------|
| ----- | | | |
| | | CONSUMER STAPLES - 2.0% | |
| \$ | 4,500 | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2003A-2, 7.900%, 6/01/42 | 6/13 at 100 |
| ----- | | | |
| | | EDUCATION AND CIVIC ORGANIZATIONS - 9.6% | |
| | 1,000 | California Educational Facilities Authority, Revenue Bonds, Claremont University Center, Series 1999B, 5.250%, 3/01/18 | 3/09 at 101 |
| | 1,675 | California Educational Facilities Authority, Revenue Bonds, University of San Diego, Series 2002A, 5.250%, 10/01/30 | 10/12 at 100 |
| | 9,000 | California State University, Systemwide Revenue Bonds, Series 2002A, 5.125%, 11/01/26 - AMBAC Insured | 11/12 at 100 |
| | 1,000 | California Statewide Community Development Authority, Student Housing Revenue Bonds, EAH - East Campus Apartments LLC - U.C. Irvine Project, Series 2002A, 5.500%, 8/01/22 - ACA Insured | 8/12 at 100 |
| | 9,000 | University of California, Revenue Bonds, Multi-Purpose Projects, Series 2000K, 5.300%, 9/01/30 | 9/08 at 101 |
| ----- | | | |
| | | HEALTHCARE - 7.5% | |
| | 5,000 | ABAG Finance Authority for Non-Profit Corporations, California, Insured Revenue Bonds, Sansum-Santa Barbara Medical Foundation Clinic, Series 2002A, 5.600%, 4/01/26 | 4/12 at 100 |
| | 2,500 | California Health Facilities Financing Authority, Revenue Bonds, Cedars-Sinai Medical Center, Series 1999A: 6.125%, 12/01/30 | 12/09 at 101 |
| | 3,000 | 6.250%, 12/01/34 | 12/09 at 101 |
| | 2,815 | California Health Facilities Financing Authority, Revenue Bonds, Lucile Salter Packard Hospital, Series 2003C, 5.000%, 8/15/20 - AMBAC Insured | 8/13 at 100 |
| | 3,380 | Rancho Mirage Joint Powers Financing Authority, California, Revenue Bonds, Eisenhower Medical Center, Series 2004, 5.875%, 7/01/26 | 7/14 at 100 |
| ----- | | | |
| | | HOUSING/MULTIFAMILY - 0.9% | |
| | 1,905 | Los Angeles, California, GNMA Mortgage-Backed Securities Program, Multifamily Housing Revenue Bonds, Park Plaza West Senior Apartments, Series 2001B, 5.300%, 1/20/21 (Alternative Minimum Tax) | 7/11 at 102 |
| ----- | | | |
| | | INDUSTRIALS - 1.3% | |
| | 3,000 | California Pollution Control Financing Authority, Solid Waste Disposal Revenue Bonds, Republic Services Inc., Series 2002C, 5.250%, 6/01/23 (Alternative Minimum | No Opt. C |

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Tax) (Mandatory put 12/01/17)

| | | |
|-----------------------|--|--------------|
| LONG-TERM CARE - 3.6% | | |
| 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 |

| | | |
|--------------------------------|--|-------------|
| TAX OBLIGATION/GENERAL - 38.1% | | |
| 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 |
| | California, General Obligation Refunding Bonds, Series 2002: | |
| 1,000 | 6.000%, 4/01/16 - AMBAC Insured | No Opt. C |
| 9,000 | 5.000%, 2/01/22 - MBIA Insured | 2/12 at 100 |
| 2,900 | California, General Obligation Bonds, Series 2003, 5.000%, 2/01/21 | 8/13 at 100 |
| | Compton Community College District, Los Angeles County, California, General Obligation Bonds, Series 2004A: | |
| 2,315 | 5.250%, 7/01/22 - MBIA Insured | 7/14 at 100 |
| 2,560 | 5.250%, 7/01/23 - MBIA Insured | 7/14 at 100 |

46

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

| | | |
|------------------------------------|--|-------------|
| TAX OBLIGATION/GENERAL (continued) | | |
| \$ 2,415 | 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 - FSA Insured | 8/12 at 101 |
| 2,070 | Fresno Unified School District, Fresno County, California, General Obligation Bonds, Series 2002G, 5.125%, 8/01/26 - FSA Insured | 8/10 at 102 |
| | Fresno Unified School District, Fresno County, California, General Obligation Bonds, Series 2002B: | |
| 1,135 | 5.125%, 8/01/23 - FGIC Insured | 8/10 at 102 |
| 1,190 | 5.125%, 8/01/24 - FGIC Insured | 8/10 at 102 |
| 1,245 | 5.125%, 8/01/25 - FGIC Insured | 8/10 at 102 |
| 1,255 | 5.125%, 8/01/26 - FGIC Insured | 8/10 at 102 |

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| | | |
|--------|--|-------------|
| 5,000 | Los Angeles Unified School District, California, General Obligation Bonds, Series 2002E, 5.125%, 1/01/27 - MBIA Insured | 7/12 at 100 |
| | Los Angeles Unified School District, California, General Obligation Bonds, Series 2003A: | |
| 4,700 | 5.000%, 7/01/22 - FSA Insured | 7/13 at 100 |
| 3,500 | 5.000%, 1/01/28 - MBIA Insured | 7/13 at 100 |
| 1,500 | Madera Unified School District, Madera County, California, General Obligation Bonds, Series 2002, 5.000%, 8/01/28 - FSA Insured | 8/12 at 100 |
| 2,500 | Oakland Unified School District, Alameda County, California, General Obligation Bonds, Series 2002, 5.250%, 8/01/21 - FGIC Insured | 8/12 at 100 |
| 3,300 | Peralta Community College District, Alameda County, California, General Obligation Bonds, Election of 2000, Series 2001A, 5.000%, 8/01/31 - FGIC Insured | 8/09 at 102 |
| 3,250 | San Diego Unified School District, San Diego County, California, General Obligation Bonds, Election of 1998, Series 2001C, 5.000%, 7/01/22 - FSA Insured | 7/11 at 102 |
| 3,500 | San Mateo County Community College District, California, General Obligation Bonds, Series 2002A, 5.000%, 9/01/26 - FGIC Insured | 9/12 at 100 |
| 2,980 | Santa Clarita Community College District, Los Angeles County, California, General Obligation Bonds, Series 2002, 5.125%, 8/01/26 - 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 - FSA Insured | 8/11 at 101 |
| 10,000 | Vista Unified School District, San Diego County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/23 - FSA Insured | 8/12 at 100 |

TAX OBLIGATION/LIMITED - 42.3%

| | | |
|-------|---|--------------|
| 1,450 | Baldwin Park Public Financing Authority, California, Sales Tax and Tax Allocation Bonds, Puente Merced Redevelopment Project, Series 2003, 5.250%, 8/01/21 | 8/13 at 102 |
| 6,895 | Brea and Olinda Unified School District, Orange County, California, Refunding Certificates of Participation, Series 2002A, 5.125%, 8/01/26 - FSA Insured | 8/11 at 101 |
| 2,290 | Burbank Public Financing Authority, California, Revenue Refunding Bonds, Golden State Redevelopment Project, Series 2003A, 5.250%, 12/01/19 - AMBAC Insured | 12/13 at 100 |
| 2,200 | California Infrastructure Economic Development Bank, Los Angeles County, Revenue Bonds, Department of Public Social Services, Series 2003, 5.000%, 9/01/28 - AMBAC Insured | 9/13 at 101 |
| 5,100 | California State Public Works Board, Lease Revenue Bonds, | 12/13 at 100 |

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| | | |
|-------|--|-------------|
| | Department of Corrections, Series 2003C, 5.500%, 6/01/15 | |
| 7,035 | Corona-Norco Unified School District, Riverside County, California, Special Tax Bonds, Community Facilities District 98-1, Series 2003, 5.000%, 9/01/28 - MBIA Insured | 9/13 at 100 |
| 3,145 | Culver City Redevelopment Agency, California, Tax Allocation Revenue Bonds, Redevelopment Project, Series 2002A, 5.125%, 11/01/25 - MBIA Insured | 5/11 at 101 |
| 1,020 | Desert Sands Unified School District, Riverside County, California, Refunding Certificates of Participation, Series 2002, 5.000%, 3/01/20 - MBIA Insured | 3/12 at 101 |
| 8,720 | El Monte, California, Senior Lien Certificates of Participation, Department of Public Services Facility Phase II, Series 2001, 5.000%, 1/01/21 - AMBAC Insured | 1/11 at 100 |
| 4,000 | Folsom Public Financing Authority, California, Special Tax Revenue Bonds, Series 2004A, 5.000%, 9/01/21 - AMBAC Insured | 9/12 at 102 |

47

Nuveen Insured California Dividend Advantage Municipal Fund (NKL) (continued)
Portfolio of INVESTMENTS August 31, 2004

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|---|------------------------|
| ----- | | |
| | TAX OBLIGATION/LIMITED (continued) | |
| \$ 2,115 | Inglewood Redevelopment Agency, California, Tax Allocation Refunding Bonds, Merged Area Redevelopment Project, Series 1998A, 5.250%, 5/01/23 - AMBAC Insured | No Opt. C |
| 3,500 | La Quinta Redevelopment Agency, California, Tax Allocation Bonds, Redevelopment Project Area 1, Series 2001, 5.100%, 9/01/31 - AMBAC Insured | 9/11 at 102 |
| 3,400 | La Quinta Redevelopment Agency, California, Tax Allocation Bonds, Redevelopment Project Area 1, Series 2002, 5.000%, 9/01/22 - AMBAC Insured | 9/12 at 102 |
| 1,460 | Los Angeles, California, Certificates of Participation, Municipal Improvement Corporation, Series 2003AW, 5.000%, 6/01/33 - AMBAC Insured | 6/13 at 100 |
| 7,000 | Los Angeles, California, Certificates of Participation, Real Property Acquisition Program, Series 2002, 5.200%, 4/01/27 - AMBAC Insured | 4/12 at 100 |
| 4,690 | Los Angeles County Metropolitan Transportation Authority, California, Second Senior Lien Proposition C Sales Tax Revenue Refunding Bonds, Series 1998A, 5.000%, 7/01/23 - AMBAC Insured | 7/08 at 101 |
| 8,470 | Ontario Redevelopment Financing Authority, California, Lease Revenue Bonds, Capital Projects, Series 2001, | 8/11 at 101 |

