

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2

Form N-30D

May 08, 2002

SEMIANNUAL REPORT February 28, 2002

[LOGO: NUVEEN Municipal Closed-End Exchange-Traded FUNDS]

[PHOTO OF MEN WALKING]

[PHOTO OF WOMAN WITH CHILDREN]

CALIFORNIA  
NPC  
NCL  
NCU  
NAC  
NVX  
NZH

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

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[PHOTO OF Timothy R. Schwertfeger]

Timothy R. Schwertfeger  
Chairman of the Board

[sidebar text]

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Dear  
SHAREHOLDER

This letter is dated April 15 - income tax day for most Americans. While most of us recognize the need to pay taxes, we also look for ways to keep our taxes as low as possible. One popular way to do this is through an investment in high quality municipal bonds, such as those owned by your Nuveen Fund.

During the period covered by this report, your Fund continued to meet its primary objective of providing attractive monthly income, while at the same time offering opportunities to reduce overall portfolio volatility. Detailed information on your Fund's performance can be found in the Portfolio Managers' Comments and Performance Overview sections of this report. I urge you to take the time to read them.

I also urge you to consider receiving future Fund reports and other information electronically via the Internet and e-mail rather than in hard copy. Not only will you be able to receive the information faster, but this also may help lower Fund expenses. Sign up is quick and easy - see the inside front cover of this report for detailed instructions.

In addition to providing you with steady tax-free income, your Nuveen Fund also features several characteristics that can help make it an essential part of your overall investment strategy. These include careful research, constant surveillance and judicious trading by Nuveen's seasoned portfolio management team, with every action designed to supplement income, improve Fund structure, better adapt to current market conditions or increase diversification. In uncertain markets like these, prudent investors understand the importance of diversification, balance, and risk management, all attributes your Nuveen Fund can bring to your portfolio.

For more than 100 years, Nuveen has specialized in offering quality investments such as these Nuveen Funds to those seeking to accumulate and preserve wealth. Our mission continues to be to assist you and your financial advisor by offering the investment services and products that can help you meet your financial objectives. We thank you for continuing to choose Nuveen Investments as a partner as you work toward that goal.

/s/ TIMOTHY R. SCHWERTFEGER

TIMOTHY R. SCHWERTFEGER

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Chairman of the Board

April 15, 2002

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

Portfolio Managers'

COMMENTS

Portfolio managers Steve Krupa and Bill Fitzgerald review economic and market conditions, key strategies, and recent Fund performance. With 23 years of investment management experience at Nuveen, Steve has managed NPC and NCL since March 2001. Bill, who joined Nuveen in 1988, assumed portfolio management responsibility for NCU in 1998, NAC in 1999, and NVX and NZH upon their inceptions in 2001.

WHAT WERE THE MAJOR DRIVERS OF THE U.S. ECONOMY AND THE MUNICIPAL MARKET DURING THIS REPORTING PERIOD?

The major forces at work during the twelve months ended February 28, 2002, were the general slowdown in economic growth and the Federal Reserve's aggressive approach to easing short-term interest rates. In addition, the events of September 11, 2001, and the uncertain geopolitical climate that followed, also have impacted the economy and the markets.

These factors produced a generally positive environment for fixed-income investments, and over the past twelve months many municipal securities have performed well. During 2001, national new municipal supply reached its highest level - \$286.3 billion - since 1993. This strong new issue supply has continued during the first two months of 2002, with \$41.3 billion in new issuance, up 23% over January/February 2001. On the demand side, municipal bonds continued to be highly sought after by individual investors looking for diversification, tax-free income, quality, and an alternative to a volatile stock market. Institutional investors, especially traditional purchasers such as insurance companies and pension plans, also have been active buyers in the new issue market.

HOW WAS THE ECONOMIC AND MARKET ENVIRONMENT IN CALIFORNIA?

Over the past year, the California economy has contended with the same economic weakness that has affected the rest of the nation. Because the state remains heavily dependent on economically sensitive revenue sources, such as sales, income, and capital gains taxes, the economic decline has had a major impact on the state's general revenues. As a result, California is now facing a budget deficit estimated at \$7 billion. The state also continues to deal with the aftermath of the 2001 power crisis. Unless the state can issue a proposed offering of power bonds by the conclusion of fiscal 2002 on June 30, its general fund reserves and resources may continue to dwindle, and California may have to seek new and broader revenue sources.

On the positive side, one byproduct of the declining economy was lower electricity prices. California also remained the nation's top state for exports, selling \$107 billion of goods, primarily computer and electronic products, to other countries in 2001.

During calendar year 2001, California experienced a 33% increase in new municipal bond issuance over 2000 totals. In January and February 2002, the

state continued to see strong new supply, with issuance up 37% over the same period in 2001. However, the possible budget shortfall, combined with the uncertainties surrounding the resolution of the state's power problems, have put pressure on California's credit ratings. In November 2001, Moody's downgraded the rating on California general obligation bonds for the second time in twelve months. Moody's rating currently stands at A1, while Standard & Poor's and Fitch have maintained their ratings at A+/AA over the past six months. All three agencies also maintained a negative outlook for the state.

HOW DID THESE NUVEEN CALIFORNIA FUNDS PERFORM OVER THE PAST TWELVE MONTHS? During the twelve months ended February 28, 2002, the Fed's policy of interest rate easing, combined with favorable market technicals, created a generally positive total return environment for municipal bonds. Individual results for the Nuveen California Funds are presented in the accompanying table.

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|     | MARKET YIELD |                                     | TOTAL RETURN<br>ON NAV     | LEHMAN<br>TOTAL RETURN <sup>1</sup> | LIPPER<br>AVERAGE <sup>2</sup> |
|-----|--------------|-------------------------------------|----------------------------|-------------------------------------|--------------------------------|
|     | 2/28/02      | TAXABLE-<br>EQUIVALENT <sup>3</sup> | 1 YEAR<br>ENDED<br>2/28/02 | 1 YEAR<br>ENDED<br>2/28/02          | 1 YEAR<br>ENDED<br>2/28/02     |
| NPC | 5.40%        | 8.50%                               | 7.30%                      | 6.90%                               | 6.98%                          |
| NCL | 5.55%        | 8.74%                               | 7.70%                      | 6.90%                               | 6.98%                          |
| NCU | 5.81%        | 9.15%                               | 9.14%                      | 6.68%                               | 7.33%                          |
| NAC | 5.88%        | 9.26%                               | 9.05%                      | 6.68%                               | 7.33%                          |
| NVX | 6.00%        | 9.45%                               | NA                         | -                                   | -                              |
| NZH | 6.24%        | 9.83%                               | NA                         | -                                   | -                              |

Past performance is not predictive of future results.

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

Overall, the market environment of the past twelve months favored funds with longer durations. As of February 28, 2002, the durations<sup>4</sup> of the two insured Funds were 9.54 and 8.31, compared with 8.63 for the unleveraged Lehman Brothers California Insured Tax-Exempt Bond Index, while NCU and NAC had durations of 11.30 and 12.42, respectively, versus 8.12 for the Lehman California Tax-Exempt Index. The durations of NVX and NZH, which were established in 2001, were 15.01 and 18.29, respectively, which is typical of newer Funds. Over time, we plan to move these durations in line with the other Nuveen California Municipal Closed-End Exchange-Traded Funds. In addition to duration, the performance of these Funds was influenced by market activity, portfolio structure, including call exposure, and individual holdings.

HOW DID THE MARKET ENVIRONMENT AFFECT THE FUNDS' DIVIDENDS AND SHARE PRICES? With the Fed's interest rate cuts, the dividend-payment capabilities of these Funds benefited from the use of leverage, a strategy that can potentially

enhance the dividends paid to common shareholders. This benefit is tied in part to the short-term rates these leveraged Funds pay their MuniPreferred(R) shareholders. For example, declining short-term rates can enable the Funds to reduce the amount of income they pay preferred shareholders, which can leave more earnings to support common share dividends.

During the year ended February 28, 2002, steady or falling short-term interest rates helped us to implement three dividend increases in NCL and NCU and two increases in NPC and NAC. NVX and NZH, which were introduced during 2001, began paying regular monthly dividends on schedule and are currently providing very attractive levels of tax-free income to shareholders. Over the next twelve months, the level of short-term rates, the number of bond calls, and the interest rates at which we can reinvest the proceeds of any calls will continue to influence the dividends of these Nuveen Funds.

Over the past year, continued fluctuations in the stock market and the strong performance of the bond market prompted many investors to turn to tax-free fixed-income investments as a way to rebalance their portfolios and reduce overall volatility. As investors recognized the opportunities offered by the Nuveen Funds, the share prices of the insured NPC and NCL improved, causing the discount (share price below NAV) on NPC to move to a premium (share price above NAV), while NCL's discount shrank considerably. Because the NAVs of NCU and NAC appreciated more rapidly than their share prices, these Funds saw their discounts widen over the past year.

WHAT KEY STRATEGIES WERE USED TO MANAGE THE NUVEEN CALIFORNIA FUNDS DURING THE YEAR ENDED FEBRUARY 28, 2002?

In view of recent world events, maintaining strong credit quality remained a primary area of emphasis. All of these Funds continued to offer excellent credit quality, with allocations of bonds rated AAA/U.S. guaranteed and AA ranging from 55% to 92% in the four non-insured Funds as of February 28, 2002. These Funds also had a portion of their assets invested in BBB and/or non-rated bonds, which serve to enhance the Funds' income streams. As insured Funds, NPC and NCL are 100% invested in insured and/or U.S. guaranteed securities, which means that credit quality is not an issue.

As mentioned previously, continued uncertainty over the timing of a possible power bond issuance, together with the potential of a state budget shortfall, resulted in downgrades of California's credit ratings during the past twelve months. In anticipation of this, we sold California general obligation bonds from the non-insured Funds. As credit spreads subsequently widened, these bonds underperformed, reinforcing our decision to sell. Over this period, these Funds maintained their positions in California's three major utilities: Pacific Gas and Electric, Southern California Edison, and San Diego Gas and Electric. While these holdings restrained the performance of some of the Funds during the power crisis last year, the bonds have recovered much of their value over the past six months.

[SIDEBAR FOOTNOTES]:

- 1 The performance of the insured Funds - NPC and NCL - is compared with that of the Lehman Brothers California Insured Tax-Exempt Bond Index, an unleveraged index comprising a broad range of insured California municipal bonds, while the performance of the non-insured Funds is compared with that of the Lehman California Tax-Exempt Bond Index, an unleveraged index comprising a broad range of investment-grade California municipal bonds. Results for the Lehman indexes do not reflect any expenses.
- 2 The total returns of NPC and NCL are compared with the average annualized

return of the 9 funds in the Lipper California Insured Municipal Debt Funds category, while the non-insured Funds are compared with the average annualized return of the 18 funds in the Lipper California Municipal Debt Funds category. Fund and Lipper returns assume reinvestment of dividends.

- 3 The taxable-equivalent yield represents the yield that must be earned on a taxable investment in order to equal the yield of the Nuveen Fund on an after-tax basis. The taxable-equivalent yield is based on the fund's market yield on the indicated date and a combined federal and state in-come tax rate of 36.5%.
- 4 Duration is a measure of a Fund's NAV volatility in reaction to interest rate movements. Fund duration, also known as leverage-adjusted duration, takes into account the leveraging process for a Fund and therefore is generally longer than the duration of the actual portfolio of individual bonds that make up the Fund. References to duration in this commentary are intended to indicate Fund duration unless otherwise noted.

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The financial situation in California also illustrates the value that fully insured Funds can add to the portfolios of investors with moderate risk tolerance. As credit spreads widened on unenhanced California general obligation bonds, municipal securities with higher credit ratings, especially insured bonds, outperformed the rest of the California market.

In investing new cash and proceeds from sales and bond calls over the past twelve months, we focused on attractive bonds with the potential to support the Funds' long-term dividend-payment capabilities, enhance total return potential, and add value and diversification. In the insured Funds, we found value in the healthcare sector and in selected airport offerings. In the non-insured Funds, we took advantage of opportunities in insured bonds in the 15-year to 20-year part of the yield curve across several sectors, particularly healthcare. This sector remains an important strategic selection for us, providing attractive income as well as competitive total returns.

In terms of bond calls, the Funds offer excellent levels of call protection in 2002 and 2003, with call exposure ranging from 2% in NAC and NVX to 18% in NCU over the next 22 months. NPC, which was established in November 1992, faces a slightly higher level of potential calls (24% in 2002 and 2003) as the Fund works its way past its 10-year anniversary, a period normally associated with increased call exposure. The number of actual calls experienced by the Funds will depend largely on market interest rates over this time. We believe the overall call exposure of these Funds is very manageable, and we foresee no problems in working through the call risk. Our general approach has been to watch for opportunities to sell holdings with short calls and use the occasion to buy bonds that can extend call protection and enhance structure. Over the past twelve months, increased levels of municipal supply have helped us to implement this strategy.

In September 2001, we introduced the Nuveen California Dividend Advantage Municipal Fund 3 (NZH). This Fund is now fully invested and, in our opinion, performing well for shareholders. As mentioned earlier, NZH paid its first dividend on target in December 2001, and we believe the Fund's holdings place it in an excellent position to pay an attractive, stable dividend on a monthly basis going forward.

WHAT IS YOUR OUTLOOK FOR THE MUNICIPAL MARKET IN GENERAL AND THE NUVEEN

CALIFORNIA FUNDS IN PARTICULAR?

In general, our outlook for the fixed-income markets over the next twelve months remains positive. The U.S. economy appears headed for a recovery, but one characterized by a more moderate pace of growth, with inflation and interest rates remaining low over the near term. Nationally, new municipal issuance should continue to be strong, and we expect issuance in California to increase over 2001's high levels, as the state deals with the budget deficit, the issuance of power bonds, and the continued need for essential services such as schools and roads. Given the current situation, we expect much of this issuance to be offered as insured bonds. Shortly after the conclusion of this reporting period, California issued \$1.1 billion in general obligation bonds as part of the state's plan to restructure debt and provide some budgetary relief. We also expect demand for tax-exempt municipal bonds to remain robust, as investors continue to look for ways to rebalance their portfolios and reduce risk.

One of our priorities will be managing portfolio structure, including duration and - in the non-insured Funds - credit quality, to strategically position the Funds for an economic recovery. Depending on the direction of interest rates, we plan to use coupon characteristics to help us manage the duration of the non-insured Funds. As California addresses the issue of balancing the state budget, we believe the performance of the state's general obligation bonds should improve. As a result, we are once again looking for opportunities to increase our exposure to California GOs in the non-insured Funds. In the insured Funds, we plan to watch for opportunities presented by increased issuance, including the California power bonds when they finally come to market. In NVX and NZH, our focus will be on enhancing diversification and lowering durations. Overall, we believe the Nuveen California Funds represent an important element of investors' long-range financial programs, providing dependable tax-free income as well as balance, diversification, and quality.

Nuveen Insured California Premium Income Municipal Fund, Inc.

Performance

OVERVIEW As of February 28, 2002

NPC

[PIE CHART DATA]

CREDIT QUALITY

|                 |     |
|-----------------|-----|
| Insured         | 82% |
| U.S. Guaranteed | 18% |

PORTFOLIO STATISTICS

|  |         |
|--|---------|
| Share Price  | \$15.90 |
| Net Asset Value  | \$15.80 |
| Market Yield   | 5.40%   |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup> | 7.71%   |

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|  |           |
|--|-----------|
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate) <sup>1</sup> | 8.50%     |
| -----  |           |
| Fund Net Assets (\$000)  | \$146,682 |
| -----  |           |
| Average Effective Maturity (Years)   | 20.13     |
| -----  |           |
| Leverage-Adjusted Duration   | 9.54      |
| -----  |           |

ANNUALIZED TOTAL RETURN (Inception 11/92)

|                 | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year          | 11.45%         | 7.30%  |
| 5-Year          | 8.88%          | 6.71%  |
| Since Inception | 6.50%          | 6.97%  |

TOP FIVE SECTORS (as a % of total investments)

|                        |     |
|------------------------|-----|
| Tax Obligation/General | 23% |
| U.S. Guaranteed        | 18% |
| Water and Sewer        | 17% |
| Healthcare             | 10% |
| Tax Obligation/Limited | 9%  |

[BAR CHART DATA]

2001-2002 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |          |
|-----|----------|
| Mar | \$0.0695 |
| Apr | 0.0695   |
| May | 0.0695   |
| Jun | 0.0695   |
| Jul | 0.0695   |
| Aug | 0.0695   |
| Sep | 0.0705   |
| Oct | 0.0705   |
| Nov | 0.0705   |
| Dec | 0.0715   |
| Jan | 0.0715   |
| Feb | 0.0715   |

[LINE CHART DATA]

SHARE PRICE PERFORMANCE

|        | Weekly Closing Price |
|--------|----------------------|
| 3/1/01 | \$15.3               |
|        | 15.02                |
|        | 15.2                 |
|        | 15.2                 |
|        | 15.25                |

15.19  
 15  
 14.78  
 14.78  
 14.92  
 14.85  
 14.65  
 14.64  
 15.1  
 14.85  
 14.81  
 14.9  
 15  
 15.2  
 14.95  
 14.8  
 14.9  
 14.98  
 15.01  
 15.08  
 15.05  
 15.25  
 15.45  
 15.65  
 15.7  
 15.69  
 15.42  
 15.57  
 15  
 15.25  
 15.45  
 15.2  
 15.2  
 15.6  
 15.87  
 15.9  
 15.91  
 15.71  
 15.95  
 15.9  
 15.5  
 15.79  
 15.5  
 15.5  
 15.7  
 15.69  
 15.85  
 15.9  
 16  
 15.84  
 15.95

2/28/02

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 36.5%.

Nuveen Insured California Premium Income Municipal Fund 2, Inc.

Performance

OVERVIEW As of February 28, 2002

NCL

[PIE CHART DATA]

CREDIT QUALITY

|                             |     |
|-----------------------------|-----|
| Insured                     | 89% |
| Insured and U.S. Guaranteed | 8%  |
| U.S. Guaranteed             | 3%  |

PORTFOLIO STATISTICS

|  |           |
|--|-----------|
| Share Price  | \$14.80   |
| Net Asset Value  | \$14.82   |
| Market Yield   | 5.55%     |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup>           | 7.93%     |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate) <sup>1</sup> | 8.74%     |
| Fund Net Assets (\$000)  | \$282,268 |
| Average Effective Maturity (Years)   | 17.70     |
| Leverage-Adjusted Duration   | 8.31      |

ANNUALIZED TOTAL RETURN (Inception 3/93)

|                 | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year          | 9.36%          | 7.70%  |
| 5-Year          | 8.72%          | 7.22%  |
| Since Inception | 5.70%          | 6.29%  |

TOP FIVE SECTORS (as a % of total investments)

|                        |     |
|------------------------|-----|
| Tax Obligation/Limited | 36% |
|------------------------|-----|

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|                        |     |
|------------------------|-----|
| U.S. Guaranteed        | 11% |
| Tax Obligation/General | 11% |
| Water and Sewer        | 9%  |
| Utilities              | 8%  |

[BAR CHART DATA]  
2001-2002 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |          |
|-----|----------|
| Mar | \$0.0645 |
| Apr | 0.0645   |
| May | 0.0645   |
| Jun | 0.066    |
| Jul | 0.066    |
| Aug | 0.066    |
| Sep | 0.067    |
| Oct | 0.067    |
| Nov | 0.067    |
| Dec | 0.0685   |
| Jan | 0.0685   |
| Feb | 0.0685   |

[LINE CHART DATA]  
SHARE PRICE PERFORMANCE

|        | Weekly Closing Price |
|--------|----------------------|
| 3/1/01 | \$14.67              |
|        | 14.51                |
|        | 14.45                |
|        | 14.35                |
|        | 14.39                |
|        | 14.2                 |
|        | 13.88                |
|        | 13.63                |
|        | 14.02                |
|        | 13.91                |
|        | 13.61                |
|        | 13.72                |
|        | 13.66                |
|        | 13.79                |
|        | 13.91                |
|        | 13.96                |
|        | 13.8                 |
|        | 13.9                 |
|        | 13.96                |
|        | 13.82                |
|        | 13.96                |
|        | 14                   |
|        | 14.05                |
|        | 14.1                 |
|        | 14.26                |
|        | 14.47                |
|        | 14.53                |
|        | 14.85                |

14.88  
 14.91  
 14.83  
 14.83  
 14.84  
 14.2  
 14.47  
 15  
 14.73  
 14.94  
 14.88  
 15.24  
 15.47  
 15.16  
 14.92  
 14.84  
 14.7  
 14.66  
 14.36  
 14.62  
 14.51  
 14.45  
 14.77  
 14.7  
 14.71  
 14.87  
 14.71  
 2/28/02 14.87

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 36.5%.

6

Nuveen California Premium Income Municipal Fund

Performance

OVERVIEW As of February 28, 2002

NCU

[PIE CHART DATA]  
 CREDIT QUALITY

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 62% |
| AA                  | 9%  |
| A                   | 7%  |
| BBB                 | 9%  |

|       |     |
|-------|-----|
| NR    | 10% |
| Other | 3%  |

PORTFOLIO STATISTICS

|  |           |
|--|-----------|
| Share Price  | \$13.94   |
| Net Asset Value  | \$14.13   |
| Market Yield   | 5.81%     |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate)1           | 8.30%     |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate)1 | 9.15%     |
| Fund Net Assets (\$000)  | \$124,585 |
| Average Effective Maturity (Years)                               | 16.62     |
| Leverage-Adjusted Duration                                       | 11.30     |

ANNUALIZED TOTAL RETURN (Inception 6/93)

|                 | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year          | 5.47%          | 9.14%  |
| 5-Year          | 8.00%          | 7.23%  |
| Since Inception | 5.18%          | 5.96%  |

TOP FIVE SECTORS (as a % of total investments)

|                        |     |
|------------------------|-----|
| Tax Obligation/Limited | 33% |
| U.S. Guaranteed        | 16% |
| Healthcare             | 13% |
| Housing/Multifamily    | 11% |
| Tax Obligation/General | 8%  |

[BAR CHART DATA]  
2001-2002 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |         |
|-----|---------|
| Mar | \$0.064 |
| Apr | 0.064   |
| May | 0.064   |
| Jun | 0.065   |

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|     |        |
|-----|--------|
| Jul | 0.065  |
| Aug | 0.065  |
| Sep | 0.066  |
| Oct | 0.066  |
| Nov | 0.066  |
| Dec | 0.0675 |
| Jan | 0.0675 |
| Feb | 0.0675 |

[LINE CHART DATA]

SHARE PRICE PERFORMANCE

|        | Weekly Closing Price |
|--------|----------------------|
| 3/1/01 | \$14.08              |
|        | 13.97                |
|        | 14                   |
|        | 14                   |
|        | 14.02                |
|        | 14                   |
|        | 13.56                |
|        | 13                   |
|        | 13.3                 |
|        | 13.49                |
|        | 13.18                |
|        | 13.05                |
|        | 13.09                |
|        | 13.01                |
|        | 13.18                |
|        | 13.35                |
|        | 13.28                |
|        | 13.25                |
|        | 13.48                |
|        | 13.41                |
|        | 13.36                |
|        | 13.53                |
|        | 13.45                |
|        | 13.46                |
|        | 13.5                 |
|        | 13.54                |
|        | 13.9                 |
|        | 14.03                |
|        | 14.21                |
|        | 14.2                 |
|        | 14.17                |
|        | 13.81                |
|        | 13.77                |
|        | 13.44                |
|        | 13.53                |
|        | 13.87                |
|        | 14.04                |
|        | 14.03                |
|        | 13.86                |
|        | 14.05                |
|        | 14.39                |
|        | 14.14                |
|        | 14.18                |
|        | 13.95                |
|        | 13.84                |
|        | 13.63                |
|        | 13.34                |
|        | 13.38                |

|         |       |
|---------|-------|
|         | 13.51 |
|         | 13.58 |
|         | 13.69 |
|         | 13.72 |
|         | 13.82 |
|         | 14.01 |
|         | 14    |
| 2/28/02 | 13.96 |

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 36.5%.

7

Nuveen California Dividend Advantage Municipal Fund

Performance

OVERVIEW As of February 28, 2002

NAC

[PIE CHART DATA]

CREDIT QUALITY

|                     |     |
|---------------------|-----|
| -----               |     |
| AAA/U.S. Guaranteed | 49% |
| -----               |     |
| AA                  | 6%  |
| -----               |     |
| A                   | 22% |
| -----               |     |
| BBB                 | 14% |
| -----               |     |
| NR                  | 9%  |

PORTFOLIO STATISTICS

|  |         |
|--|---------|
| -----  |         |
| Share Price  | \$14.38 |
| -----  |         |
| Net Asset Value  | \$14.89 |
| -----  |         |
| Market Yield   | 5.88%   |
| -----  |         |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate)1           | 8.40%   |
| -----  |         |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate)1 | 9.26%   |

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|                                    |           |
|------------------------------------|-----------|
| Fund Net Assets (\$000)            | \$523,621 |
| Average Effective Maturity (Years) | 22.78     |
| Leverage-Adjusted Duration         | 12.42     |

ANNUALIZED TOTAL RETURN (Inception 5/99)

|                 | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year          | 6.42%          | 9.05%  |
| Since Inception | 4.50%          | 7.52%  |

TOP FIVE SECTORS (as a % of total investments)

|                        |     |
|------------------------|-----|
| Tax Obligation/Limited | 30% |
| Transportation         | 16% |
| Healthcare             | 11% |
| Utilities              | 11% |
| Housing/Multifamily    | 9%  |

[BAR CHART DATA]

2001-2002 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |         |
|-----|---------|
| Mar | \$0.067 |
| Apr | 0.067   |
| May | 0.067   |
| Jun | 0.069   |
| Jul | 0.069   |
| Aug | 0.069   |
| Sep | 0.0705  |
| Oct | 0.0705  |
| Nov | 0.0705  |
| Dec | 0.0705  |
| Jan | 0.0705  |
| Feb | 0.0705  |

[LINE CHART DATA]

SHARE PRICE PERFORMANCE

|        | Weekly Closing Price |
|--------|----------------------|
| 3/1/01 | \$14.38              |
|        | 14.45                |
|        | 14.24                |
|        | 14.2                 |
|        | 14.48                |
|        | 14.15                |
|        | 14.06                |
|        | 13.41                |

14.3  
13.7  
13.44  
13.49  
13.44  
13.7  
14  
14  
13.92  
13.9  
14  
14  
13.98  
13.94  
14.13  
14.19  
14.25  
14.42  
14.7  
14.81  
14.9  
14.81  
14.89  
14.66  
14.74  
14.25  
14.24  
14.97  
14.68  
14.75  
14.89  
14.98  
15.15  
15.1  
15.15  
14.66  
14.44  
14.02  
14.05  
14.4  
14.27  
14.32  
14.34  
14.25  
14.59  
14.73  
14.49  
2/28/02 14.38

Past performance is not predictive of future results.

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 36.5%.

Nuveen California Dividend Advantage Municipal Fund 2

Performance

OVERVIEW As of February 28, 2002

NVX

[PIE CHART DATA]

CREDIT QUALITY

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 73% |
| AA                  | 9%  |
| A                   | 9%  |
| BBB                 | 2%  |
| NR                  | 7%  |

PORTFOLIO STATISTICS

|  |           |
|--|-----------|
| Share Price  | \$14.39   |
| Net Asset Value  | \$14.67   |
| Market Yield   | 6.00%     |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup>           | 8.57%     |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate) <sup>1</sup> | 9.45%     |
| Fund Net Assets (\$000)  | \$326,939 |
| Average Effective Maturity (Years)   | 26.27     |
| Leverage-Adjusted Duration   | 15.01     |

TOTAL RETURN (Inception 3/01)

|                 | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| Since Inception | 0.77%          | 7.53%  |

TOP FIVE SECTORS (as a % of total investments)

|                        |     |
|------------------------|-----|
| Tax Obligation/Limited | 30% |
| Tax Obligation/General | 14% |

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|                                   |     |
|-----------------------------------|-----|
| Education and Civic Organizations | 14% |
| Water and Sewer                   | 11% |
| Utilities                         | 11% |

[BAR CHART DATA]

2001-2002 MONTHLY TAX-FREE DIVIDENDS PER SHARE

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

[LINE CHART DATA]

SHARE PRICE PERFORMANCE

|         | Weekly Closing Price |
|---------|----------------------|
| 3/30/01 | \$15                 |
|         | 15.12                |
|         | 15.01                |
|         | 15.07                |
|         | 15.01                |
|         | 15.14                |
|         | 15.07                |
|         | 14.99                |
|         | 14.72                |
|         | 14.7                 |
|         | 14.5                 |
|         | 14.56                |
|         | 14.39                |
|         | 14.42                |
|         | 14.79                |
|         | 15                   |
|         | 15.02                |
|         | 14.8                 |
|         | 15.07                |
|         | 15.1                 |
|         | 15.24                |
|         | 15.34                |
|         | 15.21                |
|         | 15.07                |
|         | 15.04                |
|         | 14.41                |
|         | 15.07                |
|         | 15.2                 |
|         | 15                   |
|         | 14.95                |

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|         |       |
|---------|-------|
|         | 14.74 |
|         | 15.14 |
|         | 15.1  |
|         | 15.1  |
|         | 14.76 |
|         | 14.89 |
|         | 14.75 |
|         | 14.44 |
|         | 13.97 |
|         | 13.75 |
|         | 14.02 |
|         | 14.37 |
|         | 14.49 |
|         | 14.46 |
|         | 14.48 |
|         | 14.52 |
|         | 14.37 |
| 2/28/02 | 14.45 |

Past performance is not predictive of future results.

- 1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 36.5%.

9

Nuveen California Dividend Advantage Municipal Fund 3

Performance

OVERVIEW As of February 28, 2002

NZH

[PIE CHART DATA]

CREDIT QUALITY

|                     |     |
|---------------------|-----|
| -----               |     |
| AAA/U.S. Guaranteed | 82% |
| -----               |     |
| AA                  | 10% |
| -----               |     |
| A                   | 7%  |
| -----               |     |
| BBB                 | 1%  |

PORTFOLIO STATISTICS

|             |         |
|-------------|---------|
| -----       |         |
| Share Price | \$13.84 |
| -----       |         |

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|  |           |
|--|-----------|
| Net Asset Value  | \$14.11   |
| -----  | -----     |
| Market Yield   | 6.24%     |
| -----  | -----     |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup>           | 8.91%     |
| -----  | -----     |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate) <sup>1</sup> | 9.83%     |
| -----  | -----     |
| Fund Net Assets (\$000)  | \$527,141 |
| -----  | -----     |
| Average Effective Maturity (Years)   | 26.58     |
| -----  | -----     |
| Leverage-Adjusted Duration   | 18.29     |
| -----  | -----     |

TOTAL RETURN (Inception 9/01)

|                 |                |        |
|-----------------|----------------|--------|
|                 | ON SHARE PRICE | ON NAV |
| -----           | -----          | -----  |
| Since Inception | -5.82%         | 0.51%  |
| -----           | -----          | -----  |

TOP FIVE SECTORS (as a % of total investments)

|                                   |       |
|-----------------------------------|-------|
| Tax Obligation/Limited            | 37%   |
| -----                             | ----- |
| Tax Obligation/General            | 20%   |
| -----                             | ----- |
| Water and Sewer                   | 16%   |
| -----                             | ----- |
| Education and Civic Organizations | 8%    |
| -----                             | ----- |
| Healthcare                        | 7%    |
| -----                             | ----- |

[BAR CHART DATA]

2001-2002 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |         |
|-----|---------|
| Nov | \$0.072 |
| Dec | 0.072   |
| Jan | 0.072   |
| Feb | 0.072   |

[LINE CHART DATA]

SHARE PRICE PERFORMANCE

|         |                      |
|---------|----------------------|
|         | Weekly Closing Price |
| 3/28/01 | \$15.05              |
|         | 15.03                |
|         | 15.02                |
|         | 15.01                |
|         | 15.01                |
|         | 14.83                |
|         | 14.95                |
|         | 14.84                |

|         |       |
|---------|-------|
|         | 14.29 |
|         | 14.5  |
|         | 14.42 |
|         | 14.33 |
|         | 13.78 |
|         | 13.14 |
|         | 13.87 |
|         | 14.06 |
|         | 14.16 |
|         | 14.07 |
|         | 14.15 |
|         | 14.4  |
|         | 13.97 |
| 2/28/02 | 14.15 |

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1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 36.5%.

Shareholder  
MEETING REPORT

The Shareholder Meeting was held in Chicago, Illinois on November 15, 2001.