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| | | |
|--------|---|--------------|
| | 5.200%, 8/01/29 - AMBAC Insured | |
| 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 |
| 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 |
| 3,175 | San Buenaventura Public Facilities Financing Authority, 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 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 |
| 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 |
| ----- | | |
| | TRANSPORTATION - 5.5% | |
| 2,250 | California Infrastructure Economic Development Bank, First Lien Revenue Bonds, San Francisco Bay Area Toll Bridge, Series 2003A, 5.000%, 7/01/36 - AMBAC Insured | 7/13 at 100 |
| 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 (Alternative Minimum Tax) - FGIC Insured | 5/13 at 100 |
| 2,300 | 5.250%, 5/01/17 (Alternative Minimum Tax) - FGIC Insured | 5/13 at 100 |
| ----- | | |
| | U.S. GUARANTEED*** - 1.9% | |
| 4,000 | Southern California Metropolitan Water District, Water Revenue Bonds, Series 1997A, 5.000%, 7/01/30 (Pre-refunded to 1/01/08) - MBIA Insured | 1/08 at 101 |
| ----- | | |
| | UTILITIES - 19.4% | |
| 9,000 | Anaheim Public Finance Authority, California, Revenue Bonds, Electric System Distribution Facilities, Series 2002A, 5.000%, 10/01/27 - FSA Insured | 10/12 at 100 |
| 10,000 | California Pollution Control Financing Authority, Remarketed Revenue Bonds, Pacific Gas and Electric Company, Series 1996A, 5.350%, 12/01/16 (Alternative Minimum Tax) - MBIA Insured (PLG) | 4/11 at 102 |
| 6,000 | California Department of Water Resources, Power Supply | 5/12 at 101 |

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Revenue Bonds, Series 2002A, 5.125%, 5/01/18

| | | |
|-------|---|-------------|
| 3,000 | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2001A-1, 5.250%, 7/01/21 - FSA Insured | 7/11 at 100 |
| 775 | 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 |
| 6,000 | Northern California Power Agency, Revenue Refunding Bonds, Hydroelectric Project 1, Series 1998A, 5.200%, 7/01/32 - MBIA Insured | 7/08 at 101 |

48

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|--|------------------------|
| ----- | | |
| | UTILITIES (continued) | |
| \$ 3,000 | Sacramento Municipal Utility District, California, Electric Revenue Bonds, Series 2001N, 5.000%, 8/15/28 - MBIA Insured | 8/11 at 100 |
| 5,630 | Southern California Public Power Authority, Subordinate Revenue Refunding Bonds, Transmission Project, Series 2002A, 4.750%, 7/01/19 - FSA Insured | 7/12 at 100 |
| ----- | | |
| | WATER AND SEWER - 16.8% | |
| 3,000 | California Department of Water Resources, Water System Revenue Bonds, Central Valley Project, Series 2002X, 5.150%, 12/01/23 - FGIC Insured | 12/12 at 100 |
| 6,100 | East Bay Municipal Utility District, Alameda and Contra Costa Counties, California, Water System Subordinated Revenue Bonds, Series 2001, 5.000%, 6/01/26 - MBIA Insured | 6/11 at 100 |
| 9,000 | Eastern Municipal Water District, California, Water and Sewer Revenue Certificates of Participation, Series 2001B, 5.000%, 7/01/30 - FGIC Insured | 7/11 at 100 |
| 4,500 | Los Angeles County Sanitation Districts Financing Authority, California, Senior Revenue Bonds, Capital Projects, Series 2003A, 5.000%, 10/01/23 - FSA Insured | 10/13 at 100 |
| 3,605 | Manteca Financing Authority, California, Sewer Revenue Bonds, Series 2003A, 5.000%, 12/01/33 - MBIA Insured | 12/13 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 |
| | Semitropic Water Storage District, Kern County, California, Water Banking Revenue Bonds, Series 2004A: | |

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| | | | |
|-------|---------|---|--------------|
| | 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 |
| ----- | | | |
| \$ | 336,260 | Total Long-Term Investments (cost \$331,830,403) - 148.9% | |
| ===== | | | |
| | | Other Assets Less Liabilities - 1.5% | |
| ----- | | | |
| | | Preferred Shares, at Liquidation Value - (50.4)% | |
| ----- | | | |
| | | Net Assets Applicable to Common Shares - 100% | |
| ===== | | | |

FORWARD SWAP CONTRACTS OUTSTANDING AT AUGUST 31, 2004:

| | NOTIONAL AMOUNT | EFF D |
|---|-----------------|-------|
| ----- | | |
| Agreement with Morgan Stanley dated August 4, 2004, to pay semi-annually the notional amount multiplied by 5.660% (annualized) and receive quarterly the notional amount multiplied by the three-month USD-LIBOR. | \$10,600,000 | 2 |
| Agreement with Morgan Stanley dated August 5, 2004, to pay quarterly the notional amount multiplied by 4.337% (annualized) and receive quarterly the notional amount multiplied by the daily arithmetic average of the weekly BMA Municipal Swap Index for the quarter. | 12,900,000 | 12/ |
| Agreement with Morgan Stanley dated August 10, 2004, to pay semi-annually the notional amount multiplied by 5.489% (annualized) and receive quarterly the notional amount multiplied by the three-month USD-LIBOR. | 3,100,000 | 1/ |
| ----- | | |

At least 80% of the Fund's net assets (including net assets applicable 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 applicable 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) municipal bonds that are 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.
- (2) Effective date represents the date on which both the Fund and counterparty commence interest payments on each forward swap contract.
- * 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.

** Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.

(PLG) Portion of security, with an aggregate market value of \$1,083,900, has been pledged to collateralize the net payment obligations under forward swap contracts.

See accompanying notes to financial statements.

Nuveen Insured California Tax-Free Advantage Municipal Fund (NKX)
 Portfolio of
 INVESTMENTS August 31, 2004

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|--|------------------------|
| ----- | | |
| | CONSUMER STAPLES - 2.0% | |
| \$ 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 |
| ----- | | |
| | HEALTHCARE - 18.7% | |
| 2,700 | California Health Facilities Financing Authority, Revenue Bonds, Cedars-Sinai Medical Center, Series 1999A, 6.250%, 12/01/34 | 12/09 at 101 |
| 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 |
| 6,000 | California Statewide Community Development Authority, Revenue Refunding Bonds, Sherman Oaks Health System, Series 1998A, 5.000%, 8/01/22 - AMBAC Insured | No Opt. C |
| 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 |
| 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 |
| ----- | | |
| | LONG-TERM CARE - 5.8% | |

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| | | |
|-------|--|--------------|
| 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, 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 |

TAX OBLIGATION/GENERAL - 48.7%

| | | |
|--------|--|-------------|
| 1,000 | Berryessa Union School District, Santa Clara County, California, General Obligation Bonds, Series 2003C, 5.000%, 8/01/21 - FSA Insured | 8/12 at 100 |
| 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 |
| | California, General Obligation Refunding Bonds, Series 2002: | |
| 1,500 | 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 |
| 500 | California, General Obligation Bonds, Series 2004, 5.250%, 4/01/34 | 4/14 at 100 |
| 450 | Fremont Unified School District, Alameda County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/25 - FSA Insured | 8/12 at 101 |
| | Hacienda La Puente Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2003B: | |
| 4,500 | 5.000%, 8/01/26 - FSA Insured | 8/13 at 100 |
| 2,030 | 5.000%, 8/01/27 - FSA Insured | 8/13 at 100 |
| 2,000 | Los Angeles, California, General Obligation Bonds, Series 2002A, 5.000%, 9/01/22 - MBIA Insured | 9/12 at 100 |
| 10,750 | Los Angeles Unified School District, California, General Obligation Bonds, Series 2003A, 5.000%, 7/01/22 - FSA Insured (PLG) | 7/13 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 |

50

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

TAX OBLIGATION/GENERAL (continued)

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| | | | |
|-------|-------|--|--------------|
| \$ | 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 |
| | 905 | San Rafael Elementary School District, Marin County, California, General Obligation Bonds, Series 2003C, 5.000%, 8/01/28 - MBIA Insured | 8/12 at 100 |
| ----- | | | |
| | | TAX OBLIGATION/LIMITED - 43.2% | |
| | 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 |
| | 4,000 | California State Public Works Board, Lease Revenue Bonds, Department of General Services, Capital East End, Series 2002A, 5.000%, 12/01/27 - AMBAC Insured | 12/12 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 |
| | 1,610 | Folsom Public Financing Authority, California, Special Tax Revenue Bonds, Series 2004A, 5.000%, 9/01/21 - AMBAC Insured | 9/12 at 102 |
| | 5,540 | Irvine, California, Public Facilities and Infrastructure Authority, Assessment Revenue Bonds, Series 2003C, 5.000%, 9/02/21 - AMBAC Insured | 9/13 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 |
| | 1,770 | Los Angeles Unified School District, Los Angeles County, California, Certificates of Participation, Series 2002C, Administration Building Project II, 5.000%, 10/01/27 - AMBAC Insured | 10/12 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 |
| | 1,165 | Poway, California, Housing Revenue Bonds, Poinsettia Mobile Home Park Project Revenue Bonds, Series 2003, 5.000%, 5/01/23 | 5/13 at 102 |
| | | 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 | 9/09 at 101 |

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| | | | |
|-------|--|--|--------------|
| | Tax Increment and Parking Revenue Bonds, Centre City Project, Series 2003B, 5.250%, 9/01/26 | | |
| 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 |
| 2,770 | 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 |
| 2,390 | Solano County, California, Certificates of Participation, Series 2002, 5.250%, 11/01/24 - MBIA Insured | | 11/12 at 100 |
| ----- | | | |
| | TRANSPORTATION - 13.8% | | |
| 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 |
| 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 |
| 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 |

51

Nuveen Insured California Tax-Free Advantage Municipal Fund (NKX) (continued)
Portfolio of INVESTMENTS August 31, 2004

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|------------------------|--|---------------------|
| | U.S. GUARANTEED*** - 1.9% | |
| \$ 1,495 | Southern California Metropolitan Water District, Water Revenue Bonds, Series 1997A, 5.000%, 7/01/30 (Pre-refunded to 1/01/08) - MBIA Insured | 1/08 at 101 |
| ----- | | |
| | UTILITIES - 5.4% | |
| 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, | 7/13 at 100 |

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Power System Revenue Bonds, Series 2003A-2,
5.000%, 7/01/21 - MBIA Insured

| | | |
|-------------------------|---|--------------|
| WATER AND SEWER - 11.5% | | |
| 1,335 | Manteca Financing Authority, California, Sewer Revenue Bonds, Series 2003A, 5.000%, 12/01/33 - MBIA Insured | 12/13 at 100 |
| 3,000 | San Diego Public Facilities Financing Authority, California, Subordinate Lien Water Revenue Bonds, Series 2002: 5.000%, 8/01/22 - MBIA Insured | 8/12 at 100 |
| 2,500 | 5.000%, 8/01/23 - MBIA Insured | 8/12 at 100 |
| 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 |

| | | |
|------------|---|--|
| \$ 125,335 | Total Long-Term Investments (cost \$126,191,253) - 151.0% | |
|------------|---|--|

Other Assets Less Liabilities - 1.3%

Preferred Shares, at Liquidation Value - (52.3)%

Net Assets Applicable to Common Shares - 100%

FORWARD SWAP CONTRACTS OUTSTANDING AT AUGUST 31, 2004:

| | NOTIONAL AMOUNT | EFF D |
|---|-----------------|----------|
| Agreement with Morgan Stanley dated August 4, 2004, to pay semi-annually the notional amount multiplied by 5.660% (annualized) and receive quarterly the notional amount multiplied by the three-month USD-LIBOR. | \$3,800,000 | 2 |
| Agreement with Morgan Stanley dated August 5, 2004, to pay quarterly the notional amount multiplied by 4.337% (annualized) and receive quarterly the notional amount multiplied by the daily arithmetic average of the weekly BMA Municipal Swap Index for the quarter. | 4,700,000 | 12 |
| Agreement with Morgan Stanley dated August 10, 2004, to pay semi-annually the notional amount multiplied by 5.489% (annualized) and receive quarterly the notional amount multiplied by the three-month USD-LIBOR. | 1,100,000 | 1 |

At least 80% of the Fund's net assets (including net assets applicable 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 applicable 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) municipal bonds that are 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.
- (2) Effective date represents the date on which both the Fund and counterparty commence interest payments on each forward swap contract.
- * 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.
- ** Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.
- *** Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.
- (PLG) Portion of security, with an aggregate market value of \$420,520, has been pledged to collateralize the net payment obligations under forward swap contracts.

See accompanying notes to financial statements.

Statement of
ASSETS AND LIABILITIES August 31, 2004

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) |
|---|--|--|
| ----- | | |
| ASSETS | | |
| Investments, at market value (cost \$133,901,995, \$266,391,647, \$119,587,913 and \$502,905,914, respectively) | \$146,719,986 | \$282,359,607 |
| Cash | 159,835 | 170,665 |
| Receivables: | | |
| Interest | 2,324,775 | 3,887,604 |

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| | | |
|--|---------------|---------------|
| Investments sold | 2,875,000 | 2,920,000 |
| Other assets | 5,824 | 23,112 |
| ----- | | |
| Total assets | 152,085,420 | 289,360,988 |
| ----- | | |
| LIABILITIES | | |
| Payable for investments purchased | 2,317,659 | 2,090,420 |
| Forward swaps, at value | -- | -- |
| Accrued expenses: | | |
| Management fees | 80,947 | 153,810 |
| Other | 60,221 | 65,543 |
| Preferred share dividends payable | 8,892 | 16,384 |
| ----- | | |
| Total liabilities | 2,467,719 | 2,326,157 |
| ----- | | |
| Preferred shares, at liquidation value | 45,000,000 | 95,000,000 |
| ----- | | |
| Net assets applicable to Common shares | \$104,617,701 | \$192,034,831 |
| ===== | | |
| Common shares outstanding | 6,444,462 | 12,699,376 |
| ===== | | |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 16.23 | \$ 15.12 |
| ===== | | |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF: | | |
| ----- | | |
| Common shares, \$.01 par value per share | \$ 64,445 | \$ 126,994 |
| Paid-in surplus | 89,182,546 | 175,963,672 |
| Undistributed (Over-distribution of) net investment income | 1,521,582 | 1,960,798 |
| Accumulated net realized gain (loss) from investments | 1,031,137 | (1,984,593) |
| Net unrealized appreciation (depreciation) of investments and forward swap transactions | 12,817,991 | 15,967,960 |
| ----- | | |
| Net assets applicable to Common shares | \$104,617,701 | \$192,034,831 |
| ===== | | |
| Authorized shares: | | |
| Common | 200,000,000 | 200,000,000 |
| Preferred | 1,000,000 | 1,000,000 |
| ===== | | |

See accompanying notes to financial statements.

Statement of
ASSETS AND LIABILITIES August 31, 2004 (continued)

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

ASSETS
Investments, at market value (cost \$310,078,141,
\$516,108,449, \$331,830,403 and

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| | | |
|--|---------------|---------------|
| \$126,191,253, respectively) | \$320,679,129 | \$528,760,181 |
| Cash | 363,738 | 1,061,106 |
| Receivables: | | |
| Interest | 4,446,932 | 7,705,144 |
| Investments sold | 8,831,283 | 5,190,300 |
| Other assets | 20,118 | 11,042 |
| ----- | | |
| Total assets | 334,341,200 | 542,727,773 |
| ----- | | |
| LIABILITIES | | |
| Payable for investments purchased | 2,796,034 | 2,106,240 |
| Forward swaps, at value | -- | -- |
| Accrued expenses: | | |
| Management fees | 93,271 | 149,097 |
| Other | 51,446 | 97,989 |
| Preferred share dividends payable | 5,049 | 14,228 |
| ----- | | |
| Total liabilities | 2,945,800 | 2,367,554 |
| ----- | | |
| Preferred shares, at liquidation value | 110,000,000 | 187,000,000 |
| ----- | | |
| Net assets applicable to Common shares | \$221,395,400 | \$353,360,219 |
| ===== | | |
| Common shares outstanding | 14,790,660 | 24,112,833 |
| ===== | | |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 14.97 | \$ 14.65 |
| ===== | | |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF: | | |
| ----- | | |
| Common shares, \$.01 par value per share | \$ 147,907 | \$ 241,128 |
| Paid-in surplus | 210,031,425 | 342,483,606 |
| Undistributed (Over-distribution of) net investment income | 2,094,498 | 2,702,190 |
| Accumulated net realized gain (loss) from investments | (1,479,418) | (4,718,437) |
| Net unrealized appreciation (depreciation) of investments and forward swap transactions | 10,600,988 | 12,651,732 |
| ----- | | |
| Net assets applicable to Common shares | \$221,395,400 | \$353,360,219 |
| ===== | | |
| Authorized shares: | | |
| Common | Unlimited | Unlimited |
| Preferred | Unlimited | Unlimited |
| ===== | | |

See accompanying notes to financial statements.

Statement of
OPERATIONS Year Ended August 31, 2004

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

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| | | |
|--|--------------|--------------|
| INVESTMENT INCOME | \$ 7,579,840 | \$14,419,506 |
| ----- | | |
| EXPENSES | | |
| Management fees | 960,645 | 1,829,431 |
| Preferred shares - auction fees | 112,878 | 238,296 |
| Preferred shares - dividend disbursing agent fees | 10,028 | 20,053 |
| Shareholders' servicing agent fees and expenses | 11,352 | 17,639 |
| Custodian's fees and expenses | 39,692 | 68,932 |
| Directors'/Trustees' fees and expenses | 2,150 | 5,215 |
| Professional fees | 13,297 | 18,033 |
| Shareholders' reports - printing and mailing expenses | 10,145 | 15,041 |
| Stock exchange listing fees | 11,002 | 12,566 |
| Investor relations expense | 14,879 | 21,246 |
| Portfolio insurance expense | 4,849 | 4,023 |
| Other expenses | 14,317 | 22,543 |
| ----- | | |
| Total expenses before custodian fee credit and expense reimbursement | 1,205,234 | 2,273,018 |
| Custodian fee credit | (5,517) | (9,498) |
| Expense reimbursement | -- | -- |
| ----- | | |
| Net expenses | 1,199,717 | 2,263,520 |
| ----- | | |
| Net investment income | 6,380,123 | 12,155,986 |
| ----- | | |
| REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS | | |
| Net realized gain (loss) from investments | 1,060,439 | 6,591,551 |
| Change in net unrealized appreciation (depreciation) of investments | 3,379,499 | 127,122 |
| Change in net unrealized appreciation (depreciation) of forward swap transactions | -- | -- |
| ----- | | |
| Net gain from investments | 4,439,938 | 6,718,673 |
| ----- | | |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS | | |
| From net investment income | (324,673) | (727,279) |
| From accumulated net realized gains from investments | (18,045) | -- |
| ----- | | |
| Decrease in net assets applicable to Common shares from distributions to Preferred shareholders | (342,718) | (727,279) |
| ----- | | |
| Net increase in net assets applicable to Common shares from operations | \$10,477,343 | \$18,147,380 |
| ===== | | |

See accompanying notes to financial statements.

Statement of
OPERATIONS Year Ended August 31, 2004 (continued)

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

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| | | |
|---|--------------|--------------|
| INVESTMENT INCOME | \$16,198,925 | \$26,060,005 |
| ----- | | |
| EXPENSES | | |
| Management fees | 2,096,817 | 3,376,035 |
| Preferred shares - auction fees | 275,922 | 469,069 |
| Preferred shares - dividend disbursing agent fees | 20,053 | 20,053 |
| Shareholders' servicing agent fees and expenses | 2,677 | 5,300 |
| Custodian's fees and expenses | 77,128 | 120,170 |
| Directors'/Trustees' fees and expenses | 9,037 | 14,765 |
| Professional fees | 22,155 | 31,930 |
| Shareholders' reports - printing and mailing expenses | 27,466 | 38,511 |
| Stock exchange listing fees | 1,293 | 2,108 |
| Investor relations expense | 28,876 | 46,781 |
| Portfolio insurance expense | -- | -- |
| Other expenses | 19,925 | 22,936 |
| ----- | | |
| Total expenses before custodian fee credit and expense reimbursement | 2,581,349 | 4,147,658 |
| Custodian fee credit | (22,853) | (12,703) |
| Expense reimbursement | (984,583) | (1,601,012) |
| ----- | | |
| Net expenses | 1,573,913 | 2,533,943 |
| ----- | | |
| Net investment income | 14,625,012 | 23,526,062 |
| ----- | | |
| REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS | | |
| Net realized gain (loss) from investments | 734,631 | (325,341) |
| Change in net unrealized appreciation (depreciation) of investments | 10,663,642 | 21,760,890 |
| Change in net unrealized appreciation (depreciation) of forward swap transactions | -- | -- |
| ----- | | |
| Net gain from investments | 11,398,273 | 21,435,549 |
| ----- | | |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS | | |
| From net investment income | (861,160) | (1,597,236) |
| From accumulated net realized gains from investments | -- | -- |
| ----- | | |
| Decrease in net assets applicable to Common shares from distributions to Preferred shareholders | (861,160) | (1,597,236) |
| ----- | | |
| Net increase in net assets applicable to Common shares from operations | \$25,162,125 | \$43,364,375 |
| ===== | | |

See accompanying notes to financial statements.