NPC

-----  
APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS:

|                      | Common<br>Shares | Preferred<br>Shares<br>Series-T |
|----------------------|------------------|---------------------------------|
| =====                |                  |                                 |
| Robert P. Bremner    |                  |                                 |
| For                  | 5,857,657        | 1,713                           |
| Withhold             | 47,864           | 1                               |
| -----                |                  |                                 |
| Total                | 5,905,521        | 1,714                           |
| =====                |                  |                                 |
| Lawrence H. Brown    |                  |                                 |
| For                  | 5,857,257        | 1,713                           |
| Withhold             | 48,264           | 1                               |
| -----                |                  |                                 |
| Total                | 5,905,521        | 1,714                           |
| =====                |                  |                                 |
| Anne E. Impellizzeri |                  |                                 |
| For                  | 5,853,157        | 1,713                           |
| Withhold             | 52,364           | 1                               |

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|                         |           |       |
|-------------------------|-----------|-------|
| Total                   | 5,905,521 | 1,714 |
| =====                   |           |       |
| Peter R. Sawers         |           |       |
| For                     | 5,853,540 | 1,713 |
| Withhold                | 51,981    | 1     |
| -----                   |           |       |
| Total                   | 5,905,521 | 1,714 |
| =====                   |           |       |
| Judith M. Stockdale     |           |       |
| For                     | 5,852,657 | 1,713 |
| Withhold                | 52,864    | 1     |
| -----                   |           |       |
| Total                   | 5,905,521 | 1,714 |
| =====                   |           |       |
| William J. Schneider    |           |       |
| For                     | --        | 1,713 |
| Withhold                | --        | 1     |
| -----                   |           |       |
| Total                   | --        | 1,714 |
| =====                   |           |       |
| Timothy R. Schwertfeger |           |       |
| For                     | --        | 1,713 |
| Withhold                | --        | 1     |
| -----                   |           |       |
| Total                   | --        | 1,714 |
| =====                   |           |       |

11

Shareholder  
MEETING REPORT (continued)

NCU

APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS:

|                      | Common<br>Shares | Preferred<br>Shares<br>Series-M |
|----------------------|------------------|---------------------------------|
| =====                |                  |                                 |
| Robert P. Bremner    |                  |                                 |
| For                  | 5,428,357        | 1,523                           |
| Withhold             | 37,627           | 30                              |
| -----                |                  |                                 |
| Total                | 5,465,984        | 1,553                           |
| =====                |                  |                                 |
| Lawrence H. Brown    |                  |                                 |
| For                  | 5,427,468        | 1,523                           |
| Withhold             | 38,516           | 30                              |
| -----                |                  |                                 |
| Total                | 5,465,984        | 1,553                           |
| =====                |                  |                                 |
| Anne E. Impellizzeri |                  |                                 |
| For                  | 5,426,768        | 1,523                           |
| Withhold             | 39,216           | 30                              |
| -----                |                  |                                 |

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|                         |           |       |
|-------------------------|-----------|-------|
| Total                   | 5,465,984 | 1,553 |
| =====                   |           |       |
| Peter R. Sawers         |           |       |
| For                     | 5,427,968 | 1,523 |
| Withhold                | 38,016    | 30    |
| -----                   |           |       |
| Total                   | 5,465,984 | 1,553 |
| =====                   |           |       |
| Judith M. Stockdale     |           |       |
| For                     | 5,428,357 | 1,523 |
| Withhold                | 37,627    | 30    |
| -----                   |           |       |
| Total                   | 5,465,984 | 1,553 |
| =====                   |           |       |
| William J. Schneider    |           |       |
| For                     | --        | 1,523 |
| Withhold                | --        | 30    |
| -----                   |           |       |
| Total                   | --        | 1,553 |
| =====                   |           |       |
| Timothy R. Schwertfeger |           |       |
| For                     | --        | 1,523 |
| Withhold                | --        | 30    |
| -----                   |           |       |
| Total                   | --        | 1,553 |
| =====                   |           |       |

12

Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC)

Portfolio of  
INVESTMENTS February 28, 2002 (Unaudited)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION  | OPTIO<br>PRO |
|---------------------------|--|--------------|
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 5.7%   |              |
| \$ 2,000                  | California Educational Facilities Authority, Revenue Bonds (Santa Clara University), Series 1996, 5.750%, 9/01/26  | 9/06 a       |
| 6,620                     | California Educational Facilities Authority, Revenue Bonds (Loyola Marymount University), Series 2001A Refunding, 0.000%, 10/01/35                         | No O         |
| 5,000                     | California Educational Facilities Authority, Student Loan Revenue Bonds (California Loan Program), Series 2001A, 5.400%, 3/01/21 (Alternative Minimum Tax) | 3/08 a       |
|                           | HEALTHCARE - 9.4%  |              |
| 3,000                     | California Health Facilities Financing Authority, Insured Revenue Bonds (Sutter Health), Series 1998A, 5.375%, 8/15/30                                     | 8/08 a       |

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|  |  |        |
|--|--|--------|
| 1,500  | California Statewide Communities Development Authority, Certificates of Participation (Members of the Sutter Health Obligated Group), 5.500%, 8/15/19  | 8/09 a |
| 4,000  | California Statewide Communities Development Authority, Certificates of Participation (Sutter Health Obligated Group), 6.125%, 8/15/22   | 8/02 a |
| 4,800  | The Regents of the University of California, Hospital Revenue Bonds (UC Davis Medical Center), Series 1996, 5.750%, 7/01/24  | 7/06 a |
| -----  |  |        |
| HOUSING/MULTIFAMILY - 6.0%                                     |  |        |
| 1,000  | ABAG Finance Authority for Nonprofit Corporations, California, Multifamily Housing Revenue Bonds (Civic Center Drive Apartments Project), 1999 Series A, 5.800%, 9/01/20 (Alternative Minimum Tax) | 9/09 a |
| 3,650  | California Housing Finance Agency, Multi-Unit Rental Housing Revenue Bonds, Series 1992A-II, 6.625%, 2/01/24 (Alternative Minimum Tax)   | 2/03 a |
| 3,935  | City of Los Angeles, California, Tax-Exempt Mortgage Revenue Refunding Bonds (FHA-Insured Mortgage Loans - Section 8 Assisted Projects), Series 1993A, 6.300%, 1/01/25                             | 7/02 a |
| -----  |  |        |
| HOUSING/SINGLE FAMILY - 3.2%                                   |  |        |
| 1,495  | California Housing Finance Agency, Single Family Mortgage Bonds II, 1997 Series A-1, 6.000%, 8/01/20 (Alternative Minimum Tax)   | 2/07 a |
| 3,000  | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 1998Q, 5.050%, 8/01/17  | 8/08 a |
| -----  |  |        |
| TAX OBLIGATION/GENERAL - 22.1%                                 |  |        |
| State of California, Various Purpose General Obligation Bonds: |  |        |
| 7,995  | 5.750%, 3/01/22  | 3/10 a |
| 2,000  | 5.750%, 3/01/27  | 3/10 a |
| 2,000  | State of California, Veterans General Obligation Bonds, 2001 Series BZ, 5.375%, 12/01/24 (Alternative Minimum Tax)   | 6/07 a |
| 1,225  | Fresno Unified School District, Fresno County, California, 1998 General Obligation Refunding Bonds, Series A, 6.550%, 8/01/20  | 2/13 a |
| 2,500  | Fresno Unified School District, Fresno County, California, General Obligation Bonds (Election of 2001), Series 2001A, 5.125%, 8/01/26  | 8/09 a |
| 2,000  | Los Angeles Unified School District, California, General Obligation Bonds, 1997 Series A, 5.000%, 7/01/21  | 7/08 a |
| 500  | Los Angeles Unified School District, California, General Obligation Bonds (Election of 1997), Series 2000D, 5.375%, 7/01/25  | 7/10 a |
| 3,000  | Pomona Unified School District, California, General Obligation Refunding Bonds, Series 1997-A, 6.500%, 8/01/19   | 8/11 a |

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Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC) ( )  
 Portfolio of INVESTMENTS February 28, 2002 (Unaudited)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIO<br>PRO |
|---------------------------|---|--------------|
| -----                     |   |              |
|                           | TAX OBLIGATION/GENERAL (continued)  |              |
|                           | San Diego Unified School District, San Diego County, California,<br>General Obligation Bonds (Election of 1998), Series 2001C:  |              |
| \$ 1,335                  | 5.000%, 7/01/21   | 7/11 a       |
| 3,500                     | 5.000%, 7/01/22   | 7/11 a       |
| 4,895                     | 5.000%, 7/01/23   | 7/11 a       |
| -----                     |   |              |
|                           | TAX OBLIGATION/LIMITED - 9.1%   |              |
| 2,000                     | California State Public Works Board, Department of Health Services, Lease Revenue Bonds (Richmond Laboratory Project), 1999 Series A, 5.750%, 11/01/24                            | 11/09 a      |
| 5,000                     | El Monte Department of Public Services Facility Phase II, California, Certificates of Participation, Senior Lien Series 2001, 5.250%, 1/01/34                                     | 1/11 a       |
| 2,135                     | City of San Buenaventura, California, 1993 Refunding Certificates of Participation (Capital Improvements Project), 5.500%, 1/01/17  | 1/03 a       |
| 3,890                     | Santa Clara County Financing Authority, California, Lease Revenue Bonds (VMC Facility Replacement Project), 1994 Series A, 5.000%, 11/15/22                                       | 11/07 a      |
| -----                     |   |              |
|                           | U.S. GUARANTEED - 18.1%   |              |
| 6,000                     | Huntington Park Redevelopment Agency, California, Single Family Residential Mortgage Revenue Refunding Bonds, 1986 Series A, 8.000%, 12/01/19                                     | No O         |
| 5,135                     | Palmdale Community Redevelopment Agency, California, Single Family Mortgage Revenue Bonds, Series 1986A Restructured, 8.000%, 3/01/16 (Alternative Minimum Tax)                   | No O         |
| 6,220                     | Riverside County, California, Single Family Mortgage Revenue Bonds (GNMA Mortgage-Backed Securities Program), Issue 1987A, 9.000%, 5/01/21 (Alternative Minimum Tax)              | No O         |
| 1,485                     | City of San Jose, California, Single Family Mortgage Revenue Bonds, 1985 Series A, 9.500%, 10/01/13   | No O         |
| -----                     |   |              |
|                           | UTILITIES - 8.4%  |              |
| 4,000                     | California Pollution Control Financing Authority, Pollution Control Revenue Bonds (Southern California Edison Company), 1992 Series B, 6.400%, 12/01/24 (Alternative Minimum Tax) | 12/02 a      |
| 4,000                     | City of Chula Vista, California, Industrial Development Revenue Bonds (San Diego Gas and Electric Company), 1992 Series A, 6.400%, 12/01/27 (Alternative Minimum Tax)             | 12/02 a      |
| 2,000                     | Puerto Rico Electric Power Authority, Power Revenue Bonds, 2002   | 7/12 a       |

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Series II, 5.125%, 7/01/26

|                                      |  |         |
|--------------------------------------|--|---------|
| 2,000                                | Sacramento Municipal Utility District, California, Electric Revenue Refunding Bonds, 1992 Series A, 5.750%, 8/15/13                  | 8/02 a  |
| -----                                |  |         |
| WATER AND SEWER - 16.4%              |  |         |
| 7,000                                | City of Los Angeles, California, Wastewater System Revenue Bonds, Series 1993D, 4.700%, 11/01/19                                     | 11/03 a |
| 2,750                                | San Diego Public Facilities Financing Authority, California, Sewer Revenue Bonds, Series 1995, 5.000%, 5/15/25                       | 5/05 a  |
| 3,400                                | San Diego Public Facilities Financing Authority, California, Sewer Revenue Bonds, Series 1997A, 5.250%, 5/15/22                      | 5/07 a  |
| 2,000                                | City and County of San Francisco Public Utilities Commission, California, Water Revenue Bonds, Series 2001A, 5.000%, 11/01/20        | 11/11 a |
| 5,000                                | Wheeler Ridge-Maricopa Water Storage District, Kern County, California, 1996 Water Refunding Bonds, 5.700%, 11/01/15                 | 11/06 a |
| 3,425                                | City of Woodland, Yolo County, California, Certificates of Participation (1992 Wastewater System Refunding Project), 5.500%, 3/01/18 | 3/03 a  |
| -----                                |  |         |
| \$ 138,390                           | Total Investments (cost \$133,567,448) - 98.4%   |         |
| =====                                |  |         |
| Other Assets Less Liabilities - 1.6% |  |         |
| -----                                |  |         |
| Net Assets - 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.

- \* Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.
- \*\* Ratings: Using the higher of Standard & Poor's or Moody's rating.

See accompanying notes to financial statements.

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIO<br>PRO |
|---------------------------|---|--------------|
| -----                     |   |              |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 7.0%  |              |
|                           | California Educational Facilities Authority, Revenue Bonds (Santa Clara University), Series 1996:   |              |
| \$ 2,400                  | 5.750%, 9/01/21   | 9/06 a       |
| 3,000                     | 5.750%, 9/01/26   | 9/06 a       |
| 2,000                     | California Educational Facilities Authority, Revenue Bonds (University of the Pacific), Series 2000, 5.875%, 11/01/20   | 11/10 a      |
|                           | California Educational Facilities Authority, Revenue Bonds (Loyola Marymount University), Series 2001A Refunding:   |              |
| 6,615                     | 0.000%, 10/01/33  | No O         |
| 6,615                     | 0.000%, 10/01/34  | No O         |
| 5,000                     | California Educational Facilities Authority, Student Loan Revenue Bonds (California Loan Program), Series 2001A, 5.400%, 3/01/21 (Alternative Minimum Tax)                    | 3/08 a       |
|                           | California Infrastructure and Economic Development Bank, Revenue Bonds (Asian Art Museum of San Francisco Project), Series 2000:  |              |
| 1,295                     | 5.500%, 6/01/19   | 6/10 a       |
| 1,000                     | 5.500%, 6/01/20   | 6/10 a       |
| 1,900                     | The Regents of the University of California, Housing System Revenue Bonds (University of California), Series A, 5.500%, 11/01/18  | 11/03 a      |
| -----                     |   |              |
|                           | HEALTHCARE - 3.5%   |              |
| 1,450                     | California Health Facilities Financing Authority, Insured Health Facility Refunding Revenue Bonds (Mark Twain St. Joseph's Healthcare), 1996 Series A, 6.000%, 7/01/19        | 7/06 a       |
| 5,000                     | California Health Facilities Financing Authority, Insured Health Facility Refunding Revenue Bonds (Catholic Healthcare West), 1996 Series A, 6.000%, 7/01/25                  | 7/06 a       |
| 2,500                     | City of Oakland, California, Insured Revenue Bonds (1800 Harrison Foundation - Kaiser Permanente), Series 1999A, 6.000%, 1/01/29  | 1/10 a       |
| -----                     |   |              |
|                           | HOUSING/MULTIFAMILY - 6.2%  |              |
|                           | ABAG Financing Authority for Nonprofit Corporations, California, Multifamily Housing Revenue Bonds (Civic Center Drive Apartments Project), 1999 Series A:                    |              |
| 4,000                     | 5.800%, 9/01/20 (Alternative Minimum Tax)   | 9/09 a       |
| 1,370                     | 5.875%, 3/01/32 (Alternative Minimum Tax)   | 9/09 a       |
| 3,785                     | Los Angeles Community Redevelopment Agency, California, Multifamily Housing Revenue Refunding Bonds (Angelus Plaza Project), 1995 Series A, 7.400%, 6/15/10                   | 6/05 a       |
| 7,400                     | Santa Cruz Housing Authority, California, Tax-Exempt Multifamily Housing Revenue Refunding Bonds (GNMA Collateralized - Meadowview Apartments), Series 1993A, 6.125%, 5/20/28 | 5/03 a       |

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|                              |  |        |
|------------------------------|--|--------|
| HOUSING/SINGLE FAMILY - 2.9% |  |        |
| 4,375                        | California Housing Finance Agency, Single Family Mortgage Bonds II, 1997 Series C-2, 5.625%, 8/01/20 (Alternative Minimum Tax) | 8/07 a |
| 1,065                        | California Housing Finance Agency, Home Mortgage Revenue Bonds, 1996 Series E, 6.150%, 8/01/25 (Alternative Minimum Tax)       | 2/06 a |
| 12,745                       | California Housing Finance Agency, Home Mortgage Revenue Bonds, 1999 Series B, 0.000%, 2/01/30 (Alternative Minimum Tax)       | 2/09   |

---

|                                |   |         |
|--------------------------------|---|---------|
| TAX OBLIGATION/GENERAL - 11.3% |   |         |
| 1,460                          | ABC Unified School District, Los Angeles County, California, General Obligation Bonds (Election of 1997), Series B, 5.750%, 8/01/16 | 8/10 a  |
| 485                            | State of California, General Obligation Veterans Welfare Bonds, Series 1997BH, 5.500%, 12/01/24 (Alternative Minimum Tax)           | 12/03 a |

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Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL)  
Portfolio of INVESTMENTS February 28, 2002 (Unaudited)

| PRINCIPAL<br>AMOUNT (000)          | DESCRIPTION   | OPTIO<br>PRO |
|------------------------------------|---|--------------|
| TAX OBLIGATION/GENERAL (continued) |   |              |
| \$ 7,995                           | State of California, Various Purpose General Obligation Bonds:<br>5.750%, 3/01/22   | 3/10 a       |
| 2,500                              | 5.500%, 9/01/24   | 9/09 a       |
| 2,000                              | 5.750%, 3/01/27   | 3/10 a       |
| 3,000                              | State of California, General Obligation Veterans Bonds, 2001 Series BZ, 5.375%, 12/01/24 (Alternative Minimum Tax)                                  | 6/07 a       |
| 2,575                              | Calipatria Unified School District, Imperial County, California, General Obligation Bonds, 1996 Series A, 5.625%, 8/01/13                           | 8/06 a       |
| 3,000                              | Escondido Union High School District, San Diego County, California, General Obligation Bonds (Election of 1996), 5.700%, 11/01/10                   | 11/06 a      |
|                                    | Fresno Unified School District, Fresno County, California, General Obligation Bonds (Election of 1995), Series 2001F:                               |              |
| 1,065                              | 5.125%, 8/01/21   | 8/09 a       |
| 1,160                              | 5.125%, 8/01/22   | 8/09 a       |
| 1,220                              | 5.125%, 8/01/23   | 8/09 a       |
| 1,500                              | Hacienda La Puente Unified School District, City of Los Angeles, California, General Obligation Bonds (Election of 2000), Series A, 5.250%, 8/01/25 | 8/10 a       |
| 1,750                              | Lake Tahoe Unified School District, El Dorado County, California, General Obligation Bonds (Election of 1999), Series A, 5.250%, 8/01/24            | 8/09 a       |

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|       |  |      |
|-------|--|------|
| 1,125 | San Diego Unified School District, California, 1999 General Obligation Bonds (Election of 1998), Series A, 0.000%, 7/01/21 | No O |
|-------|--|------|

-----  
TAX OBLIGATION/LIMITED - 35.0%

|   |  |         |
|---|--|---------|
| Anaheim Public Financing Authority, California, Subordinate Lease Revenue Bonds (Anaheim Public Improvements Project), 1997 Series C: |  |         |
| 5,130   | 0.000%, 9/01/18  | No O    |
| 8,000   | 0.000%, 9/01/21  | No O    |
| 1,800   | California Public School District Financing Authority, Lease Revenue Bonds (Southern Kern Unified School District Projects), Series 1996B, 5.800%, 9/01/16   | 9/06 a  |
| 5,250   | California State Public Works Board, Department of Corrections, Lease Revenue Bonds (California Substance Abuse Treatment Facility and State Prison at Corcoran II), 1996 Series A, 5.250%, 1/01/21            | 1/06 a  |
| 3,450   | California State Public Works Board, Department of Health Services, Lease Revenue Bonds (Richmond Laboratory Project), 1999 Series A, 5.750%, 11/01/24   | 11/09 a |
| 5,000   | Compton Community Redevelopment Agency, California, Refunding Tax Allocation Bonds (Compton Redevelopment Project), Series 1995A (Project Tax Revenues, Subventions and Housing Tax Revenues), 6.500%, 8/01/13 | 8/05 a  |
| 4,000   | Contra Costa County, California, Certificates of Participation (Merrithew Memorial Hospital Replacement Project), Refunding Series 1997, 5.500%, 11/01/22  | 11/07 a |
| 6,000   | El Monte Department of Public Services Facility Phase II, California, Certificates of Participation, Senior Lien Series 2001, 5.000%, 1/01/21  | 1/11 a  |
| 3,000   | Galt Schools Joint Powers Authority, Sacramento County, California, 1997 Refunding Revenue Bonds (High School and Elementary School Facilities), Series A, 5.875%, 11/01/24                                    | 11/07 a |
| 5,000   | Kern County Board of Education, California, Refunding Certificates of Participation, 1998 Series A 5.200%, 5/01/28   | 5/08 a  |
| 5,000   | La Quinta Redevelopment Agency, California, Tax Allocation Refunding Bonds (La Quinta Redevelopment Project Area No. 1), Series 1998, 5.200%, 9/01/28  | 9/07 a  |
| 3,865   | Los Angeles County Metropolitan Transportation Authority, California, Proposition C Sales Tax Revenue Bonds, Second Senior Lien Series 2000A, 5.250%, 7/01/30  | 7/10 a  |
| 2,020   | Menifee Union School District, Riverside County, California, Certificates of Participation (1996 School Project), 6.125%, 9/01/24  | 9/06 a  |
| 2,690   | Norwalk Community Facilities Financing Authority, Los Angeles County, California, Tax Allocation Refunding Revenue Bonds, 1995 Series A, 6.000%, 9/01/15   | 9/05 a  |

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| PRINCIPAL<br>AMOUNT (000)          | DESCRIPTION  | OPTIO<br>PRO |
|------------------------------------|--|--------------|
| -----                              |  |              |
| TAX OBLIGATION/LIMITED (continued) |  |              |
| \$ 2,000                           | Poway Redevelopment Agency, California, Tax Allocation Refunding Bonds (Paguay Redevelopment Project), Series 2000, 5.750%, 6/15/33  | 12/10 a      |
| 9,000                              | City of Redlands, California, Certificates of Participation (1993 Refunding of 1986 and 1987 Projects), 5.800%, 9/01/17  | 9/03 a       |
| 5,000                              | San Bernardino Joint Powers Financing Authority, California, Refunding Certificates of Participation (Police Station South Valle Refunding and 201 Building Projects), 5.500%, 9/01/20               | 9/09 a       |
| 3,500                              | San Francisco Bay Area Rapid Transit District, California, Sales Tax Revenue Bonds, Series 1999, 5.500%, 7/01/34   | 7/09 a       |
| 1,930                              | Santa Margarita/Dana Point Authority, Orange County, California, Revenue Bonds (1994 Improvement Districts Nos. 1, 2, 2A and 8 General Obligation Bond Refinancing), Series A, 7.250%, 8/01/05       | No O         |
|                                    | South Orange County Public Financing Authority, California, Special Tax Revenue Bonds (Foothill Area), 1994 Series C:  |              |
| 3,000                              | 8.000%, 8/15/08  | No O         |
| 6,830                              | 8.000%, 8/15/09  | No O         |
| 3,770                              | Suisun City Redevelopment Agency, Solano County, California, 1993 Tax Allocation Refunding Bonds (Suisun City Redevelopment Project), 5.900%, 10/01/23   | 10/03 a      |
| 5,450                              | Visalia Public Financing Authority, California, Refunding Certificates of Participation (Motor Vehicle License Fee Enhancement), Series 1996A, 5.375%, 12/01/26                                      | 12/06 a      |
| -----                              |  |              |
| TRANSPORTATION - 4.8%              |  |              |
| 6,500                              | Foothill/Eastern Transportation Corridor Agency, California, Toll Road Refunding Revenue Bonds, Series 1999, 0.000%, 1/15/18   | 1/10         |
| 2,000                              | City and County of San Francisco Airports Commission, California, Revenue Bonds (San Francisco International Airport), Issue 15A, Second Series, 5.000%, 5/01/28 (Alternative Minimum Tax)           | 1/08 a       |
| 5,000                              | City and County of San Francisco Airports Commission, California, Revenue Refunding Bonds (San Francisco International Airport), Issue 27A, Second Series, 5.250%, 5/01/31 (Alternative Minimum Tax) | 5/11 a       |
| 3,750                              | City of San Jose, California, Airport Revenue Bonds, Series 1993, 5.700%, 3/01/18 (Alternative Minimum Tax)  | 3/03 a       |
| -----                              |  |              |
| U.S. GUARANTEED - 11.3%            |  |              |
| 3,620                              | Alameda County, California, Certificates of Participation (1991 Financing Project - Alameda County Public Facilities Corporation), 6.000%, 9/01/21 (Pre-refunded to 9/01/06)                         | 9/06 a       |

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|       |   |         |
|-------|---|---------|
| 4,485 | Alameda County, California, 1993 Refunding Certificates of Participation (Santa Rita Jail Project), 5.700%, 12/01/14 (Pre-refunded to 12/01/03)   | 12/03 a |
| 3,000 | Central Unified School District, Fresno County, California, General Obligation Bonds (Election of 1992), 5.625%, 3/01/18 (Pre-refunded to 3/01/03)  | 3/03 a  |
| 4,320 | Riverside County, California, Single Family Mortgage Revenue Bonds (GNMA Mortgage-Backed Securities Program), Issue 1987B, 8.625%, 5/01/16 (Alternative Minimum Tax)                      | No O    |
| 1,850 | City of Sacramento Unified School District, Sacramento County, California, General Obligation Bonds, Series 2000A, 5.750%, 7/01/18 (Pre-refunded to 7/01/09)                              | 7/09 a  |
| 9,000 | City and County of San Francisco Airports Commission, California, Revenue Bonds (San Francisco International Airport), Issue 8B, Second Series, 6.100%, 5/01/20 (Pre-refunded to 5/01/04) | 5/04 a  |
| 1,515 | City of Torrance, California, Hospital Revenue Bonds (Little Company of Mary Hospital), 1985 Series A, 7.100%, 12/01/15 (Pre-refunded to 12/01/05)  | 12/05 a |

-----  
UTILITIES - 8.1%

|       |   |         |
|-------|---|---------|
| 3,740 | California Pollution Control Financing Authority, Pollution Control Revenue Refunding Bonds, 1999 Series B, 5.450%, 9/01/29 | 9/09 a  |
| 3,215 | Modesto Irrigation District Financing Authority, California, Refunding Revenue Bonds, Series A, 6.000%, 10/01/15            | 10/06 a |
| 3,000 | Puerto Rico Electric Power Authority, Power Revenue Bonds, 2002 Series II, 5.125%, 7/01/26                                  | 7/12 a  |

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Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL)  
Portfolio of INVESTMENTS February 28, 2002 (Unaudited)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIO<br>PRO |
|---------------------------|---|--------------|
| -----                     |   |              |
| UTILITIES (continued)     |   |              |
| \$ 1,790                  | Sacramento Financing Authority, California, 1999 Capital Improvement Revenue Bonds (Solid Waste and Redevelopment Projects), 5.800%, 12/01/19 | 12/09 a      |
| 3,500                     | Sacramento Municipal Utility District, California, Electric Revenue Bonds, 1996 Series J, 5.600%, 8/15/24                                     | 8/06 a       |
| 6,650                     | Turlock Irrigation District, California, Revenue Refunding Bonds, Series 1992-A, 5.750%, 1/01/18  | 7/02 a       |

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WATER AND SEWER - 8.7%

|            |  |         |
|------------|--|---------|
| 3,530      | Castaic Lake Water Agency, California, Refunding Revenue Certificates of Participation (Water System Improvement Projects), Series 1994A, 8.000%, 8/01/04              | No O    |
| 2,975      | Chino Basin Regional Financing Authority, California, Revenue Bonds (Chino Basin Municipal Water District Sewer System Project), Series 1994, 6.000%, 8/01/16          | 8/04 a  |
| 2,775      | Pomona Public Financing Authority, California, 1999 Revenue Bonds (Water Facilities Project), Series AC, 5.500%, 5/01/29   | 5/09 a  |
| 1,000      | Sacramento County Sanitation Districts Financing Authority, California, Revenue Bonds (Sacramento Regional County Sanitation District), Series 2000A, 5.500%, 12/01/20 | 6/10 a  |
| 2,900      | City and County of San Francisco, California, Sewer Revenue Refunding Bonds, Series 1992, 5.500%, 10/01/15   | 10/02 a |
| 2,520      | City and County of San Francisco Public Utilities Commission, California, Water Revenue Bonds, Series 2001A, 5.000%, 11/01/20  | 11/11 a |
| 2,000      | South San Joaquin Irrigation District, San Joaquin County, California, 1993 Refunding Revenue Certificates of Participation (1987 and 1992 Project), 5.500%, 1/01/15   | 1/03 a  |
| 5,410      | City of Tulare, California, 1996 Sewer Revenue Bonds, 5.750%, 11/15/21   | 11/06 a |
| -----      |  |         |
| \$ 295,080 | Total Investments (cost \$260,267,944) - 98.8%   |         |
| =====      |  |         |
|            | Other Assets Less Liabilities - 1.2%   |         |
| -----      |  |         |
|            | Net Assets - 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.

\* Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

\*\* Ratings: Using the higher of Standard & Poor's or Moody's rating.

See accompanying notes to financial statements

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Portfolio of  
INVESTMENTS February 28, 2002 (Unaudited)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIO<br>PRO |
|---------------------------|---|--------------|
| -----                     |   |              |
|                           | HEALTHCARE - 12.4%  |              |
| \$ 5,150                  | California Health Facilities Financing Authority, Hospital Revenue Bonds (Downey Community Hospital), Series 1993, 5.750%, 5/15/15  | 5/03 a       |
| 8,100                     | California Statewide Community Development Authority, Revenue Refunding Bonds (Sherman Oaks Project), Series 1998A, 5.000%, 8/01/22   | No O         |
| 2,000                     | City of Loma Linda, California, Hospital Revenue Bonds (Loma Linda University Medical Center Project), Series 1993-A, 6.000%, 12/01/06  | 12/03 a      |
| -----                     |   |              |
|                           | HOUSING/MULTIFAMILY - 11.0%   |              |
| 2,000                     | California Statewide Communities Development Authority, Apartment Development Revenue Refunding Bonds (Irvine Apartment Communities, L.P.), Series 1998A, 5.250%, 5/15/25 (Mandatory put 5/15/13) | 7/08 a       |
| 6,785                     | Los Angeles Community Redevelopment Agency, California, Multifamily Housing Revenue Refunding Bonds (Angelus Plaza Project), 1995 Series A, 7.400%, 6/15/10                                       | 6/05 a       |
| 3,890                     | City of Stanton, California, Multifamily Housing Revenue Bonds (Continental Gardens Apartments), Series 1997, 5.625%, 8/01/29 (Alternative Minimum Tax) (Mandatory put 8/01/09)                   | 8/07 a       |
| -----                     |   |              |
|                           | HOUSING/SINGLE FAMILY - 6.8%  |              |
| 2,795                     | California Housing Finance Agency, Single Family Mortgage Bonds II, 1997 Series A-1, 6.000%, 8/01/20 (Alternative Minimum Tax)  | 2/07 a       |
| 1,000                     | California Housing Finance Agency, Home Mortgage Revenue Bonds, 1994 Series A, 6.550%, 8/01/26  | 8/04 a       |
| 1,000                     | California Housing Finance Agency, Home Mortgage Revenue Bonds, 1994 Series F-3, 6.100%, 8/01/15 (Alternative Minimum Tax)  | 8/05 a       |
| 2,000                     | California Housing Finance Agency, Home Mortgage Revenue Bonds, 1997 Series B, 6.000%, 8/01/16 (Alternative Minimum Tax)  | 2/07 a       |
| 1,165                     | California Rural Home Mortgage Finance Authority, Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program), 1996 Series C, 7.500%, 8/01/27 (Alternative Minimum Tax)             | No O         |
| -----                     |   |              |
|                           | TAX OBLIGATION/GENERAL - 8.4%   |              |
| 4,000                     | State of California, General Obligation Veterans Welfare Bonds, Series BR, 5.300%, 12/01/29 (Alternative Minimum Tax)   | 6/04 a       |
| 3,000                     | Pomona Unified School District, California, General Obligation Refunding  | 8/11 a       |

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Bonds, Series 1997-A, 6.150%, 8/01/15

|       |  |        |
|-------|--|--------|
| 3,000 | San Diego Unified School District, California, 2000 General Obligation Bonds (Election of 1998), Series B, 5.125%, 7/01/22 | 7/10 a |
|-------|--|--------|

-----  
TAX OBLIGATION/LIMITED - 32.2%

|       |   |        |
|-------|---|--------|
| 4,500 | Bonita Canyon Public Facilities Financing Authority, California, Special Tax Bonds (Community Facilities District No. 98-1), Series 1998, 5.375%, 9/01/28 | 3/02 a |
|-------|---|--------|

|       |   |         |
|-------|---|---------|
| 5,920 | California State Public Works Board, Department of Veterans Affairs of the State of California, Lease Revenue Bonds (Southern California Veterans Home - Chula Vista Facility), 1999 Series A, 5.600%, 11/01/19 | 11/09 a |
|-------|---|---------|

|       |   |        |
|-------|---|--------|
| 2,480 | City of Carlsbad, California, Limited Obligation Improvement Bonds (Assessment District No. 96-1 - Rancho Carillo), 5.500%, 9/02/28 | 3/02 a |
|-------|---|--------|

|       |   |         |
|-------|---|---------|
| 1,000 | Carson Redevelopment Agency, California, Refunding Tax Allocation Bonds (Redevelopment Project Area No. 2), Series 1993, 5.875%, 10/01/09 | 10/03 a |
|-------|---|---------|

|       |   |        |
|-------|---|--------|
| 3,500 | City of Livermore, California, Tax Allocation Revenue Bonds (Livermore Redevelopment Project Area), Series 2001A, 5.000%, 8/01/26 | 8/11 a |
|-------|---|--------|

|       |  |        |
|-------|--|--------|
| 2,160 | Los Angeles Community Redevelopment Financing Authority of the Community Redevelopment Agency, California, Grand Central Square Multifamily Housing Bonds, 1993 Series A, 5.750%, 12/01/13 (Alternative Minimum Tax) | 6/03 a |
|-------|--|--------|