Statement of
CHANGES IN NET ASSETS

| INSURED CALIFORNIA PREMIUM INCOME (NPC) | | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | |
|--|-----------------------|--|-----------------------|
| YEAR ENDED 8/31/04 | YEAR ENDED 8/31/03 | YEAR ENDED 8/31/04 | YEAR ENDED 8/31/03 |
| ----- | | | |

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| | | | | |
|---------------------------------------|---------------|---------------|---------------|-------------|
| OPERATIONS | | | | |
| Net investment income | \$ 6,380,123 | \$ 6,404,829 | \$ 12,155,986 | \$ 12,528,9 |
| Net realized gain (loss) | | | | |
| from investments | 1,060,439 | 524,720 | 6,591,551 | (166,1 |
| Change in net unrealized | | | | |
| appreciation (depreciation) | | | | |
| of investments | 3,379,499 | (3,552,084) | 127,122 | (6,281,3 |
| Change in net unrealized appreciation | | | | |
| (depreciation) of forward | | | | |
| swap transactions | -- | -- | -- | |
| Distributions to | | | | |
| Preferred Shareholders: | | | | |
| From net investment income | (324,673) | (382,478) | (727,279) | (863,5 |
| From accumulated net realized | | | | |
| gains from investments | (18,045) | (42,365) | -- | |
| ----- | | | | |
| Net increase in net | | | | |
| assets applicable | | | | |
| to Common shares | | | | |
| from operations | 10,477,343 | 2,952,622 | 18,147,380 | 5,217,8 |
| ----- | | | | |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | | | |
| From net investment income | (5,990,256) | (6,218,425) | (11,576,056) | (11,323,7 |
| From accumulated net | | | | |
| realized gains | | | | |
| from investments | (339,859) | (490,993) | -- | |
| ----- | | | | |
| Decrease in net assets applicable to | | | | |
| Common shares from | | | | |
| distributions to | | | | |
| Common shareholders | (6,330,115) | (6,709,418) | (11,576,056) | (11,323,7 |
| ----- | | | | |
| CAPITAL SHARE TRANSACTIONS | | | | |
| Common shares: | | | | |
| Net proceeds from sale of shares | -- | -- | -- | |
| Net proceeds from shares issued | | | | |
| to shareholders due to | | | | |
| reinvestment | | | | |
| of distributions | 43,490 | 47,136 | 282,847 | 416,6 |
| Preferred shares offering costs | -- | -- | -- | |
| ----- | | | | |
| Net increase (decrease) in net assets | | | | |
| applicable to Common shares from | | | | |
| capital share transactions | 43,490 | 47,136 | 282,847 | 416,6 |
| ----- | | | | |
| Net increase (decrease) | | | | |
| in net assets | | | | |
| applicable to Common shares | 4,190,718 | (3,709,660) | 6,854,171 | (5,689,2 |
| Net assets applicable | | | | |
| to Common shares | | | | |
| at the beginning of period | 100,426,983 | 104,136,643 | 185,180,660 | 190,869,9 |
| ----- | | | | |
| Net assets applicable to Common | | | | |
| shares at the end of period | \$104,617,701 | \$100,426,983 | \$192,034,831 | \$185,180,6 |
| ===== | | | | |
| Undistributed (Over-distribution of) | | | | |
| net investment income | | | | |
| at the end of period | \$ 1,521,582 | \$ 1,458,167 | \$ 1,960,798 | \$ 2,165,2 |
| ===== | | | | |

See accompanying notes to financial statements.

57

Statement of
CHANGES IN NET ASSETS (continued)

| | CALIFORNIA DIVIDEND ADVANTAGE (NAC) | | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | |
|---|--|-----------------------|--|-----------------------|
| | YEAR ENDED 8/31/04 | YEAR ENDED 8/31/03 | YEAR ENDED 8/31/04 | YEAR ENDED 8/31/03 |
| <hr/> | | | | |
| OPERATIONS | | | | |
| Net investment income | \$ 24,522,028 | \$ 24,749,658 | \$ 14,625,012 | \$ 14,805,6 |
| Net realized gain (loss) from investments | 3,065,461 | 1,584,946 | 734,631 | (1,481,2 |
| Change in net unrealized appreciation (depreciation) of investments | 14,927,705 | (12,671,586) | 10,663,642 | (7,762,3 |
| Change in net unrealized appreciation (depreciation) of forward swap transactions | -- | -- | -- | |
| Distributions to Preferred Shareholders: | | | | |
| From net investment income | (1,400,301) | (1,616,891) | (861,160) | (1,015,7 |
| From accumulated net realized gains from investments | -- | -- | -- | (49,4 |
| <hr/> | | | | |
| Net increase in net assets applicable to Common shares from operations | 41,114,893 | 12,046,127 | 25,162,125 | 4,496,8 |
| <hr/> | | | | |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | | | |
| From net investment income | (22,967,185) | (21,948,762) | (13,489,082) | (13,178,7 |
| From accumulated net realized gains from investments | -- | -- | -- | (430,1 |
| <hr/> | | | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (22,967,185) | (21,948,762) | (13,489,082) | (13,608,8 |
| <hr/> | | | | |
| CAPITAL SHARE TRANSACTIONS | | | | |
| Common shares: | | | | |
| Net proceeds from sale of shares | -- | -- | -- | (1,6 |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | -- | -- | -- | |
| Preferred shares offering costs | -- | -- | -- | 21,7 |
| <hr/> | | | | |
| Net increase (decrease) in net assets applicable to Common shares from | | | | |

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| | | | | |
|---|---------------|---------------|---------------|-------------|
| capital share transactions | -- | -- | -- | 20,0 |
| ----- | | | | |
| Net increase (decrease) in net assets applicable to Common shares | 18,147,708 | (9,902,635) | 11,673,043 | (9,092,0 |
| Net assets applicable to Common shares at the beginning of period | 346,918,499 | 356,821,134 | 209,722,357 | 218,814,3 |
| ----- | | | | |
| Net assets applicable to Common shares at the end of period | \$365,066,207 | \$346,918,499 | \$221,395,400 | \$209,722,3 |
| ===== | | | | |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 4,254,915 | \$ 4,145,773 | \$ 2,094,498 | \$ 1,819,9 |
| ===== | | | | |

See accompanying notes to financial statements.

58

INSURED CALIFORNIA
DIVIDEND ADVANTAGE (NKL)

| | YEAR ENDED 8/31/04 | YEAR ENDED 8/31/03 |
|--|-----------------------|-----------------------|
| ----- | | |
| OPERATIONS | | |
| Net investment income | \$ 15,590,731 | \$ 15,106,899 |
| Net realized gain (loss) from investments | 657,530 | 2,233,096 |
| Change in net unrealized appreciation (depreciation) of investments | 13,017,888 | (9,779,462) |
| Change in net unrealized appreciation (depreciation) of forward swap transactions | (1,001,377) | -- |
| Distributions to Preferred Shareholders: | | |
| From net investment income | (854,403) | (1,085,060) |
| From accumulated net realized gains from investments | (143,985) | (87,519) |
| ----- | | |
| Net increase in net assets applicable to Common shares from operations | 27,266,384 | 6,387,954 |
| ----- | | |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | |
| From net investment income | (13,916,900) | (13,916,900) |
| From accumulated net realized gains from investments | (1,910,520) | (784,735) |
| ----- | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (15,827,420) | (14,701,635) |
| ----- | | |
| CAPITAL SHARE TRANSACTIONS | | |

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| | | |
|---|---------------|---------------|
| Common shares: | | |
| Net proceeds from sale of shares | (1,575) | 9,614 |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | -- | -- |
| Preferred shares offering costs | (1,401) | (7,636) |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | (2,976) | 1,978 |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares | 11,435,988 | (8,311,703) |
| Net assets applicable to Common shares at the beginning of period | 222,750,508 | 231,062,211 |
| ----- | | |
| Net assets applicable to Common shares at the end of period | \$234,186,496 | \$222,750,508 |
| ===== | | |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 1,051,760 | \$ 236,194 |
| ===== | | |

See accompanying notes to financial statements.

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 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.

Prior to the commencement of operations of Insured California Tax-Free Advantage (NKX), the Fund had no operations other than those related to organizational matters, the initial capital contribution of \$100,275 by Nuveen Advisory Corp. (the "Adviser"), a wholly owned subsidiary of Nuveen Investments, Inc., and the recording of the organization expenses (\$11,500) and its reimbursement by Nuveen Investments, LLC, also a wholly owned subsidiary of Nuveen Investments, Inc.

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.

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.

Securities 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 price quotes are not readily available (which is usually the case for municipal securities), the pricing service establishes fair market 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. If it is determined that market prices for a security are unavailable or inappropriate, the Board of Directors/Trustees of the Funds, or its designee, may establish a fair value for the security. Temporary investments in securities that have variable rate and demand features qualifying them as short-term securities are valued at amortized cost, which approximates market value.

Securities Transactions

Securities transactions are recorded on a trade date basis. Realized gains and losses from such transactions are determined on the specific identification method. Securities purchased or sold on a when-issued or delayed delivery basis may have extended settlement periods. The securities 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 and delayed delivery purchase commitments. At August 31, 2004, Insured California Premium Income (NPC), Insured California Premium Income 2 (NCL), California Dividend Advantage 2 (NVX), and California Dividend Advantage 3 (NZH) had outstanding when-issued purchase commitments of \$1,285,608, \$2,090,420, \$2,796,034 and \$2,106,240, 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.

60

Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to distribute 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

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income dividends paid during the fiscal year ended August 31, 2004, have been designated Exempt Interest Dividends. Net realized capital gains and ordinary income distributions made by the Funds are subject to federal taxation.

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

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) | CALIFORNIA DIVIDEND ADVANTAGE (NAC) |
|-------------------|---|---|--|--|
| ----- | | | | |
| Number of shares: | | | | |
| Series M | -- | -- | 1,720 | -- |
| Series T | 1,800 | 1,900 | -- | -- |
| Series TH | -- | 1,900 | -- | 3,500 |
| Series F | -- | -- | -- | 3,500 |
| ----- | | | | |
| Total | 1,800 | 3,800 | 1,720 | 7,000 |
| ===== | | | | |

| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) | INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX) |
|-------------------|--|--|---|---|
| ----- | | | | |
| Number of shares: | | | | |
| Series M | 2,200 | 3,740 | -- | -- |
| Series T | -- | -- | 2,360 | -- |
| Series TH | -- | 3,740 | -- | 1,800 |
| Series F | 2,200 | -- | 2,360 | -- |
| ----- | | | | |
| Total | 4,400 | 7,480 | 4,720 | 1,800 |
| ===== | | | | |

Insured California Tax-Free Advantage (NKX) issued the Preferred shares listed above on January 17, 2003.

Insurance

Insured California Premium Income (NPC) and Insured California Premium Income 2 (NCL) invest 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 applicable 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 applicable 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) municipal bonds that are 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.