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Nuveen California Premium Income Municipal Fund (NCU) (continued)

Portfolio of INVESTMENTS February 28, 2002 (Unaudited)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION | OPTIO<br>PRO |
|---------------------------|-------------|--------------|
|---------------------------|-------------|--------------|

-----

TAX OBLIGATION/LIMITED (continued)

|          |   |        |
|----------|---|--------|
| \$ 1,000 | Poway Community Facilities District No. 88-1, California, Special Tax Refunding Bonds (Parkway Business Centre), Series 1998, 6.500%, 8/15/09 | 8/08 a |
|----------|---|--------|

|       |   |        |
|-------|---|--------|
| 1,205 | Puerto Rico Highway and Transportation Authority, Transportation Revenue Bonds, Series D, 5.375%, 7/01/36 | 7/12 a |
|-------|---|--------|

|       |   |         |
|-------|---|---------|
| 5,000 | Riverside County Redevelopment Agency, California, 2001 Tax Allocation Bonds (Jurupa Valley Project Area), 5.150%, 10/01/21 | 10/11 a |
|-------|---|---------|

|       |   |      |
|-------|---|------|
| 6,200 | Sacramento Financing Authority, California, Lease Revenue Refunding Bonds, Series 1993B, 5.400%, 11/01/20 | No O |
|-------|---|------|

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|       |  |  |         |
|-------|--|--|---------|
|       | San Marcos Public Facilities Authority, California, Refunding Revenue Bonds, Series 1998:  |  |         |
| 1,500 | 5.800%, 9/01/18  |  | 9/08 a  |
| 1,000 | 5.800%, 9/01/27  |  | 9/08 a  |
| 2,050 | Santa Barbara County, California, Certificates of Participation, Series 2001, 5.250%, 12/01/19   |  | 12/11 a |
| 2,000 | City of Vista, California, Mobile Home Park Subordinate Revenue Bonds (Vista Manor Mobile Home Park Project), Series 1999B, 5.750%, 3/15/29  |  | 3/09 a  |
| ----- |  |  |         |
|       | TRANSPORTATION - 4.1%  |  |         |
| 2,750 | City and County of San Francisco Airports Commission, California, Revenue Bonds (San Francisco International Airport), Issue 5, Second Series, 6.500%, 5/01/24 (Alternative Minimum Tax)                             |  | 5/04 a  |
| 2,000 | City and County of San Francisco Airports Commission, California, Revenue Bonds (San Francisco International Airport), Issue 10A, Second Series, 5.700%, 5/01/26 (Alternative Minimum Tax)                           |  | 5/06 a  |
| ----- |  |  |         |
|       | U.S. GUARANTEED - 15.8%  |  |         |
| 1,500 | ABAG Financing Authority for Nonprofit Corporations, California, Certificates of Participation (Stanford University Hospital), Series 1993, 5.250%, 11/01/20   |  | No O    |
| 3,200 | California State Public Works Board, The Trustees of the California State University, Lease Revenue Bonds (Various California State University Projects), 1994 Series A, 6.375%, 10/01/14 (Pre-refunded to 10/01/04) |  | 10/04 a |
| 4,000 | California Statewide Communities Development Authority, Hospital Revenue Certificates of Participation (Cedars-Sinai Medical Center), Series 1992, 6.500%, 8/01/15 (Pre-refunded to 8/01/02)                         |  | 8/02 a  |
| 6,500 | Commonwealth of Puerto Rico, General Obligation Public Improvement Bonds of 2000, 5.750%, 7/01/21 (Pre-refunded to 7/01/10)  |  | 7/10 a  |
| 2,475 | City of Torrance, California, Hospital Revenue Bonds (Little Company of Mary Hospital), 1985 Series A, 7.100%, 12/01/15 (Pre-refunded to 12/01/05)   |  | 12/05 a |
| ----- |  |  |         |
|       | UTILITIES - 3.2%   |  |         |
| 1,000 | California Pollution Control Financing Authority, Pollution Control Revenue Bonds (Southern California Edison Company), 1992 Series B, 6.400%, 12/01/24 (Alternative Minimum Tax)                                    |  | 12/02 a |
| 3,000 | Merced Irrigation District, California, 2001 Electric System Refunding Revenue Bonds (Electric System Project), 6.500%, 9/01/22  |  | 9/05 a  |
| ----- |  |  |         |
|       | WATER AND SEWER - 4.3%   |  |         |
| 5,000 | Culver City, California, Wastewater Facilities Refunding Revenue Bonds, 1999 Series A, 5.700%, 9/01/29   |  | 9/09 a  |
| ----- |  |  |         |

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\$ 116,825 Total Investments (cost \$116,710,411) - 98.2%

=====

SHORT-TERM INVESTMENTS - 0.9%

\$ 1,140 California Statewide Community Development Authority, Revenue  
 =====  
 Bonds (Fremont-Rideout Health Group), Variable Rate Demand  
 Bonds, Series 2001A, 1.250%, 1/01/31+

-----

Other Assets Less Liabilities - 0.9%

-----

Net Assets - 100%

=====

\* Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

\*\* Ratings: 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. 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.

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Nuveen California Dividend Advantage Municipal Fund (NAC)

Portfolio of  
 INVESTMENTS February 28, 2002 (Unaudited)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIO<br>PRO |
|---------------------------|---|--------------|
| \$ 5,000                  | CONSUMER STAPLES - 3.3%<br>California Statewide Communities Development Authority, Certificates<br>of Participation (Pride Industries and Pride One, Inc), 7.250%, 11/01/29 | 11/09 a      |
|                           | Northern California Tobacco Securitization Authority, Tobacco Settlement  |              |

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|        |   |  |         |
|--------|---|--|---------|
|        | Asset-Backed Bonds, Series 2001A:   |  |         |
| 2,500  | 5.250%, 6/01/31   |  | 6/11 a  |
| 4,500  | 5.375%, 6/01/41   |  | 6/11 a  |
| 5,000  | Southern California Tobacco Securitization Authority, Tobacco Settlement<br>Asset-Backed Bonds (San Diego County Tobacco Asset Securitization<br>Corporation), Senior Series 2001A, 5.250%, 6/01/27     |  | 6/12 a  |
| -----  |   |  |         |
|        | EDUCATION AND CIVIC ORGANIZATIONS - 2.0%  |  |         |
| 3,000  | Long Beach Bond Financing Authority, California, Lease Revenue Refunding<br>Bonds (The Aquarium of the South Pacific), 5.500%, 11/01/17   |  | 11/11 a |
| 700    | The Regents of the University of California, Certificates of Participation<br>(San Diego Campus and Sacramento Projects), 2002 Series A,<br>5.250%, 1/01/22   |  | 1/10 a  |
| 6,000  | The Regents of the University of California, Multiple Purpose Project<br>Revenue Bonds, Series K, 5.000%, 9/01/12   |  | 9/08 a  |
| -----  |   |  |         |
|        | HEALTHCARE - 11.2%  |  |         |
| 8,400  | California Health Facilities Financing Authority, Kaiser Permanente<br>Revenue Bonds, Series 1998B, 5.250%, 10/01/14<br>(Optional put 10/01/08)   |  | 10/08 a |
| 15,000 | California Health Facilities Financing Authority, Revenue Bonds (Cedars-<br>Sinai Medical Center), Series 1999A, 6.125%, 12/01/30   |  | 12/09 a |
| 9,755  | California Health Facilities Financing Authority, Revenue Bonds<br>(USCF - Stanford Healthcare), 1998 Series A, 5.000%, 11/15/28  |  | 11/08 a |
| 8,000  | Central California Joint Powers Health Financing Authority, Certificates<br>of Participation (Community Hospitals of Central California Obligated<br>Group Project), Series 2000, 6.000%, 2/01/30       |  | 2/10 a  |
| 10,500 | City of Duarte, California, Certificates of Participation (City of Hope<br>National Medical Center), Series 1999A, 5.250%, 4/01/31  |  | 4/09 a  |
| 4,000  | City of Upland, California, Certificates of Participation (San Antonio<br>Community Hospital), 1993 Series, 5.250%, 1/01/08   |  | 1/04 a  |
| 2,500  | City of Whittier, California, Health Facility Revenue Bonds (Presbyterian<br>Intercommunity Hospital), Series 2002, 5.600%, 6/01/22   |  | 6/12 a  |
| -----  |   |  |         |
|        | HOUSING/MULTIFAMILY - 8.7%  |  |         |
| 15,000 | California Statewide Communities Development Authority, Apartment<br>Development Revenue Refunding Bonds (Irvine Apartment Communities,<br>L.P.), Series 1998A, 4.900%, 5/15/25 (Mandatory put 5/15/08) |  | 7/08 a  |
| 10,000 | California Statewide Communities Development Authority, Multifamily<br>Housing Revenue Refunding Bonds (Archstone/LeClub Apartments),<br>Issue 1999, Series G, 5.300%, 6/01/29 (Mandatory put 6/01/08)  |  | No O    |
| 5,000  | Contra Costa County, California, Multifamily Housing Revenue Bonds<br>(Delta View Apartments), Series 1999C, 6.750%, 12/01/30<br>(Alternative Minimum Tax)  |  | 6/09 a  |

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|                              |   |        |
|------------------------------|---|--------|
| 15,000                       | San Bernardino County Housing Authority, California, Multifamily Housing Revenue Refunding Bonds (Equity Residential/Redlands Lawn and Tennis Apartments), Series 1999, 5.200%, 6/15/29 (Mandatory put 6/15/09) | No O   |
| -----                        |   |        |
| HOUSING/SINGLE FAMILY - 3.8% |   |        |
| 40,795                       | California Housing Finance Agency, Single Family Mortgage Bonds II, 1999 Series D2, 0.000%, 2/01/29 (Alternative Minimum Tax)   | 2/09   |
| 11,500                       | California Housing Finance Agency, Home Mortgage Revenue Bonds, 1998 Series E, 5.250%, 2/01/33 (Alternative Minimum Tax)  | 2/09 a |

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Nuveen California Dividend Advantage Municipal Fund (NAC) (continued)  
Portfolio of INVESTMENTS February 28, 2002 (Unaudited)

| PRINCIPAL AMOUNT (000)   | DESCRIPTION   | OPTIO PRO |
|--|---|-----------|
| -----  |   |           |
| LONG-TERM CARE - 1.6%  |   |           |
| \$ 8,500   | Riverside County Public Financing Authority, California, Certificates of Participation (Air Force Village West, Inc), 5.800%, 5/15/29                   | 5/09 a    |
| -----  |   |           |
| TAX OBLIGATION/GENERAL - 4.7%  |   |           |
| 18,500   | Los Angeles Unified School District, California, General Obligation Bonds (Election of 1997), Series 1999C, 5.250%, 7/01/24                             | 7/09 a    |
| 3,600  | Los Angeles Unified School District, California, General Obligation Bonds (Election of 1997), Series 2000D, 5.625%, 7/01/14                             | 7/10 a    |
| 1,750  | Oakland Unified School District, Alameda County, California, General Obligation Bonds, Series 2001, 5.125%, 8/01/21                                     | 8/08 a    |
| -----  |   |           |
| TAX OBLIGATION/LIMITED - 29.9%   |   |           |
| 8,665  | Bonita Canyon Public Facilities Financing Authority, California, Community Facilities District No. 98-1 Special Tax Bonds, Series 1998, 5.375%, 9/01/28 | 3/02 a    |
| Brentwood Infrastructure Financing Authority, Contra Costa County, California, Capital Improvement Revenue Bonds, Series 2001: |   |           |
| 1,110  | 5.375%, 11/01/18  | 11/11 a   |
| 1,165  | 5.375%, 11/01/19  | 11/11 a   |
| 3,515  | Dinuba Redevelopment Agency, California, Tax Allocation Bonds (Redevelopment Project 2), Refunding Series 2001, 4.875%, 9/01/21                         | 9/11 a    |
| 3,490  | Fontana Community Facilities District No. 2, California, Senior Lien Special Tax Refunding Bonds, 1998 Series A, 5.250%, 9/01/17                        | 9/08 a    |

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|        |  |         |
|--------|--|---------|
| 13,290 | Mira Loma Area of Jurupa Community Services District, California, 1998 Special Tax Bonds (Community Facilities District No. 1), 4.750%, 9/01/24 (Optional put 9/01/10)       | 9/08 a  |
| 5,500  | Los Angeles County, California, Certificates of Participation (1998 Disney Parking Refunding Project), 4.750%, 3/01/23   | 9/08 a  |
| 5,000  | Los Angeles County Metropolitan Transportation Authority, California, Proposition C Sales Tax Revenue Bonds, Second Senior Bonds, Series 1998A Refunding, 5.000%, 7/01/23    | 7/08 a  |
| 10,000 | Los Angeles County Public Works Financing Authority, California, Revenue Bonds (Los Angeles County Regional Park and Open Space District), Series 1997A, 5.000%, 10/01/16    | 10/07 a |
| 4,245  | Nevada County, California, Certificates of Participation, Series 2001 Refunding, 5.250%, 10/01/19  | 10/11 a |
| 9,200  | Norco Redevelopment Agency, California, Tax Allocation Bonds (Project Area No. 1), Series 2001 Refunding, 5.000%, 3/01/19  | 3/11 a  |
| 4,670  | Oakland Joint Powers Financing Authority, California, Lease Revenue Refunding Bonds (Oakland Convention Centers), Series 2001, 5.500%, 10/01/14                              | No O    |
| 14,160 | Oakland State Building Authority, California, Lease Revenue Bonds (Elihu M. Harris State Office Building), 1998 Series A, 5.000%, 4/01/23                                    | 4/08 a  |
| 4,000  | Orange County Local Transportation Authority, California, Measure M Sales Tax Revenue Refunding Bonds, Limited Tax Bonds, Second Senior Bonds, Series 1997A, 5.700%, 2/15/08 | No O    |
| 5,600  | Palm Springs Financing Authority, California, Lease Revenue Refunding Bonds (Convention Center Project), Series 2001A, 5.000%, 11/01/22                                      | 11/11 a |
| 8,100  | Poway Redevelopment Agency, California, Tax Allocation Refunding Bonds (Paguay Redevelopment Project), Series 2000, 5.750%, 6/15/33  | 12/10 a |
| 6,500  | Puerto Rico Highway and Transportation Authority, Transportation Revenue Bonds, Series D, 5.375%, 7/01/36  | 7/12 a  |
| 11,925 | Riverside County Public Financing Authority, California, Junior Lien Reassessment Revenue Bonds (Rancho Village Project/AD No. 159), 1999 Series B, 6.000%, 9/02/07          | No O    |
| 2,980  | San Diego County, California, Certificates of Participation (MTS Tower), Refunding Series 2001, 5.250%, 11/01/19   | 11/11 a |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION | OPTIO<br>PRO |
|---------------------------|-------------|--------------|
|---------------------------|-------------|--------------|

TAX OBLIGATION/LIMITED (continued)

City and County of San Francisco, California, Certificates of Participation (30 Van Ness Avenue Property), Series 2001A:

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|    |        |  |        |
|----|--------|--|--------|
| \$ | 1,205  | 4.600%, 9/01/18  | 9/09 a |
|    | 1,260  | 4.700%, 9/01/19  | 9/09 a |
|    | 1,340  | 4.750%, 9/01/20  | 9/09 a |
|    | 1,400  | 4.800%, 9/01/21  | 9/09 a |
|    | 25,060 | San Jose Redevelopment Agency, California, Tax Allocation Bonds<br>(Merged Area Redevelopment Project), Series 1998, 5.250%, 8/01/29 | 8/08 a |

---

TRANSPORTATION - 16.1%

|  |        |  |        |
|--|--------|--|--------|
|  | 21,150 | Foothill/Eastern Transportation Corridor Agency, California, Toll Road<br>Refunding Revenue Bonds, Series 1999, 5.750%, 1/15/40  | 1/10 a |
|  | 8,515  | Los Angeles Harbor Department, California, Revenue Refunding Bonds,<br>Series 2001B, 5.500%, 8/01/18 (Alternative Minimum Tax)   | 8/11 a |
|  | 23,000 | Port of Oakland, California, Revenue Bonds, 2000 Series K, 5.750%,<br>11/01/29 (Alternative Minimum Tax)   | 5/10 a |
|  | 5,000  | City and County of San Francisco Airports Commission, California,<br>Revenue Bonds (San Francisco International Airport), Issue 13B,<br>Second Series, 5.625%, 5/01/21 (Alternative Minimum Tax) | 5/06 a |
|  | 23,275 | City and County of San Francisco Airports Commission, California,<br>Revenue Bonds (San Francisco International Airport), Issue 25,<br>Second Series, 5.750%, 5/01/30 (Alternative Minimum Tax)  | 5/10 a |