61

Notes to
FINANCIAL STATEMENTS (continued)

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 may invest in certain derivative financial instruments. The Funds' use of forward interest rate swap transactions is intended to mitigate the negative impact that an increase in long-term interest rates could have on Common share net earnings. Forward interest rate swap transactions involve each Fund's agreement with the counterparty to pay, in the future, a fixed rate payment in exchange for the counterparty paying the Fund a variable rate payment. The amount of the payment obligation is based on the notional or nominal amount of the forward swap contract. The Funds may close out a contract prior to the effective date. When a forward swap is terminated, it does not involve the delivery of securities or other underlying assets or principal, but rather is settled in cash. The fund intends to, 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 minimize such credit risk, all counterparties are required to segregate 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. Reciprocally, when any

of the Funds have an unrealized loss on a swap contract, the Funds have instructed the custodian to segregate assets of the Funds as collateral with a value approximately equal to the amount of the unrealized loss. The Funds help reduce the credit risks associated with forward swap transactions by entering into agreements only with counterparties the Adviser believes have the financial resources to honor their obligations and by having the Adviser monitor the financial stability of the swap counterparties.

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.

Offering Costs

Nuveen Investments, LLC has agreed to pay all Common share offering costs (other than the sales load) that exceed \$.03 per Common share for Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX). Insured California Dividend Advantage's (NKL) and Insured California Tax-Free Advantage (NKX) share of Common share offering costs (\$449,461 and \$176,250, respectively) were recorded as a reduction of the proceeds from the sale of Common shares.

Costs incurred by Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX) in connection with their offering of Preferred shares (\$1,372,225 and \$1,044,953, respectively) were recorded as a reduction to paid-in surplus.

Indemnifications

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

Use of Estimates

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

2. FUND SHARES

Transactions in Common and Preferred shares were as follows:

INSURED CALIFORNIA
PREMIUM INCOME (NPC)

INSURED CALIFORNIA
PREMIUM INCOME 2 (NCL)

CALIFORNIA
PREMIUM INCOME

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| | YEAR ENDED 8/31/04 | YEAR ENDED 8/31/03 | YEAR ENDED 8/31/04 | YEAR ENDED 8/31/03 | YEAR ENDED 8/31/04 | YEAR ENDED 8/31/04 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Common shares: | | | | | | |
| Shares sold | -- | -- | -- | -- | -- | -- |
| Shares issued to shareholders due to reinvestment of distributions | 2,632 | 2,919 | 18,275 | 27,169 | -- | -- |
| | 2,632 | 2,919 | 18,275 | 27,169 | -- | -- |
| Preferred shares sold | -- | -- | -- | -- | -- | -- |

| | CALIFORNIA DIVIDEND ADVANTAGE (NAC) | | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | | CALIFORNIA DIVIDEND ADVANTAGE 3 (NVC) | |
|--|--|-----------------------|--|-----------------------|--|-----------------------|
| | YEAR ENDED 8/31/04 | YEAR ENDED 8/31/03 | YEAR ENDED 8/31/04 | YEAR ENDED 8/31/03 | YEAR ENDED 8/31/04 | YEAR ENDED 8/31/04 |
| Common shares: | | | | | | |
| Shares sold | -- | -- | -- | -- | -- | -- |
| Shares issued to shareholders due to reinvestment of distributions | -- | -- | -- | -- | -- | -- |
| | -- | -- | -- | -- | -- | -- |
| Preferred shares sold | -- | -- | -- | -- | -- | -- |

| | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) | | | INSURED CALIFORNIA TAX- ADVANTAGE (NKS) | | PERIOD (COMM OF OPE |
|--|---|-----------------------|-----------------------|---|-----------------------|---------------------------|
| | YEAR ENDED 8/31/04 | YEAR ENDED 8/31/03 | YEAR ENDED 8/31/04 | YEAR ENDED 8/31/04 | YEAR ENDED 8/31/04 | |
| Common shares: | | | | | | |
| Shares sold | -- | -- | -- | -- | -- | 5 |
| Shares issued to shareholders due to reinvestment of distributions | -- | -- | -- | 1,017 | -- | |
| | -- | -- | -- | 1,017 | -- | 5 |
| Preferred shares sold | -- | -- | -- | -- | -- | |

3. SECURITIES TRANSACTIONS

Purchases and sales (including maturities) of investments in long-term municipal securities during the fiscal year ended August 31, 2004, were as follows:

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) | CALIFORNIA DIVIDEND ADVANTAGE (NAC) |
|----------------------|---|---|--|--|
| Purchases | \$37,127,043 | \$ 99,813,434 | \$23,666,372 | \$61,642,400 |
| Sales and maturities | 47,391,120 | 110,917,788 | 25,671,007 | 70,802,274 |

| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) | INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX) |
|----------------------|--|--|---|---|
| Purchases | \$42,662,858 | \$66,856,413 | \$51,972,040 | \$26,916,385 |
| Sales and maturities | 44,262,814 | 73,528,408 | 46,813,443 | 25,789,188 |

63

Notes to
FINANCIAL STATEMENTS (continued)

4. INCOME TAX INFORMATION

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in recognizing income on taxable market discount securities and timing differences in recognizing certain gains and losses on security transactions.

At August 31, 2004, the cost of investments were as follows:

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) | CALIFORNIA DIVIDEND ADVANTAGE (NAC) |
|---------------------|---|---|--|--|
| Cost of investments | \$133,737,287 | \$266,233,116 | \$119,537,477 | \$502,733,488 |

| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) | INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX) |
|---------------------|--|--|---|---|
| Cost of investments | \$310,069,762 | \$516,101,852 | \$331,891,010 | \$126,187,279 |

Gross unrealized appreciation and gross unrealized depreciation of investments at August 31, 2004, were as follows:

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| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) |
|--|---|---|--|
| Gross unrealized: | | | |
| Appreciation | \$12,982,699 | \$16,359,657 | \$ 6,527,906 |
| Depreciation | -- | (233,166) | (1,061,322) |
| Net unrealized appreciation of investments | \$12,982,699 | \$16,126,491 | \$ 5,466,584 |

| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) |
|--|--|--|---|
| Gross unrealized: | | | |
| Appreciation | \$12,618,304 | \$15,618,180 | \$17,003,578 |
| Depreciation | (2,008,937) | (2,959,851) | (170,500) |
| Net unrealized appreciation of investments | \$10,609,367 | \$12,658,329 | \$16,833,078 |

64

The tax components of undistributed net investment income and net realized gains at August 31, 2004, were as follows:

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) |
|---|---|---|--|
| Undistributed net tax-exempt income | \$1,758,461 | \$2,781,051 | \$1,358,334 |
| Undistributed net ordinary income * | 350,095 | 2,752 | -- |
| Undistributed net long-term capital gains | 784,567 | -- | -- |

| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) |
|---|--|--|---|
| Undistributed net tax-exempt income | \$3,197,604 | \$4,445,944 | \$2,129,949 |
| Undistributed net ordinary income * | 17,650 | -- | -- |
| Undistributed net long-term capital gains | -- | -- | 617,799 |

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

The tax character of distributions paid during the fiscal years ended August 31, 2004 and August 31, 2003, was designated for purposes of the dividends paid deduction as follows:

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) | C |
|--|---|---|--|-----|
| 2004 | | | | |
| Distributions from net tax-exempt income | \$6,242,243 | \$12,293,836 | \$5,391,619 | \$2 |
| Distributions from net ordinary income * | 59,796 | -- | -- | |
| Distributions from net long-term capital gains | 357,419 | -- | -- | |

| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) | C |
|--|--|--|---|----|
| 2004 | | | | |
| Distributions from net tax-exempt income | \$14,342,456 | \$22,428,037 | \$14,773,957 | \$ |
| Distributions from net ordinary income * | -- | -- | 1,816,883 | |
| Distributions from net long-term capital gains | -- | -- | 237,622 | |

| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) | C |
|--|---|---|--|-----|
| 2003 | | | | |
| Distributions from net tax-exempt income | \$6,123,025 | \$12,130,717 | \$5,376,229 | \$2 |
| Distributions from net ordinary income * | 459,740 | -- | 40,993 | |
| Distributions from net long-term capital gains | 533,358 | -- | -- | |

| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) | C |
|--|--|--|---|----|
| 2003 | | | | |
| Distributions from net tax-exempt income | \$14,174,057 | \$22,678,767 | \$15,008,754 | \$ |
| Distributions from net ordinary income * | 540 | -- | 872,254 | |
| Distributions from net long-term capital gains | 479,390 | -- | -- | |

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

Notes to
FINANCIAL STATEMENTS (continued)

At August 31, 2004, 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 CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) |
|------------------|---|--|--|--|--|
| Expiration year: | | | | | |
| 2005 | \$ -- | \$1,049,994 | \$ -- | \$ -- | |
| 2006 | -- | -- | -- | -- | |
| 2007 | -- | -- | -- | -- | |
| 2008 | -- | -- | -- | -- | |
| 2009 | 1,544,084 | -- | -- | -- | |
| 2010 | 440,510 | -- | -- | -- | |
| 2011 | -- | -- | -- | 4,394,597 | |
| 2012 | -- | -- | 1,479,418 | 323,840 | |
| Total | \$1,984,594 | \$1,049,994 | \$1,479,418 | \$4,718,437 | |

Insured California Tax-Free Advantage (NKX) elected to defer net realized losses from investments incurred from November 1, 2003 through August 31, 2004 ("post-October") losses in accordance with Federal income tax regulations. Post-October losses of \$59,857 were treated as having arisen on the first day of the following fiscal year.

5. MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

As approved by the Board of Directors/Trustees, effective August 1, 2004, a complex-wide management fee structure was adopted for all funds sponsored by Nuveen Advisory Corp. (the "Adviser"), a wholly owned subsidiary of Nuveen Investments, Inc. and its affiliates. This fee structure separates each fund's management fee into two components - a complex-level component, based on the aggregate amount of all funds assets managed by the Adviser and its affiliates, 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 and its affiliates. Under no circumstances will this pricing structure result in a fund paying management fees at a rate higher than would otherwise have been applicable had the complex-wide management fee structure not been implemented. As a consequence of this new management fee structure, the funds' effective management fees were reduced by approximately .006% as of September 30, 2004.

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Effective August 1, 2004, the annual fund-level fee, payable monthly, for each of the Funds is based upon the average daily net assets (including net assets attributable to Preferred shares) of each Fund as follows:

| AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO PREFERRED SHARES) | INSURED CALIFORNIA PREMIUM INCOME (NPC) INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) CALIFORNIA PREMIUM INCOME (NCU) FUND-LEVEL FEE RATE |
|--|--|
| For the first \$125 million | .4500% |
| For the next \$125 million | .4375 |
| For the next \$250 million | .4250 |
| For the next \$500 million | .4125 |
| For the next \$1 billion | .4000 |
| For the next \$3 billion | .3875 |
| For net assets over \$5 billion | .3750 |

66

| AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO PREFERRED SHARES) | CALIFORNIA DIVIDEND ADVANTAGE (NAC) CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX) FUND-LEVEL FEE RATE |
|--|--|
| For the first \$125 million | .4500% |
| For the next \$125 million | .4375 |
| For the next \$250 million | .4250 |
| For the next \$500 million | .4125 |
| For the next \$1 billion | .4000 |
| For net assets over \$2 billion | .3750 |

Effective August 1, 2004, 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 follows:

| COMPLEX-LEVEL ASSETS (1) | COMPLEX-LEVEL 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

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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.