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U.S. GUARANTEED - 1.1%

|  |       |  |        |
|--|-------|--|--------|
|  | 5,000 | Commonwealth of Puerto Rico, General Obligation Public Improvement<br>Bonds of 2000, 5.750%, 7/01/16 (Pre-refunded to 7/01/10) | 7/10 a |
|--|-------|--|--------|

---

UTILITIES - 10.5%

|  |        |  |        |
|--|--------|--|--------|
|  | 8,370  | Los Angeles Department of Water and Power, California, Power System<br>Revenue Refunding Bonds, Series 2001A2, 5.375%, 7/01/19     | 7/11 a |
|  | 10,000 | Merced Irrigation District, California, 2001 Electric System Refunding<br>Revenue Bonds (Electric System Project), 6.750%, 9/01/31 | 9/05 a |
|  | 10,500 | Northern California Power Agency, Hydroelectric Project Number One<br>Revenue Bonds, 1998 Refunding Series A, 5.200%, 7/01/32      | 7/08 a |
|  | 10,500 | Puerto Rico Electric Power Authority, Power Revenue Bonds, Series DD,<br>5.000%, 7/01/28   | 7/08 a |
|  | 15,000 | Sacramento Municipal Utility District, California, Electric Revenue<br>Refunding Bonds, 1999 Series M, 5.250%, 7/01/28             | 7/04 a |

---

WATER AND SEWER - 6.1%

|  |       |  |        |
|--|-------|--|--------|
|  | 2,000 | Carmichael Water District, Sacramento County, California, 1999 Water<br>Revenue Certificates of Participation, 5.125%, 9/01/29                       | 9/09 a |
|  | 7,200 | Castaic Lake Water Agency, California, Revenue Certificates of<br>Participation (Water System Improvement Project), Series 1999A,<br>5.125%, 8/01/30 | 8/09 a |

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|            |  |         |
|------------|--|---------|
| 14,000     | Orange County Water District, California, Revenue Certificates of Participation, Series 1999A, 5.375%, 8/15/29 | 8/09 a  |
| 8,250      | Pico Rivera Water Authority, California, Revenue Bonds, 2001 Series A, 6.250%, 12/01/32                        | 12/11 a |
| -----      |  |         |
| \$ 539,640 | Total Investments (cost \$498,861,491) - 99.0%   |         |
| =====      |  |         |
|            | Other Assets Less Liabilities - 1.0%   |         |
| -----      |  |         |
|            | Net Assets - 100%  |         |
| =====      |  |         |

\* Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

\*\* Ratings: Using the higher of Standard & Poor's or Moody's rating.

N/R Investment is not rated.

See accompanying notes to financial statements.

Nuveen California Dividend Advantage Municipal Fund 2 (NVX)

Portfolio of  
INVESTMENTS February 28, 2002 (Unaudited)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIO<br>PRO |
|---------------------------|---|--------------|
| -----                     |   |              |
|                           | CONSUMER STAPLES - 1.8%   |              |
| \$ 3,000                  | Northern California Tobacco Securitization Authority, Tobacco Settlement Asset-Backed Bonds, Series 2001A, 5.375%, 6/01/41  | 6/11 a       |
| 2,800                     | Southern California Tobacco Securitization Authority, Tobacco Settlement Asset-Backed Bonds (San Diego County Tobacco Asset Securitization Corporation), Senior Series 2001A, 5.500%, 6/01/36 | 6/12 a       |
| -----                     |   |              |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 13.4%   |              |
| 5,000                     | California Educational Facilities Authority, Revenue Bonds (Stanford University), Series Q, 5.250%, 12/01/32  | 6/11 a       |
| 7,620                     | California Educational Facilities Authority, Revenue Bonds (Loyola Marymount University), Series 2001A Refunding: 0.000%, 10/01/26  | No O         |

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|                                |   |         |
|--------------------------------|---|---------|
| 7,365                          | 0.000%, 10/01/27  | No O    |
| 4,120                          | 0.000%, 10/01/28  | No O    |
| 15,000                         | California Educational Facilities Authority, Student Loan Revenue Bonds (California Loan Program), Series 2001A, 5.400%, 3/01/21 (Alternative Minimum Tax)                                  | 3/08 a  |
| 9,000                          | Long Beach Bond Financing Authority, California, Lease Revenue Refunding Bonds (The Aquarium of the South Pacific), 5.250%, 11/01/30  | 11/11 a |
| 9,000                          | The Regents of the University of California, Multiple Purpose Project Revenue Bonds, Series K, 5.300%, 9/01/30  | 9/08 a  |
| -----                          |   |         |
| HEALTHCARE - 5.9%              |   |         |
| 5,000                          | California Health Facilities Financing Authority, Kaiser Permanente Revenue Bonds, 1993 Series C, 5.600%, 5/01/33   | 5/03 a  |
| 7,000                          | California Infrastructure and Economic Development Bank, Revenue Bonds (Kaiser Hospital Assistance I-LLC), Series 2001A, 5.550%, 8/01/31  | 8/11 a  |
| 3,000                          | Central California Joint Powers Health Financing Authority, Certificates of Participation (Community Hospitals of Central California Obligated Group Project), Series 2000, 6.000%, 2/01/30 | 2/10 a  |
| 2,500                          | City of Torrance, California, Revenue Bonds (Torrance Memorial Medical Center), Series 2001A, 5.500%, 6/01/31   | 6/11 a  |
| 1,500                          | City of Whittier, California, Health Facility Revenue Bonds (Presbyterian Intercommunity Hospital), Series 2002, 5.600%, 6/01/22  | 6/12 a  |
| -----                          |   |         |
| HOUSING/MULTIFAMILY - 5.0%     |   |         |
| 10,200                         | California Statewide Communities Development Authority, Multifamily Housing Revenue Bonds (Citrus Gardens Apartments Project), Series 2001J, 6.250%, 6/01/37 (Mandatory put 6/01/02)        | No O    |
| 5,962                          | California Statewide Communities Development Authority, Multifamily Housing Revenue Refunding Bonds (Claremont Village Apartments), Series 2001D, 5.500%, 6/01/31 (Mandatory put 6/01/16)   | 6/11 a  |
| -----                          |   |         |
| HOUSING/SINGLE FAMILY - 1.9%   |   |         |
| 6,000                          | California Rural Home Mortgage Finance Authority, Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program), 2001 Series A, 5.650%, 12/01/31 (Alternative Minimum Tax)      | 6/11 a  |
| -----                          |   |         |
| LONG-TERM CARE - 1.5%          |   |         |
| 4,650                          | City and County of San Francisco Redevelopment Agency, California, Multifamily Housing Revenue Bonds (Kokoro Assisted Living Project), GNMA Series 2001A, 5.675%, 4/20/43                   | 10/11 a |
| -----                          |   |         |
| TAX OBLIGATION/GENERAL - 13.5% |   |         |

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|       |  |        |
|-------|--|--------|
| 9,000 | State of California, Veterans General Obligation Bonds, Series BV, 5.600%, 12/01/32                      | 6/06 a |
| 8,330 | Los Angeles Unified School District, California, General Obligation Bonds, Series 2000D, 5.375%, 7/01/25 | 7/10 a |

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| PRINCIPAL<br>AMOUNT (000)          | DESCRIPTION   | OPTIO<br>PRO |
|------------------------------------|---|--------------|
| -----                              |   |              |
| TAX OBLIGATION/GENERAL (continued) |   |              |
| \$ 275                             | Sacramento Unified School District, Sacramento County, California, General Obligation Bonds (Election of 1999), Series 2001B, 5.000%, 7/01/30                             | 7/10 a       |
| 14,190                             | City of San Jose, California, General Obligation Bonds (Libraries and Parks Projects), Series 2001, 5.125%, 9/01/31   | 9/11 a       |
| 4,050                              | Santa Rosa High School District, Sonoma County, California, General Obligation Bonds, Series 2001, 5.300%, 5/01/26  | 5/11 a       |
| 7,600                              | Southwestern Community College District, San Diego County, California, General Obligation Bonds, Series 2001, 5.375%, 8/01/25   | 8/11 a       |
| -----                              |   |              |
| TAX OBLIGATION/LIMITED - 29.9%     |   |              |
| 9,000                              | Anitoch Area Public Facilities Financing Authority, California, Special Tax Bonds (Community Facilities District No. 1989-1), Series 2001, 5.250%, 8/01/25                | 8/08 a       |
| 7,595                              | Encinitas Public Financing Authority, California, Lease Revenue Bonds (Acquisition Project), Series 2001A, 5.250%, 4/01/31  | 4/08 a       |
| 8,000                              | Los Angeles County Metropolitan Transportation Authority, California, Proposition C Sales Tax Revenue Bonds, Second Senior Bonds, Series 1998A Refunding, 5.000%, 7/01/23 | 7/08 a       |
| 3,300                              | Puerto Rico Highway and Transportation Authority, Transportation Revenue Bonds, Series D, 5.375%, 7/01/36   | 7/12 a       |
| 4,400                              | Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, 2002 Series E, 6.000%, 8/01/26  | No O         |
| 9,000                              | Riverside County Redevelopment Agency, California, 2001 Tax Allocation Bonds (Jurupa Valley Project Area), 5.250%, 10/01/35   | 10/11 a      |
| 9,000                              | Sacramento Financing Authority, California, 2001 Capital Improvement Revenue Bonds (Water and Capital Improvement Projects), Series A, 5.000%, 12/01/32                   | 6/11 a       |
| 7,000                              | San Diego Redevelopment Agency, California, Tax Allocation Bonds (Merged Area Redevelopment Project), Series 2002, 5.000%, 8/01/27  | 8/10 a       |
|                                    | Santa Clara Valley Transportation Authority, California, Sales Tax  |              |

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| PRINCIPAL AMOUNT (000)       | DESCRIPTION  | OPTIO PRO |
|------------------------------|--|-----------|
| Revenue Bonds, Series 2001A: |  |           |
| 16,090                       | 5.000%, 6/01/25  | 6/11 a    |
| 15,345                       | 5.000%, 6/01/26  | 6/11 a    |
| 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 a    |
| 5,600                        | City of Yucaipa, Chapman Heights, San Bernardino County, California, 1998 Special Tax Bonds (Community Facilities District No. 98-1), 6.000%, 9/01/28  | 9/09 a    |
| -----                        |  |           |
| TRANSPORTATION - 4.5%        |  |           |
| 5,500                        | California Statewide Communities Development Authority, Special Facility Revenue Bonds (United Air Lines, Inc. - Los Angeles International Airport Cargo Project), Series 2001, 6.250%, 10/01/35 (Alternative Minimum Tax) | 10/11 a   |
| 3,840                        | Sacramento-Yolo Port District, Sacramento and Yolo Counties, California, Port Facilities Refunding and Improvement Revenue Bonds, Series 2001, 5.125%, 7/01/14   | 7/08 a    |
| 1,750                        | City and County of San Francisco Airports Commission, California, Revenue Bonds (San Francisco International Airport), Issue 23B, Second Series, 5.000%, 5/01/30 (Alternative Minimum Tax)                                 | 5/09 a    |
| 6,100                        | City and County of San Francisco Airports Commission, California, Revenue Bonds (San Francisco International Airport), Issue 26A, Second Series, 5.250%, 5/01/30 (Alternative Minimum Tax)                                 | 5/10 a    |
| -----                        |  |           |
| UTILITIES - 10.7%            |  |           |
| 5,000                        | California Pollution Control Financing Authority, Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company), 1996A Series Remarketed, 5.350%, 12/01/16 (Alternative Minimum Tax)                        | 4/11 a    |
| 30,000                       | Sacramento Municipal Utility District, California, Electric Revenue Bonds, Series 2001N, 5.000%, 8/15/28   | 8/11 a    |

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Nuveen California Dividend Advantage Municipal Fund 2 (NVX) (continued)  
Portfolio of INVESTMENTS February 28, 2002 (Unaudited)

| PRINCIPAL AMOUNT (000)  | DESCRIPTION   | OPTIO PRO |
|-------------------------|---|-----------|
| -----                   |   |           |
| WATER AND SEWER - 10.8% |   |           |
| \$ 15,000               | East Bay Municipal Utility District, Alameda and Contra Costa Counties, California, Water System Subordinated Revenue Bonds, Series 2001, 5.000%, 6/01/26 | 6/11 a    |
| 13,400                  | Los Angeles Department of Water and Power, California, Waterworks   | 7/11 a    |

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Revenue Bonds, Series 2001A Refunding, 5.125%, 7/01/41

|            |  |        |
|------------|--|--------|
| 6,850      | Southern California Metropolitan Water District, Water Revenue Bonds (1997 Authorization), Series A, 5.000%, 7/01/37 | 1/08 a |
| -----      |  |        |
| \$ 336,977 | Total Investments (cost \$316,654,377) - 98.9%   |        |
| =====      |  |        |
|            | Other Assets Less Liabilities - 1.1%   |        |
| -----      |  |        |
|            | Net Assets - 100%  |        |
| =====      |  |        |

\* Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

\*\* Ratings: Using the higher of Standard & Poor's or Moody's rating.

N/R Investment is not rated.

See accompanying notes to financial statements.

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Nuveen California Dividend Advantage Municipal Fund 3 (NZH)

Portfolio of  
INVESTMENTS February 28, 2002 (Unaudited)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIO<br>PRO |
|---------------------------|---|--------------|
| -----                     |   |              |
|                           | CONSUMER STAPLES - 0.8%   |              |
| \$ 4,200                  | Southern California Tobacco Securitization Authority, Tobacco Settlement Asset-Backed Bonds (San Diego County Tobacco Asset Securitization Corporation), Senior Series 2001A, 5.500%, 6/01/36 | 6/12 a       |
| -----                     |   |              |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 8.1%  |              |
| 9,000                     | California Educational Facilities Authority, Student Loan Revenue Bonds (California Loan Program), Series 2001A, 5.400%, 3/01/21 (Alternative Minimum Tax)                                    | 3/08 a       |
| 5,000                     | San Diego State University Foundation, California, Auxiliary Organization Revenue Bonds, Series 2002A, 5.000%, 3/01/37  | 3/12 a       |
| 7,595                     | San Francisco State University Foundation Inc, California, Auxiliary Organization Revenue Bonds (Student Housing), Series 2001, 5.000%, 9/01/26   | 9/11 a       |

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|        |  |         |
|--------|--|---------|
| 2,990  | The Regents of the University of California, Multiple Purpose Project Revenue Bonds, Series K, 5.000%, 9/01/23   | 9/08 a  |
| 8,720  | The Regents of the University of California, Multiple Purpose Projects Revenue Bonds, Series 2001M, 5.125%, 9/01/30  | 9/09 a  |
|        | The Regents of the University of California, Research Facilities Revenue Bonds, 2001 Series E:   |         |
| 3,820  | 5.000%, 9/01/26  | 9/09 a  |
| 5,360  | 5.000%, 9/01/27  | 9/09 a  |
| -----  |  |         |
|        | HEALTHCARE - 7.3%  |         |
| 6,650  | California Health Facilities Financing Authority, Revenue Bonds (USCF - Stanford Healthcare), 1998 Series A, 5.000%, 11/15/31  | 11/08 a |
|        | California Health Facilities Financing Authority, Revenue Bonds (Casa Colina Inc.), Series 2001:   |         |
| 4,000  | 6.000%, 4/01/22  | 4/12 a  |
| 2,000  | 6.125%, 4/01/32  | 4/12 a  |
| 6,550  | California Health Facilities Financing Authority, Kaiser Permanente Revenue Bonds, 1993 Series C, 5.600%, 5/01/33  | 5/03 a  |
| 9,000  | California Infrastructure and Economic Development Bank, Revenue Bonds (Kaiser Hospital Assistance I-LLC), Series 2001A, 5.550%, 8/01/31                                       | 8/11 a  |
| 7,665  | California Communities Development Authority, Insured Mortgage Hospital Revenue Bonds (Mission Community Hospital), Series 2001, 5.375%, 11/01/21                              | 11/09 a |
| 2,500  | City of Whittier, California, Health Facility Revenue Bonds (Presbyterian Intercommunity Hospital), Series 2002, 5.600%, 6/01/22   | 6/12 a  |
| -----  |  |         |
|        | HOUSING/MULTIFAMILY - 1.6%   |         |
| 3,610  | San Bernardino County Housing Authority, California, Multifamily Mortgage Revenue Bonds (GNMA Collateralized - Pacific Palms Mobile Home Park), Series 2001A, 6.700%, 12/20/41 | 11/11 a |
|        | City of San Jose, California, Multifamily Housing Revenue Bonds (GNMA Mortgage-Backed Securities Program - Lenzen Housing), Series 2001B:                                      |         |
| 1,250  | 5.350%, 2/20/26  | 8/11 a  |
| 2,880  | 5.450%, 2/20/43  | 8/11 a  |
| -----  |  |         |
|        | HOUSING/SINGLE FAMILY - 1.5%   |         |
| 3,000  | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 1998B, 5.150%, 2/01/18 (Alternative Minimum Tax)  | 2/08 a  |
| 27,855 | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2001T, 0.000%, 8/01/32 (Alternative Minimum Tax)  | 8/11 a  |

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Nuveen California Dividend Advantage Municipal Fund 3 (NZH) (continued)  
 Portfolio of INVESTMENTS February 28, 2002 (Unaudited)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION   | OPTIO<br>PRO |
|---------------------------|---|--------------|
|                           | TAX OBLIGATION/GENERAL - 21.2%  |              |
| \$ 8,500                  | State of California, General Obligation Veterans Welfare Bonds, Series 1997BH, 5.500%, 12/01/18 (Alternative Minimum Tax)                       | 12/03 a      |
| 7,165                     | State of California, General Obligation Veterans Bonds, Series BJ, 5.500%, 12/01/18 (Alternative Minimum Tax)                                   | 12/06 a      |
| 15,000                    | State of California, Various Purpose General Obligation Bonds, Series 2001, 5.000%, 11/01/30  | 11/11 a      |
| 14,300                    | State of California, General Obligation Veterans Bonds, 2001 Series BZ, 5.350%, 12/01/21 (Alternative Minimum Tax)                              | 6/07 a       |
| 5,300                     | Cupertino Union School District, Santa Clara County, California, General Obligation Bonds, Series 2001A, 4.750%, 8/01/26                        | 8/11 a       |
| 15,635                    | Newport-Mesa Unified School District, Orange County, California, General Obligation Bonds (Election of 2000), Series 2001, 4.750%, 8/01/26      | 8/11 a       |
| 7,490                     | Palm Springs Unified School District, Riverside County, California, General Obligation Bonds, Series 2001B, 4.750%, 8/01/31                     | 8/09 a       |
|                           | Pasadena Unified School District, Los Angeles County, California, General Obligation Bonds (Election of 1997), Series 2001C:                    |              |
| 480                       | 4.750%, 11/01/23  | 11/11 a      |
| 460                       | 4.750%, 11/01/25  | 11/11 a      |
| 3,670                     | 4.750%, 11/01/26  | 11/11 a      |
| 3,300                     | Peralta Community College District, Alameda County, California, General Obligation Bonds (Election of 2000), Series A, 5.000%, 8/01/31          | 8/09 a       |
| 3,000                     | Commonwealth of Puerto Rico, General Obligation Public Improvement Bonds, Series 2001, 5.000%, 7/01/24  | 7/11 a       |
| 9,750                     | Commonwealth of Puerto Rico, General Obligation Public Improvement Refunding Bonds, 2002 Series A, 5.500%, 7/01/20                              | No O         |
| 5,000                     | Riverside Unified School District, Riverside County, California, General Obligation Bonds, Series 2002A, 5.000%, 2/01/27 (WI, settling 3/14/02) | 2/12 a       |
|                           | San Diego Unified School District, San Diego County, California, General Obligation Bonds (Election of 1998), Series 2001C:                     |              |
| 1,790                     | 5.000%, 7/01/23   | 7/11 a       |
| 10,810                    | 5.000%, 7/01/26   | 7/11 a       |
|                           | TAX OBLIGATION/LIMITED - 39.0%  |              |

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|        |   |         |
|--------|---|---------|
| 2,000  | Anaheim Public Financing Authority, California, Senior Lease Revenue Bonds (Anaheim Public Improvements Project), 1997 Series A, 5.000%, 3/01/37              | 9/07 a  |
|        | Brentwood Infrastructure Financing Authority, Contra Costa County, California, Capital Improvement Revenue Bonds, Series 2001:                                |         |
| 7,135  | 5.000%, 11/01/25  | 11/11 a |
| 6,955  | 5.000%, 11/01/31  | 11/11 a |
| 4,510  | California State Public Works Board, Lease Revenue Bonds (Department of Mental Health - Hospital Addition), Series 2001A, 5.000%, 12/01/26                    | 12/11 a |
| 15,000 | California State Public Works Board, Lease Revenue Bonds (Department of General Services), Series 2002B, 5.000%, 3/01/27 (WI, settling 3/13/02)               | 3/12 a  |
| 3,000  | Cotati Redevelopment Agency, California, Tax Allocation Bonds (Cotati Redevelopment Project), Subordinate Series 2001A, 5.000%, 9/01/31                       | 9/11 a  |
| 6,755  | Dinuba Redevelopment Agency, California, Tax Allocation Bonds (Redevelopment Project 2), Refunding Series 2001, 5.000%, 9/01/31                               | 9/11 a  |
| 7,945  | La Quinta Redevelopment Agency, Riverside County, California, Tax Allocation Bonds (La Quinta Redevelopment Project Area No. 1), Series 2001, 5.100%, 9/01/31 | 9/11 a  |
| 5,425  | Lodi, California, Certificates of Participation (Public Improvement Financing Project), Series 2002, 5.000%, 10/01/26   | 10/12 a |
| 14,410 | Los Angeles Unified School District, California, Certificates of Participation (Administration Building Project), Series 2001B, 5.000%, 10/01/31              | 10/11 a |

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| PRINCIPAL<br>AMOUNT (000)          | DESCRIPTION   | OPTIO<br>PRO |
|------------------------------------|---|--------------|
| TAX OBLIGATION/LIMITED (continued) |   |              |
| \$ 13,515                          | Norco Redevelopment Agency, California, Tax Allocation Bonds (Project Area No. 1), Series 2001 Refunding, 5.125%, 3/01/30                                     | 3/11 a       |
| 4,520                              | Ontario Redevelopment Financing Authority, California, Lease Revenue Bonds (Capital Projects), Series 2001, 5.000%, 8/01/24                                   | 8/11 a       |
| 11,165                             | Palm Desert Financing Authority, California, Tax Allocation Revenue Bonds (Project Area No. 1), Series 2002 Refunding, 5.100%, 4/01/30 (WI, settling 3/13/02) | 4/12 a       |
|                                    | Pomona Public Financing Authority, California, Revenue Bonds (Merged Redevelopment Projects), Refunding Series 2001AD:  |              |
| 5,000                              | 5.000%, 2/01/27   | 2/11 a       |
| 7,525                              | 5.000%, 2/01/33   | 2/11 a       |
| 2,925                              | Pomona Valley Educational Joint Power Authority, California, Lease Revenue Bonds (Pomona Unified School District Financing),                                  | 8/09 a       |

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|        |  |         |
|--------|--|---------|
|        | Series 2001, 4.875%, 8/01/26   |         |
| 6,500  | Puerto Rico Highway and Transportation Authority, Transportation Revenue Bonds, Series D, 5.375%, 7/01/36  | 7/12 a  |
| 2,000  | Puerto Rico Public Financing Corporation, Commonwealth Appropriation Bonds, Series 2001A, 5.500%, 8/01/19  | 8/11 a  |
| 4,400  | Puerto Rico Public Financing Corporation, Commonwealth Appropriation Bonds, Series 2002E, 6.000%, 8/01/26  | No O    |
| 9,000  | Sacramento Financing Authority, California, Lease Revenue Bonds, Series 1993A Refunding, 5.400%, 11/01/20  | No O    |
| 2,385  | San Buenaventura Public Facilities Financing Authority, California, 2001 Certificates of Participation, Series C, 4.750%, 2/01/24                                | 2/11 a  |
| 14,505 | San Diego Redevelopment Agency, California, Subordinate Tax Allocation Bonds (Centre City Redevelopment Project), Series 2001A, 5.000%, 9/01/26                  | 9/11 a  |
| 5,805  | City and County of San Francisco, California, Certificates of Participation (30 Van Ness Avenue Property), Series 2001A, 5.000%, 9/01/31                         | 9/09 a  |
|        | San Francisco Bay Area Rapid Transit District, California, Sales Tax Revenue Bonds, Series 2001:   |         |
| 8,725  | 5.000%, 7/01/26  | 7/11 a  |
| 1,400  | 5.125%, 7/01/36  | 7/11 a  |
| 10,000 | San Diego Redevelopment Agency, California, Tax Allocation Bonds (Merged Area Redevelopment Project), Series 2002, 5.000%, 8/01/27                               | 8/10 a  |
| 12,760 | San Jose Financing Authority, California, Lease Revenue Bonds (Convention Center Project), Refunding Series 2001F, 5.000%, 9/01/19                               | 9/11 a  |
| 2,160  | Santa Barbara County, California, Certificates of Participation, Series 2001, 5.250%, 12/01/20   | 12/11 a |
| 4,595  | Santa Clara Valley Transportation Authority, California, Sales Tax Revenue Bonds, Series 2001A, 5.000%, 6/01/22  | 6/11 a  |
| 2,500  | Yucaipa-Calimesa Joint Union School District, San Bernardino County, California, General Obligation Bonds, Series 2001A Refunding, 5.000%, 10/01/26              | 10/11 a |
| -----  |  |         |
|        | TRANSPORTATION - 4.0%  |         |
| 1,500  | Port of Oakland, California, Refunding Revenue Bonds, 1997 Series I, 5.600%, 11/01/19  | 11/07 a |
| 1,420  | City and County of San Francisco Airports Commission, California, Revenue Bonds (San Francisco International Airport), Issue 23B, Second Series, 5.125%, 5/01/30 | 5/09 a  |
| 6,000  | City and County of San Francisco Airports Commission, California, Revenue Bonds (San Francisco International Airport), Issue 26B, Second Series, 5.000%, 5/01/30 | 5/10 a  |
| 10,350 | City and County of San Francisco Airports Commission, California, Revenue Refunding Bonds (San Francisco International Airport),                                 | 5/11 a  |

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Issue 27A, Second Series, 5.250%, 5/01/26 (Alternative Minimum Tax)

1,500 City of San Jose, California, Airport Revenue Bonds, Series 2001A, 5.000%, 3/01/31 3/11 a

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| PRINCIPAL AMOUNT (000) | DESCRIPTION  | OPTIO PRO |
|------------------------|--|-----------|
| -----                  |  |           |
|                        | UTILITIES - 5.7%   |           |
| \$ 15,000              | Anaheim Public Financing Authority, California, Revenue Bonds (Electric System Distribution Facilities), Series 2002A, 5.000%, 10/01/31 (WI, settling 3/12/02) | 10/12 a   |
| 7,000                  | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, 2001 Series A1, 5.250%, 7/01/21   | 7/11 a    |
| 7,790                  | Modesto Irrigation District, California, Certificates of Participation (Capital Improvements), Series 2001A, 5.000%, 7/01/31                                   | 1/12 a    |
| -----                  |  |           |
|                        | WATER AND SEWER - 17.3%  |           |
| 7,000                  | Carmichael Water District, Sacramento County, California, 1999 Water Revenue Certificates of Participation, 5.125%, 9/01/29                                    | 9/09 a    |
| 20,440                 | East Bay Municipal Utility District, Alameda and Contra Costa Counties, California, Water System Subordinated Revenue Bonds, Series 2001, 5.000%, 6/01/26      | 6/11 a    |
| 12,000                 | Los Angeles Department of Water and Power, California, Waterworks Revenue Bonds, Series 2001A Refunding: 5.125%, 7/01/41                                       | 7/11 a    |
| 18,000                 | Los Angeles Department of Water and Power, California, Waterworks Revenue Bonds, Series 2001A Refunding: 5.125%, 7/01/41                                       | 7/11 a    |
| 17,425                 | Southern California Metropolitan Water District, Water Revenue Bonds (1997 Authorization), Series A, 5.000%, 7/01/37   | 1/08 a    |
| 2,475                  | Southern California Metropolitan Water District, Water Revenue Refunding Bonds, 1998 Series A, 4.750%, 7/01/22   | 7/08 a    |
| 12,975                 | South Gate Utility Authority, California, Subordinate Revenue Bonds (Water and Sewer System Projects), 2001 Series, 5.000%, 10/01/32                           | 10/11 a   |
| 1,600                  | Sunnyvale Financing Authority, California, Water and Wastewater Revenue Bonds, Series 2001, 5.000%, 10/01/26   | 10/11 a   |
| -----                  |  |           |
| \$ 582,290             | Total Investments (cost \$560,974,307) - 106.5%  |           |
| =====                  |  |           |
|                        | Other Assets Less Liabilities - (6.5)%   |           |
| -----                  |  |           |
|                        | Net Assets - 100%  |           |
| =====                  |  |           |

\* Optional Call Provisions: Dates (month and year) and

prices of the earliest optional call or redemption.  
There may be other call provisions at varying prices at later dates.

\*\* Ratings: Using the higher of Standard & Poor's or Moody's rating.

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

See accompanying notes to financial statements.

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Statement of  
ASSETS AND LIABILITIES February 28, 2002 (Unaudited)

|   | INSURED<br>CALIFORNIA<br>PREMIUM INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM INCOME 2<br>(NCL) | CALIFORNIA<br>PREMIUM<br>INCOME<br>(NCU) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE<br>(NAC) |
|---|--|--|--|--|
| <b>ASSETS</b>   |  |  |  |  |
| Investments in municipal securities,<br>at market value   | \$144,341,589                                    | \$278,959,687                                      | \$122,287,350                            | \$518,301,81                                 |
| Temporary investments in<br>short-term municipal securities,<br>at amortized cost, which<br>approximates market value | --   | --   | 1,140,000                                | --   |
| Cash  | 652,880  | 27,302   | --                                       | 31,16  |
| Interest receivable   | 2,310,686  | 4,401,832  | 1,783,532                                | 7,280,24                                     |
| Other assets  | 838  | 11,551   | 6,682                                    | 7,06   |
| <b>Total assets</b>   | <b>147,305,993</b>                               | <b>283,400,372</b>                                 | <b>125,217,564</b>                       | <b>525,620,29</b>                            |
| <b>LIABILITIES</b>  |  |  |  |  |
| Cash overdraft  | --   | --   | 81,370                                   | --   |
| Payable for investments purchased   | --   | --   | --                                       | --   |
| Accrued expenses:   |  |  |  |  |
| Management fees   | 72,543   | 138,311  | 61,792                                   | 133,16                                       |
| Offering costs  | --   | --   | --                                       | --   |
| Other   | 88,989   | 115,665  | 93,797                                   | 182,67                                       |
| Preferred share dividends payable   | 2,462  | 12,352   | 6,065                                    | 32,82  |
| Common share dividends payable  | 460,010  | 865,743  | 389,760                                  | 1,650,54                                     |
| <b>Total liabilities</b>  | <b>624,004</b>                                   | <b>1,132,071</b>                                   | <b>632,784</b>                           | <b>1,999,21</b>                              |
| <b>Net assets</b>   | <b>\$146,681,989</b>                             | <b>\$282,268,301</b>                               | <b>\$124,584,780</b>                     | <b>\$523,621,08</b>                          |
| Preferred shares, at<br>liquidation value   | \$ 45,000,000                                    | \$ 95,000,000                                      | \$ 43,000,000                            | \$175,000,00                                 |
| Preferred shares outstanding  | 1,800  | 3,800  | 1,720                                    | 7,00   |
| Common shares outstanding   | 6,433,708  | 12,638,591   | 5,774,216                                | 23,412,01                                    |
| Netasset value per Common   |  |  |  |  |

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|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| share outstanding (net assets less Preferred shares at liquidation value, divided by Common shares outstanding) | \$ 15.80      | \$ 14.82      | \$ 14.13      | \$ 14.8       |
| NET ASSETS CONSIST OF:  |               |               |               |               |
| Preferred shares, \$25,000 stated value per share, at liquidation value   | \$ 45,000,000 | \$ 95,000,000 | \$ 43,000,000 | \$175,000,000 |
| Common shares, \$.01 par value per share  | 64,337        | 126,386       | 57,742        | 234,12        |
| Paid-in surplus   | 89,014,190    | 175,276,913   | 80,181,422    | 332,500,71    |
| Balance of undistributed net investment income  | 1,558,607     | 1,203,410     | 638,777       | 1,733,69      |
| Accumulated net realized gain (loss) from investment transactions   | 270,714       | (8,030,151)   | (4,870,100)   | (5,287,77     |
| Net unrealized appreciation of investments  | 10,774,141    | 18,691,743    | 5,576,939     | 19,440,32     |
| Net assets  | \$146,681,989 | \$282,268,301 | \$124,584,780 | \$523,621,08  |
| Authorized shares:  |               |               |               |               |
| Common  | 200,000,000   | 200,000,000   | Unlimited     | Unlimited     |
| Preferred   | 1,000,000     | 1,000,000     | Unlimited     | Unlimited     |

See accompanying notes to financial statements.