Each Fund paid through July 31, 2004, an annual management fee, payable monthly, at the rates set forth below, which were based upon the average daily net assets (including net assets attributable to Preferred shares) of each Fund as follows:

| AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO PREFERRED SHARES) | INSURED CALIFORNIA PREMIUM INCOME (NPC) INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) CALIFORNIA PREMIUM INCOME (NCU) MANAGEMENT FEE RATE |
|--|--|
| For the first \$125 million | .6500% |
| For the next \$125 million | .6375 |
| For the next \$250 million | .6250 |
| For the next \$500 million | .6125 |
| For the next \$1 billion | .6000 |
| For the next \$3 billion | .5875 |
| For net assets over \$5 billion | .5750 |

| AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO PREFERRED SHARES) | CALIFORNIA DIVIDEND ADVANTAGE (NAC) CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX) MANAGEMENT FEE RATE |
|--|--|
| For the first \$125 million | .6500% |
| For the next \$125 million | .6375 |
| For the next \$250 million | .6250 |
| For the next \$500 million | .6125 |
| For the next \$1 billion | .6000 |
| For net assets over \$2 billion | .5750 |

Notes to
FINANCIAL STATEMENTS (continued)

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 their officers, all of whom receive remuneration for their services to the Funds from the Adviser or its affiliates. The Board of

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

* From the commencement of operations.

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

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

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

2006 .30

* From the commencement of operations.

68

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

* From the commencement of operations.

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

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

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

* From the commencement of operations.

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

6. SUBSEQUENT EVENT - DISTRIBUTIONS TO COMMON SHAREHOLDERS

The Funds declared Common share dividend distributions from their tax-exempt net investment income which were paid on October 1, 2004, to shareholders of record on September 15, 2004, as follows:

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| | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) | CALIFORNIA DIVIDEND ADVANTAGE (NAC) |
|--------------------|---|---|--|--|
| Dividend per share | \$.0770 | \$.0760 | \$.0730 | \$.0820 |

| | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) | INSURED CALIFORNIA TAX-FREE ADVANTAGE (NKX) |
|--------------------|--|--|---|---|
| Dividend per share | \$.0760 | \$.0720 | \$.0760 | \$.0755 |

69

Financial
HIGHLIGHTS

Selected data for a Common share outstanding throughout each period:

| | Beginning Common Share Net Asset Value | Investment Operations | | | | Total |
|--|--|-----------------------------|---|---|---|--------|
| | | Net Investment Income | Net Realized/ Unrealized Investment Gain (Loss) | Distributions from Net Investment Income to Preferred Share- holders+ | Distributions from Capital Gains to Preferred Share- holders+ | |
| INSURED CALIFORNIA PREMIUM INCOME (NPC) | | | | | | |
| Year Ended 8/31: | | | | | | |
| 2004 | \$15.59 | \$.99 | \$.68 | \$ (.05) | \$ -- | \$1.62 |
| 2003 | 16.17 | .99 | (.45) | (.06) | (.01) | .47 |
| 2002 | 16.04 | 1.05 | .03 | (.09) | -- | .99 |
| 2001 | 15.08 | 1.04 | .99 | (.21) | -- | 1.82 |
| 2000 | 14.81 | 1.09 | .30 | (.24) | -- | 1.15 |
| INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | | | | | | |
| Year Ended 8/31: | | | | | | |
| 2004 | 14.60 | .96 | .53 | (.06) | -- | 1.43 |
| 2003 | 15.08 | .99 | (.51) | (.07) | -- | .41 |
| 2002 | 15.01 | 1.02 | (.02) | (.10) | -- | .90 |
| 2001 | 14.09 | 1.01 | .91 | (.22) | -- | 1.70 |
| 2000 | 13.70 | 1.02 | .41 | (.24) | -- | 1.19 |
| CALIFORNIA PREMIUM INCOME (NCU) | | | | | | |

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Year Ended 8/31:

| | | | | | | |
|------|-------|------|-------|-------|----|------|
| 2004 | 13.66 | .94 | .85 | (.06) | -- | 1.73 |
| 2003 | 14.42 | .96 | (.78) | (.07) | -- | .11 |
| 2002 | 14.22 | .99 | .13 | (.10) | -- | 1.02 |
| 2001 | 13.34 | 1.00 | .90 | (.23) | -- | 1.67 |
| 2000 | 13.19 | 1.03 | .14 | (.23) | -- | .94 |

Total Returns

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

INSURED CALIFORNIA PREMIUM INCOME (NPC)

Year Ended 8/31:

| | | | | | |
|------|------|---------|-----------|--------|--------|
| 2004 | \$-- | \$16.23 | \$15.8100 | 11.80% | 10.64% |
| 2003 | -- | 15.59 | 15.0700 | 1.55 | 2.82 |
| 2002 | -- | 16.17 | 15.8500 | 6.73 | 6.47 |
| 2001 | -- | 16.04 | 15.6900 | 14.12 | 12.43 |
| 2000 | -- | 15.08 | 14.5625 | .84 | 8.34 |

INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)

Year Ended 8/31:

| | | | | | |
|------|----|-------|---------|-------|-------|
| 2004 | -- | 15.12 | 15.1800 | 12.71 | 10.02 |
| 2003 | -- | 14.60 | 14.3200 | 2.69 | 2.71 |
| 2002 | -- | 15.08 | 14.8000 | 5.57 | 6.29 |
| 2001 | -- | 15.01 | 14.8300 | 11.99 | 12.45 |
| 2000 | -- | 14.09 | 14.0000 | 3.58 | 9.21 |

CALIFORNIA PREMIUM INCOME (NCU)

Year Ended 8/31:

| | | | | | |
|------|----|-------|---------|-------|-------|
| 2004 | -- | 14.51 | 13.6700 | 12.04 | 12.94 |
| 2003 | -- | 13.66 | 13.0200 | (.91) | .69 |
| 2002 | -- | 14.42 | 14.0000 | 4.84 | 7.48 |
| 2001 | -- | 14.22 | 14.1700 | 12.84 | 12.92 |
| 2000 | -- | 13.34 | 13.3125 | 5.93 | 7.63 |

Ratios/Supplemental Data

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

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INSURED CALIFORNIA
PREMIUM INCOME (NPC)

| Year Ended 8/31: | | | | |
|------------------|-----------|-------|-------|-------|
| 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 |
| 2001 | 103,068 | 1.22 | 6.77 | 1.21 |
| 2000 | 96,903 | 1.25 | 7.65 | 1.24 |

INSURED CALIFORNIA
PREMIUM INCOME 2 (NCL)

| Year Ended 8/31: | | | | |
|------------------|---------|------|------|------|
| 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 |
| 2001 | 189,633 | 1.24 | 7.01 | 1.24 |
| 2000 | 177,977 | 1.28 | 7.65 | 1.26 |

CALIFORNIA PREMIUM
INCOME (NCU)

| Year Ended 8/31: | | | | |
|------------------|--------|------|------|------|
| 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 |
| 2001 | 82,067 | 1.32 | 7.36 | 1.30 |
| 2000 | 76,878 | 1.38 | 8.09 | 1.36 |

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: | | | |
|------------------|----------|----------|----------|
| 2004 | \$45,000 | \$25,000 | \$83,121 |
| 2003 | 45,000 | 25,000 | 80,793 |
| 2002 | 45,000 | 25,000 | 82,854 |
| 2001 | 45,000 | 25,000 | 82,260 |
| 2000 | 45,000 | 25,000 | 78,835 |

INSURED CALIFORNIA
PREMIUM INCOME 2 (NCL)

| Year Ended 8/31: | | | |
|------------------|--------|--------|--------|
| 2004 | 95,000 | 25,000 | 75,535 |
| 2003 | 95,000 | 25,000 | 73,732 |
| 2002 | 95,000 | 25,000 | 75,229 |
| 2001 | 95,000 | 25,000 | 74,903 |
| 2000 | 95,000 | 25,000 | 71,836 |

CALIFORNIA PREMIUM

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INCOME (NCU)

| Year Ended 8/31: | | | |
|------------------|--------|--------|--------|
| 2004 | 43,000 | 25,000 | 73,704 |
| 2003 | 43,000 | 25,000 | 70,848 |
| 2002 | 43,000 | 25,000 | 73,400 |
| 2001 | 43,000 | 25,000 | 72,714 |
| 2000 | 43,000 | 25,000 | 69,696 |

- * Total Investment 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 per share, 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.

70-71 spread

FINANCIAL HIGHLIGHTS (continued)

Selected data for a Common share outstanding throughout each period:

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

CALIFORNIA DIVIDEND
ADVANTAGE (NAC)

| Year Ended 8/31: | | | | | | |
|------------------|---------|--------|--------|----------|-------|--------|
| 2004 | \$14.82 | \$1.05 | \$.76 | \$ (.06) | \$ -- | \$1.75 |
| 2003 | 15.24 | 1.06 | (.47) | (.07) | -- | .52 |
| 2002 | 15.13 | 1.07 | -- | (.10) | -- | .97 |
| 2001 | 13.82 | 1.07 | 1.28 | (.23) | -- | 2.12 |
| 2000 | 13.33 | 1.07 | .52 | (.26) | -- | 1.33 |

CALIFORNIA DIVIDEND
ADVANTAGE 2 (NVX)

| Year Ended 8/31: | | | | | | |
|------------------|-------|------|-------|-------|----|------|
| 2004 | 14.18 | .99 | .77 | (.06) | -- | 1.70 |
| 2003 | 14.79 | 1.00 | (.62) | (.07) | -- | .31 |

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| | | | | | | |
|----------|-------|------|-------|-------|----|------|
| 2002 | 15.11 | 1.06 | (.40) | (.11) | -- | .55 |
| 2001 (a) | 14.33 | .34 | .90 | (.05) | -- | 1.19 |

CALIFORNIA DIVIDEND
ADVANTAGE 3 (NZH)

Year Ended 8/31:

| | | | | | | |
|----------|-------|-----|-------|-------|----|------|
| 2004 | 13.72 | .98 | .88 | (.07) | -- | 1.79 |
| 2003 | 14.33 | .98 | (.66) | (.08) | -- | .24 |
| 2002 (b) | 14.33 | .83 | .09 | (.08) | -- | .84 |

INSURED CALIFORNIA
DIVIDEND ADVANTAGE (NKL)

Year Ended 8/31:

| | | | | | | |
|----------|-------|------|-------|-------|-------|------|
| 2004 | 14.60 | 1.02 | .84 | (.06) | (.01) | 1.79 |
| 2003 | 15.14 | .99 | (.49) | (.07) | (.01) | .42 |
| 2002 (c) | 14.33 | .34 | .92 | (.03) | -- | 1.23 |

INSURED CALIFORNIA
TAX-FREE ADVANTAGE (NKX)

Year Ended 8/31:

| | | | | | | |
|----------|-------|-----|-------|-------|----|------|
| 2004 | 13.79 | .96 | .84 | (.06) | -- | 1.74 |
| 2003 (d) | 14.33 | .64 | (.33) | (.04) | -- | .27 |

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

CALIFORNIA DIVIDEND
ADVANTAGE (NAC)

Year Ended 8/31:

| | | | | | |
|------|-------|---------|-----------|--------|--------|
| 2004 | \$ -- | \$15.59 | \$15.0000 | 12.07% | 12.11% |
| 2003 | -- | 14.82 | 14.3000 | 4.79 | 3.37 |
| 2002 | -- | 15.24 | 14.5500 | 3.67 | 6.75 |
| 2001 | -- | 15.13 | 14.8900 | 15.06 | 15.85 |
| 2000 | -- | 13.82 | 13.7500 | (2.18) | 10.80 |

CALIFORNIA DIVIDEND
ADVANTAGE 2 (NVX)

Year Ended 8/31:

| | | | | | |
|----------|-------|-------|---------|-------|-------|
| 2004 | -- | 14.97 | 14.0800 | 13.60 | 12.11 |
| 2003 | -- | 14.18 | 13.2400 | (.95) | 2.16 |
| 2002 | -- | 14.79 | 14.2800 | (.27) | 3.90 |
| 2001 (a) | (.12) | 15.11 | 15.2100 | 3.40 | 7.55 |

CALIFORNIA DIVIDEND
ADVANTAGE 3 (NZH)

Year Ended 8/31:

| | | | | | |
|------|----|-------|---------|-------|-------|
| 2004 | -- | 14.65 | 13.3300 | 11.97 | 13.36 |
|------|----|-------|---------|-------|-------|

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| | | | | | |
|----------|-------|-------|---------|--------|------|
| 2003 | .01 | 13.72 | 12.7100 | (3.20) | 1.68 |
| 2002 (b) | (.12) | 14.33 | 14.0000 | (1.68) | 5.32 |

INSURED CALIFORNIA
DIVIDEND ADVANTAGE (NKL)

| | | | | | |
|------------------|-------|-------|---------|-------|-------|
| ----- | | | | | |
| Year Ended 8/31: | | | | | |
| 2004 | -- | 15.35 | 14.6700 | 12.54 | 12.53 |
| 2003 | -- | 14.60 | 14.0000 | (.35) | 2.70 |
| 2002 (c) | (.12) | 15.14 | 15.0000 | 2.05 | 7.84 |

INSURED CALIFORNIA
TAX-FREE ADVANTAGE (NKX)

| | | | | | |
|------------------|-------|-------|---------|--------|-------|
| ----- | | | | | |
| Year Ended 8/31: | | | | | |
| 2004 | -- | 14.62 | 14.1900 | 11.54 | 12.86 |
| 2003 (d) | (.21) | 13.79 | 13.5600 | (5.79) | .34 |

Ratios/Supplemental Data

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

CALIFORNIA DIVIDEND
ADVANTAGE (NAC)

| | | | | | |
|------------------|-----------|-------|-------|------|--|
| ----- | | | | | |
| Year Ended 8/31: | | | | | |
| 2004 | \$365,066 | 1.14% | 6.38% | .70% | |
| 2003 | 346,918 | 1.15 | 6.44 | .70 | |
| 2002 | 356,821 | 1.18 | 6.76 | .72 | |
| 2001 | 354,197 | 1.19 | 7.03 | .72 | |
| 2000 | 323,326 | 1.24 | 7.93 | .75 | |

CALIFORNIA DIVIDEND
ADVANTAGE 2 (NVX)

| | | | | | |
|------------------|---------|-------|-------|------|--|
| ----- | | | | | |
| Year Ended 8/31: | | | | | |
| 2004 | 221,395 | 1.18 | 6.24 | .72 | |
| 2003 | 209,722 | 1.18 | 6.30 | .73 | |
| 2002 | 218,814 | 1.19 | 6.82 | .73 | |
| 2001 (a) | 223,440 | 1.05* | 5.23* | .62* | |

CALIFORNIA DIVIDEND
ADVANTAGE 3 (NZH)

| | | | | | |
|------------------|---------|-------|-------|------|--|
| ----- | | | | | |
| Year Ended 8/31: | | | | | |
| 2004 | 353,360 | 1.20 | 6.32 | .73 | |
| 2003 | 330,829 | 1.20 | 6.33 | .73 | |
| 2002 (b) | 345,470 | 1.15* | 6.01* | .69* | |

INSURED CALIFORNIA
DIVIDEND ADVANTAGE (NKL)

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| | | | | |
|------------------|---------|-------|-------|------|
| Year Ended 8/31: | | | | |
| 2004 | 234,186 | 1.18 | 6.28 | .72 |
| 2003 | 222,751 | 1.18 | 6.00 | .72 |
| 2002 (c) | 231,062 | 1.10* | 4.98* | .60* |

INSURED CALIFORNIA
TAX-FREE ADVANTAGE (NKX)

| | | | | |
|------------------|--------|-------|-------|------|
| Year Ended 8/31: | | | | |
| 2004 | 86,008 | 1.23 | 6.17 | .73 |
| 2003 (d) | 81,141 | 1.14* | 5.25* | .67* |

Preferred Shares at End of Period

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

CALIFORNIA DIVIDEND
ADVANTAGE (NAC)

| | | | |
|------------------|-----------|----------|----------|
| Year Ended 8/31: | | | |
| 2004 | \$175,000 | \$25,000 | \$77,152 |
| 2003 | 175,000 | 25,000 | 74,560 |
| 2002 | 175,000 | 25,000 | 75,974 |
| 2001 | 175,000 | 25,000 | 75,600 |
| 2000 | 175,000 | 25,000 | 71,189 |

CALIFORNIA DIVIDEND
ADVANTAGE 2 (NVX)

| | | | |
|------------------|---------|--------|--------|
| Year Ended 8/31: | | | |
| 2004 | 110,000 | 25,000 | 75,317 |
| 2003 | 110,000 | 25,000 | 72,664 |
| 2002 | 110,000 | 25,000 | 74,731 |
| 2001 (a) | 110,000 | 25,000 | 75,782 |

CALIFORNIA DIVIDEND
ADVANTAGE 3 (NZH)

| | | | |
|------------------|---------|--------|--------|
| Year Ended 8/31: | | | |
| 2004 | 187,000 | 25,000 | 72,241 |
| 2003 | 187,000 | 25,000 | 69,229 |
| 2002 (b) | 187,000 | 25,000 | 71,186 |

INSURED CALIFORNIA
DIVIDEND ADVANTAGE (NKL)

| | | | |
|------------------|---------|--------|--------|
| Year Ended 8/31: | | | |
| 2004 | 118,000 | 25,000 | 74,616 |
| 2003 | 118,000 | 25,000 | 72,193 |
| 2002 (c) | 118,000 | 25,000 | 73,954 |

INSURED CALIFORNIA
TAX-FREE ADVANTAGE (NKX)

| | | | |
|------------------|--------|--------|--------|
| Year Ended 8/31: | | | |
| 2004 | 45,000 | 25,000 | 72,782 |

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2003 (d) 45,000 25,000 70,078
 =====

- * Annualized.
- ** Total Investment 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 per share, 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.
- (a) For the period March 27, 2001 (commencement of operations) through August 31, 2001.
- (b) For the period September 25, 2001 (commencement of operations) through August 31, 2002.
- (c) For the period March 25, 2002 (commencement of operations) through August 31, 2002.
- (d) For the period November 21, 2002 (commencement of operations) through August 31, 2003.

See accompanying notes to financial statements.

72-73 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 Funds is currently set at seven. 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 AND ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED (2) | PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS |
|--------------------------------|---------------------------------------|---|---|
|--------------------------------|---------------------------------------|---|---|

BOARD MEMBER WHO IS AN INTERESTED PERSON OF THE FUNDS:

| | | | |
|--|---|------|---|
| Timothy R. Schwertfeger (1) 3/28/49 333 W. Wacker Drive Chicago, IL 60606 | Chairman of the Board and Trustee | 1994 | Chairman and Director (since 1996) of N Inc. and Nuveen Investments, LLC; Direc Chairman (since 1996) of Nuveen Advisor Institutional Advisory Corp.; Chairman |
|--|---|------|---|

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| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED (3) | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS |
|--------------------------------|---------------------------------------|---|--|
|--------------------------------|---------------------------------------|---|--|

OFFICERS OF THE FUNDS:

| | | | |
|--|------------------------------------|------|--|
| Gifford R. Zimmerman 9/9/56 333 W. Wacker Drive Chicago, IL 60606 | Chief Administrative Officer | 1988 | Managing Director (since 2002), Assistant Associate General Counsel, formerly, Vice Assistant General Counsel of Nuveen Institutional Managing Director (since 2002), General Assistant Secretary, formerly, Vice President Advisory Corp. and Nuveen Institutional Managing Director (since 2002), Assistant Associate General Counsel, formerly, Vice President (2000), of Nuveen Asset Management, Inc. Secretary of Nuveen Investments, Inc. (Secretary of NWQ Investment Management (since 2002); Vice President and Assistant Nuveen Investments Advisers Inc. (since 2002); Director, Associate General Counsel and Chartered Financial Analyst of Rittenhouse Asset Management, Inc. (Chartered Financial Analyst. |
|--|------------------------------------|------|--|

| | | | |
|---|--|------|--|
| Michael T. Atkinson 2/3/66 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Assistant Secretary | 2000 | Vice President (since 2002), formerly, President (since 2000), previously, Assistant Secretary of Nuveen Investments, LLC. |
|---|--|------|--|

75

Board Members
AND OFFICERS (CONTINUED)

| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED (3) | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS |
|--------------------------------|---------------------------------------|---|--|
|--------------------------------|---------------------------------------|---|--|

OFFICERS OF THE FUNDS (CONTINUED):

| | | | |
|---|---------------------------------|------|---|
| Peter H. D'Arrigo 11/28/67 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Treasurer | 1999 | Vice President of Nuveen Investments, LLC prior thereto, Assistant Vice President and Treasurer of Nuveen Institutional Managing Director (since 1999); Vice President and Treasurer of Nuveen Institutional Advisory Corp. (since 2002) and of Nuveen Investments, LLC (since 2002); Assistant Treasurer of NWQ Investment Management Company, LLC (since 2002); Vice President of Nuveen Rittenhouse Asset Management, Inc. (Chartered Financial Analyst. |
|---|---------------------------------|------|---|

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| | | | |
|---|----------------------------------|------|--|
| Jessica R. Droeger 9/24/64 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Secretary | 2000 | Vice President (since 2002) and Assistant (since 1998); formerly, Assistant Vice of Nuveen Investments, LLC; Vice President and Assistant Secretary (since 1998), f Vice President of Nuveen Advisory Corp. Institutional Advisory Corp. |
| Lorna C. Ferguson 10/24/45 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 1998 | Managing Director (since 2004) formerly Nuveen Investments, LLC; Managing Director formerly, Vice President (since 1998) o Corp. and Nuveen Institutional Advisory |
| William M. Fitzgerald 3/2/64 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 1995 | Managing Director (since 2002) of Nuvee LLC; Managing Director (since 2001), fo of Nuveen Advisory Corp. and Nuveen Ins Corp. (since 1995); Managing Director o Management, Inc. (since 2001); Vice Pre Investment Advisers Inc. (since 2002); |
| Stephen D. Foy 5/31/54 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Controller | 1998 | Vice President (since 1993) and Funds C of Nuveen Investments, LLC and Vice Pre Controller (since 1998) of Nuveen Invest Certified Public Accountant. |

76

| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED (3) | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS |
|--|--|---|---|
| OFFICERS OF THE FUNDS (CONTINUED): | | | |
| James D. Grassi 4/13/56 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Chief Compliance Officer | 2004 | Vice President and Deputy Director of C (since August 2004) of Nuveen Investmen Nuveen Investments Advisers Inc., Nuvee Management Inc., Nuveen Advisory Corp., Institutional Advisory Corp. and Ritten Management, Inc.; formerly, Senior Atto (1994-July 2004), The Northern Trust Co |
| David J. Lamb 3/22/63 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2000 | Vice President (since 2000) of Nuveen I LLC, previously Assistant Vice President prior thereto, Associate of Nuveen Inve Certified Public Accountant. |
| Tina M. Lazar 8/27/61 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2002 | Vice President (since 1999), previously President (since 1993) of Nuveen Invest |

| | | | |
|---|---|-------------|---|
| <p>-----</p> <p>Larry W. Martin 7/27/51 333 W. Wacker Drive Chicago, IL 60606</p> | <p>Vice President and Assistant Secretary</p> | <p>1988</p> | <p>Vice President, Assistant Secretary and Counsel of Nuveen Investments, LLC; Vice Assistant Secretary of Nuveen Advisory Institutional Advisory Corp.; Assistant Investments, Inc. and (since 1997) Nuvee Inc.; Vice President (since 2000), Assi Assistant General Counsel (since 1998) Management, Inc.; Vice President and As Nuveen Investments Advisers Inc. (since Secretary of NWQ Investment Management (since 2002).</p> |
|---|---|-------------|---|

| | | | |
|--|-----------------------|-------------|--|
| <p>-----</p> <p>Edward F. Neild, IV 7/7/65 333 W. Wacker Drive Chicago, IL 60606</p> | <p>Vice President</p> | <p>1996</p> | <p>Managing Director (since 2002) of Nuvee Managing Director (since 1997), formerl (since 1996) of Nuveen Advisory Corp.a Advisory Corp.; Managing Director of Nu Inc. (since 1999). Chartered Financial</p> |
|--|-----------------------|-------------|--|

- (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) Officers serve one year terms through July of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

Reinvest Automatically
EASILY AND CONVENIENTLY

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

NUVEEN CLOSED-END EXCHANGE-TRADED FUNDS
DIVIDEND REINVESTMENT PLAN

Your Nuveen Closed-End Exchange-Traded 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 the dividends or distributions awaiting reinvestment. Because the market price 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.

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 and (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the most recent 12-month period ended June 30, 2004, are available without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's web site at www.nuveen.com.

You may also obtain this and other Fund information directly from the Securities and Exchange Commission ("SEC"). The SEC may charge a copying fee for this information. Visit the SEC on-line at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, D.C. Call the SEC at 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 or by writing to the SEC's Public References Section at 450 Fifth Street NW, Washington, D.C. 20549.

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

MARKET YIELD (ALSO KNOWN AS DIVIDEND YIELD OR CURRENT YIELD): An investment's current annualized dividend divided by its current market price.

NET ASSET VALUE (NAV): A Fund's common share NAV per share is calculated by subtracting the liabilities of the Fund (including any 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
William J. Schneider
Timothy R. Schwertfeger
Judith M. Stockdale

FUND MANAGER

Nuveen Advisory Corp.
333 West Wacker Drive
Chicago, IL 60606

CUSTODIAN

State Street Bank & Trust
Boston, MA

TRANSFER AGENT AND
SHAREHOLDER SERVICES
State Street Bank & Trust
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 fiscal year ended August 31, 2004. Any future repurchases will be reported to shareholders in the next annual or semiannual report.

79

Nuveen Investments:
SERVING Investors
For GENERATIONS

Photo of: 2 women looking at a photo album.

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 \$100 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 four distinct brands: Nuveen, a leader in tax-free 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.

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

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

Learn more
about Nuveen Funds at
WWW.NUVEEN.COM/ETF

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

Logo: NUVEEN Investments

EAN-B-0804D

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. The registrant has posted such code of ethics on its website at www.nuveen.com/etf.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's board of directors determined that the registrant had 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 was William E. Bennett, who was "independent" for purposes of Item 3 of Form N-CSR.

Although Mr. Bennett served as the audit committee financial expert during the reporting period, he unexpectedly resigned from the Board effective April 30, 2004. Since that time, the Audit Committee determined that Jack B. Evans, the Chairman of the Audit Committee, qualifies as an audit committee financial expert and recommended to the full Board that he be designated as such. On July 26, 2004, the full Board voted to so designate Mr. Evans. Accordingly for this reporting period, the registrant did not have a designated "audit committee financial expert" from April 30, 2004 to July 26, 2004. Mr. Evans, who is independent for purposes of Item 3 of Form N-CSR, served as the registrant's audit committee financial expert from July 26, 2004 to the end of the reporting period on August 31, 2004.

Mr. Bennett was formerly Executive Vice President and Chief Credit Officer of First Chicago Corporation and its principal subsidiary, The First National Bank of Chicago. As part of his role as Chief Credit Officer, Mr. Bennett set policy as to accrual of assets/loans; designated performing/non-performing assets; set the level of reserves against the credit portfolio; and determined the carrying value of credit related assets and exposure. Among other things, Mr. Bennett was also responsible for the oversight of the internal analysis function including setting ground rules for the review and preparation of financial analysis and financial statements for use in making credit and risk decisions for clients. Mr. Bennett has significant experience reviewing, analyzing and evaluating financial statements of domestic and international companies in a variety of industries with complex accounting issues.

Mr. Evans was formerly President and Chief Operating Office 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,

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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 entered into on or after May 6, 2003, 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 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 | AUDIT-RELATED FEES BILLED TO FUND | TAX BILLED |
|--|---------------------------|-----------------------------------|------------|
| August 31, 2004 | \$ 12,752 | \$ 0 | \$ 2 |
| Percentage approved pursuant to pre-approval exception | N/A | 0% | |
| August 31, 2003 | \$ 11,216 | \$ 0 | \$ |
| Percentage approved pursuant to pre-approval exception | N/A | 0% | |

The above "Tax Fees" were billed for professional services for tax advice, tax

compliance and tax planning.

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 Advisory Corp. ("NAC" or the "Adviser"), and any entity controlling, controlled by or under common control with NAC ("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 table also shows 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 ADVISED AND AFFILIATED FUND SERVICE PROVIDERS |
|--|---|--|
| August 31, 2004 | \$ 0 | \$ 0 |
| Percentage approved pursuant to pre-approval exception | 0% | 0% |
| August 31, 2003 | \$ 0 | \$ 0 |
| Percentage approved pursuant to pre-approval exception | N/A | N/A |

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. For engagements entered into on or after May 6, 2003, 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

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the Adviser and any Affiliated Fund Service Provider. The Committee considered this information in evaluating Ernst & Young LLP independence.

| FISCAL YEAR ENDED | TOTAL NON-AUDIT FEES BILLED TO FUND | TOTAL NON-AUDIT FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS (ENGAGEMENTS RELATED DIRECTLY TO THE OPERATIONS AND FINANCIAL REPORTING OF THE FUND) | TOTAL NON BILLED TO AFFILIATED PROVIDERS ENGAG |
|-------------------|--|---|--|
| August 31, 2004 | \$ 4,764 | \$ 0 | |
| August 31, 2003 | \$ 2,662 | \$ 0 | |

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

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable at this time.

ITEM 6. SCHEDULE OF INVESTMENTS.

See Schedule I in Item 1.

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

In the rare event that a municipal issuer held by the Fund were to issue a proxy or that the Fund were to receive a proxy issued by a cash management security, the Adviser 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 Fund's Board of Directors or Trustees or its representative. In the case of a conflict of interest, the proxy would be submitted to the applicable Fund's Board to determine how the proxy should be voted. A member of the Adviser's legal department would oversee the administration of the voting, and ensure that records were maintained in accordance with Rule 204-2(c)(2) under the Investment Advisers Act of 1940 (17 CFR 275.204-2(c)(2)), reports were filed with the SEC on Form N-PX, and the results were provided to the Board of Directors or Trustees and made available to shareholders as required by applicable rules.

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

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Not applicable at this time.

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.

In the event of a vacancy on the Board, the nominating and governance committee receives suggestions from various sources, including shareholders, as to suitable candidates. Suggestions should be sent in writing to Lorna Ferguson, Vice President for Board Relations, Nuveen Investments, 333 West Wacker Drive, Chicago, IL 60606. The nominating and governance committee sets appropriate standards and requirements for nominations for new directors and reserves the right to interview all candidates and to make the final selection of any new directors.

ITEM 11. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's last fiscal half-year (the registrant's second fiscal half-year in the case of an annual 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 posted on registrant's website at www.nuveen.com/etf.
- (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

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

SIGNATURES

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

(Registrant) Nuveen California Dividend Advantage Municipal Fund 2

By (Signature and Title)* /s/ Jessica R. Droeger

Jessica R. Droeger
Vice President and Secretary

Date: November 5, 2004

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 5, 2004

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

Stephen D. Foy
Vice President and Controller
(Principal Financial Officer)

Date: November 5, 2004

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