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Statement of  
OPERATIONS Six Months Ended February 28, 2002 (Unaudited)

|   | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) | CALIFORNIA DIVIDEND ADVANTAGE (NAC) |
|---|---|---|---------------------------------|-------------------------------------|
| INVESTMENT INCOME                                     | \$ 4,005,604                            | \$ 7,494,071                              | \$3,382,580                     | \$13,759,50                         |
| EXPENSES  |   |   |                                 |                                     |
| Management fees                                       | 470,524                                 | 897,222                                   | 400,275                         | 1,642,99                            |
| Preferred shares - auction fees                       | 55,788                                  | 117,773                                   | 53,308                          | 216,95                              |
| Preferred shares - dividend disbursing agent fees     | 4,959                                   | 9,917                                     | 4,959                           | 9,91                                |
| Shareholders' servicing agent fees and expenses       | 8,571                                   | 14,281                                    | 6,695                           | 4,95                                |
| Custodian's fees and expenses                         | 20,735                                  | 37,818                                    | 20,438                          | 62,62                               |
| Directors'/Trustees' fees and expenses                | 892                                     | 1,736                                     | 744                             | 3,57                                |
| Professional fees                                     | 7,501                                   | 7,537                                     | 7,253                           | 8,90                                |
| Shareholders' reports - printing and mailing expenses | 8,853                                   | 15,958                                    | 7,888                           | 18,01                               |
| Stock exchange listing fees                           | 11,162                                  | 15,620                                    | 2,661                           | 15,67                               |
| Investor relations expense                            | 7,953                                   | 18,223                                    | 8,787                           | 22,96                               |
| Portfolio insurance expense                           | 6,305                                   | 2,532                                     | --                              | --                                  |

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|  |              |              |             |             |
|--|--------------|--------------|-------------|-------------|
| Other expenses   | 6,558        | 10,143       | 6,247       | 13,47       |
| Total expenses before custodian fee credit and expense reimbursement | 609,801      | 1,148,760    | 519,255     | 2,020,06    |
| Custodian fee credit   | (7,108)      | (8,969)      | (7,427)     | (9,14       |
| Expense reimbursement  | --           | --           | --          | (778,16     |
| Net expenses   | 602,693      | 1,139,791    | 511,828     | 1,232,75    |
| Net investment income  | 3,402,911    | 6,354,280    | 2,870,752   | 12,526,75   |
| REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS                 |              |              |             |             |
| Net realized gain (loss) from investment transactions                | 2,811,521    | 641,250      | (38,629)    | 2,293,61    |
| Change in net unrealized appreciation (depreciation) of investments  | (4,661,846)  | (3,686,864)  | (713,743)   | (9,248,61   |
| Net gain (loss) from investments                                     | (1,850,325)  | (3,045,614)  | (752,372)   | (6,955,00   |
| Net increase in net assets from operations                           | \$ 1,552,586 | \$ 3,308,666 | \$2,118,380 | \$ 5,571,74 |

\* For the period September 25, 2001 (commencement of operations) through February 28, 2002.

See accompanying notes to financial statements.

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Statement of  
CHANGES IN NET ASSETS (Unaudited)

|   | INSURED CALIFORNIA<br>PREMIUM INCOME (NPC) |                       | INSURED CALIFORNIA<br>PREMIUM INCOME 2 (NCL) |                       |
|---|--|-----------------------|--|-----------------------|
|   | SIX MONTHS<br>ENDED 2/28/02                | YEAR ENDED<br>8/31/01 | SIX MONTHS<br>ENDED 2/28/02                  | YEAR ENDED<br>8/31/01 |
| OPERATIONS  |  |                       |  |                       |
| Net investment income   | \$ 3,402,911                               | \$ 6,701,784          | \$ 6,354,280                                 | \$ 12,730,70          |
| Net realized gain (loss) from investment transactions               | 2,811,521                                  | (3,088)               | 641,250                                      | (518,30               |
| Change in net unrealized appreciation (depreciation) of investments | (4,661,846)                                | 6,344,071             | (3,686,864)                                  | 12,002,37             |
| Net increase in net assets from operations                          | 1,552,586                                  | 13,042,767            | 3,308,666                                    | 24,214,78             |
| DISTRIBUTIONS TO SHAREHOLDERS                                       |  |                       |  |                       |
| From and in excess of net   |  |                       |  |                       |

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|  |               |               |               |              |
|--|---------------|---------------|---------------|--------------|
| investment income:   |               |               |               |              |
| Common shareholders  | (2,738,575)   | (5,501,796)   | (5,135,587)   | (9,845,91)   |
| Preferred shareholders   | (324,128)     | (1,375,685)   | (647,203)     | (2,765,74)   |
| -----  |               |               |               |              |
| Decrease in net assets from distributions to shareholders                            | (3,062,703)   | (6,877,481)   | (5,782,790)   | (12,611,66)  |
| -----  |               |               |               |              |
| CAPITAL SHARE TRANSACTIONS   |               |               |               |              |
| Common shares:   |               |               |               |              |
| Net proceeds from sale of shares   | --            | --            | --            | --           |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | 124,281       | --            | 109,414       | 53,13        |
| Preferred shares:  |               |               |               |              |
| Net proceeds from sale of shares   | --            | --            | --            | --           |
| -----  |               |               |               |              |
| Net increase in net assets from capital share transactions                           | 124,281       | --            | 109,414       | 53,13        |
| -----  |               |               |               |              |
| Net increase (decrease) in net assets  | (1,385,836)   | 6,165,286     | (2,364,710)   | 11,656,25    |
| Net assets at the beginning of period  | 148,067,825   | 141,902,539   | 284,633,011   | 272,976,75   |
| -----  |               |               |               |              |
| Net assets at the end of period  | \$146,681,989 | \$148,067,825 | \$282,268,301 | \$284,633,01 |
| =====  |               |               |               |              |
| Undistributed (Over-distribution of) net investment income at the end of period      | \$ 1,558,607  | \$ 324,927    | \$ 1,203,410  | \$ 544,54    |
| =====  |               |               |               |              |

See accompanying notes to financial statements.

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Statement of  
CHANGES IN NET ASSETS (Unaudited) (continued)

|   | CALIFORNIA<br>DIVIDEND ADVANTAGE (NAC) |                       | CALIFORNIA<br>DIVIDEND ADVANTAGE 2 (NVX) |   |
|---|--|-----------------------|--|---|
|   | SIX MONTHS<br>ENDED 2/28/02            | YEAR ENDED<br>8/31/01 | SIX MONTHS<br>ENDED 2/28/02              | FOR THE<br>PERIOD 3/27/0<br>(COMMENCEMEN<br>OF OPERATIONS<br>THROUGH 8/31/0 |
| -----   |  |                       |  |   |
| OPERATIONS  |  |                       |  |   |
| Net investment income                                 | \$ 12,526,753                          | \$ 24,993,570         | \$ 7,836,178                             | \$ 5,021,11   |
| Net realized gain (loss) from investment transactions | 2,293,614                              | 153,449               | 166,059                                  | (604,93   |
| Change in net unrealized                              |  |                       |  |   |

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|  |               |               |               |              |
|--|---------------|---------------|---------------|--------------|
| appreciation (depreciation)<br>of investments  | (9,248,618)   | 30,026,536    | (7,357,283)   | 13,963,69    |
| Net increase in net assets<br>from operations  | 5,571,749     | 55,173,555    | 644,954       | 18,379,87    |
| DISTRIBUTIONS TO SHAREHOLDERS  |               |               |               |              |
| From and in excess of net<br>investment income:  |               |               |               |              |
| Common shareholders  | (9,902,083)   | (18,957,806)  | (6,389,004)   | (4,258,65    |
| Preferred shareholders   | (1,330,300)   | (5,398,060)   | (831,015)     | (765,42      |
| Decrease in net assets from<br>distributions to shareholders                               | (11,232,383)  | (24,355,866)  | (7,220,019)   | (5,024,07    |
| CAPITAL SHARE TRANSACTIONS   |               |               |               |              |
| Common shares:   |               |               |               |              |
| Net proceeds from sale of shares   | --            | --            | --            | 211,280,10   |
| Net proceeds from shares issued<br>to shareholders due to<br>reinvestment of distributions | 84,644        | 53,132        | 73,486        | 22           |
| Preferred shares:  |               |               |               |              |
| Net proceeds from sale of shares   | --            | --            | --            | 108,704,00   |
| Net increase in net assets from<br>capital share transactions                              | 84,644        | 53,132        | 73,486        | 319,984,32   |
| Net increase (decrease)<br>in net assets   | (5,575,990)   | 30,870,821    | (6,501,579)   | 333,340,12   |
| Net assets at the beginning<br>of period   | 529,197,070   | 498,326,249   | 333,440,398   | 100,27       |
| Net assets at the end<br>of period   | \$523,621,080 | \$529,197,070 | \$326,938,819 | \$333,440,39 |
| Undistributed (Over-distribution<br>of) net investment income<br>at the end of period      |               |               |               |              |
|  | \$ 1,733,695  | \$ 439,325    | \$ 619,720    | \$ (2,96     |

See accompanying notes to financial statements.

Notes to  
FINANCIAL STATEMENTS (Unaudited)

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The California Funds (the "Funds") covered in this report and their corresponding 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) and Nuveen California Dividend Advantage Municipal Fund 3 (NZH). Insured California Premium Income (NPC), Insured California Premium Income 2 (NCL) and California Dividend

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Advantage (NAC) are traded on the New York Stock Exchange while California Premium Income (NCU), California Dividend Advantage 2 (NVX) and California Dividend Advantage 3 (NZH) are traded on the American Stock Exchange. Prior to the commencement of operations of California Dividend Advantage 2 (NVX) and California Dividend Advantage 3 (NZH), the Funds 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 The John Nuveen Company and the recording of the organizational expenses (\$15,000 and \$11,500, respectively) and their reimbursement by Nuveen Investments, also a wholly owned subsidiary of The John Nuveen Company.

Each Fund seeks to provide current income exempt from both regular federal and California state income taxes by investing primarily in a diversified portfolio of municipal obligations issued by state and local government authorities within the state of California. The Funds are registered under the Investment Company Act of 1940 as closed-end management investment companies.

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

### 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 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 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 in a separate account with a current value at least equal to the amount of the when-issued and delayed delivery purchase commitments. At February 28, 2002, California Dividend Advantage 3 (NZH) had outstanding when-issued purchase commitments of \$45,865,400. There were no such outstanding purchase commitments in any of the other Funds.

### Investment Income

Interest income is determined on the basis of interest accrued, adjusted for amortization of premiums and accretion of discounts on long-term debt securities for financial reporting purposes.

### Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its net investment income to its shareholders. 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, to retain such tax-exempt status when distributed to shareholders of the Funds.

Notes to  
FINANCIAL STATEMENTS (Unaudited) (continued)

Dividends and Distributions to Shareholders

Tax-exempt net investment income is declared monthly as a dividend. Generally, payment is made or reinvestment is credited to shareholder accounts on the first business day after month end. Net realized capital gains and/or market discount from investment transactions 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 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 accounting principles generally accepted in the United States. Accordingly, temporary over-distributions as a result of these differences may occur and will be classified as either distributions in excess of net investment income, distributions in excess of net realized gains and/or distributions in excess of net ordinary taxable income from investment transactions, where applicable.

Preferred Shares

The Funds have issued and outstanding \$25,000 stated value Preferred shares. Each Fund's Preferred shares are issued in one or more series. The dividend rate may change every seven days, as set by the Auction Agent. The number of shares outstanding, by series and in total, for each Fund is as follows:

|                   | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME 2<br>(NCL) | CALIFORNIA<br>PREMIUM<br>INCOME<br>(NCU) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE<br>(NAC) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CA<br>ADV |
|-------------------|---|---|--|--|--|-----------|
| -----             |   |   |  |  |  |           |
| Number of shares: |   |   |  |  |  |           |
| Series M          | --  | --  | 1,720                                    | --   | 2,200  |           |
| Series T          | 1,800   | 1,900   | --                                       | --   | --   |           |
| Series Th         | --  | 1,900   | --                                       | 3,500  | --   |           |
| Series F          | --  | --  | --                                       | 3,500  | 2,200  |           |
| -----             |   |   |  |  |  |           |
| Total             | 1,800   | 3,800   | 1,720                                    | 7,000  | 4,400  |           |
| =====             |   |   |  |  |  |           |

Effective November 16, 2001, California Dividend Advantage 3 (NZH) issued 3,740 Series M and 3,740 Series Th \$25,000 stated value Preferred shares.

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. 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' 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 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 net asset value of the Funds' shares 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.

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#### Derivative Financial Instruments

The Funds may invest in transactions in certain derivative financial instruments including futures, forward, swap and option contracts, and other financial instruments with similar characteristics. Although the Funds are authorized to invest in such financial instruments, and may do so in the future, they did not make any such investments during the period ended February 28, 2002.

#### 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 has agreed to pay all offering costs (other than the sales load) that exceed \$.03 per Common share for California Dividend Advantage 2 (NVX) and California Dividend Advantage 3 (NZH). California Dividend Advantage 2's (NVX) and California Dividend Advantage 3's (NZH) share of offering costs (\$443,400 and \$723,000, respectively) were recorded as a reduction of the proceeds from the sale of Common shares.

Costs incurred by California Dividend Advantage 2 (NVX) and California Dividend Advantage 3 (NZH) in connection with their offering of Preferred shares (\$1,296,000 and 2,116,250, respectively) were recorded as a reduction of the proceeds from the sale of the Preferred shares.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 from operations during the reporting period. Actual results may differ from those estimates.

#### Change in Accounting Policy

As required, effective September 1, 2001, the Funds have adopted the provisions of the new AICPA Audit and Accounting Guide for Investment Companies and began accreting taxable market discount on debt securities. Prior to September 1, 2001, the Funds did not accrete taxable market discount on debt securities until they were sold. The cumulative effect of this accounting change had no impact on the total net assets or the net asset values of the Funds, but resulted in an increase in the cost of securities and a corresponding decrease in unrealized appreciation based on securities held by the Funds on September 1, 2001, 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) | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) |
|---|---|---------------------------------|-------------------------------------|---------------------------------------|
| \$893,472                               | \$87,380                                  | \$102,039                       | \$--                                | \$6,523                               |

The effect of this change for the period ended February 28, 2002, was to increase investment income with a corresponding decrease in net unrealized appreciation as follows:

| INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) | CALIFORNIA DIVIDEND ADVANTAGE (NAC) | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) |
|---|---|---------------------------------|-------------------------------------|---------------------------------------|
| \$64,110                                | \$6,101                                   | \$7,016                         | \$--                                | \$7,998                               |

The Statement of Changes in Net Assets and Financial Highlights for the prior periods have not been restated to reflect this change in presentation.

Notes to FINANCIAL STATEMENTS (Unaudited) (continued)

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 INCOM |    |
|--|---|--------------------|---|--------------------|--------------------------|----|
|  | SIX MONTHS ENDED 2/28/02                | YEAR ENDED 8/31/01 | SIX MONTHS ENDED 2/28/02                  | YEAR ENDED 8/31/01 | SIX MONTHS ENDED 2/28/02 | YE |
| Common shares:   |   |                    |   |                    |                          |    |
| Shares sold  | --                                      | --                 | --  | --                 | --                       | -- |
| Shares issued to shareholders due to reinvestment of distributions | 7,876                                   | --                 | 7,433                                     | 3,745              | 2,696                    |    |
|  | 7,876                                   | --                 | 7,433                                     | 3,745              | 2,696                    |    |
| Preferred shares sold  | --                                      | --                 | --  | --                 | --                       | -- |
|  |   |                    |   |                    |                          |    |
|  | CALIFORNIA DIVIDEND ADVANTAGE (NAC)     |                    | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)     |                    | CALIFORNIA D ADVANTAGE 3 |    |

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|  | SIX MONTHS<br>ENDED 2/28/02 | YEAR ENDED<br>8/31/01 | SIX MONTHS<br>ENDED 2/28/02 | FOR THE<br>PERIOD 3/27/01<br>(COMMENCEMENT<br>OF OPERATIONS)<br>THROUGH<br>8/31/01 | FOR THE<br>PERIOD<br>(COMMENCEMENT<br>OF OPERATIONS)<br>THROUGH<br>2/28/02 |
|--|-----------------------------|-----------------------|-----------------------------|--|--|
| Common shares:   |                             |                       |                             |  |  |
| Shares sold  | --                          | --                    | --                          | 14,780,000   | 24,400,000   |
| Shares issued to shareholders<br>due to reinvestment<br>of distributions | 5,665                       | 3,990                 | 3,644                       | 16   |  |
|  | 5,665                       | 3,990                 | 3,644                       | 14,780,016   | 24,400,000   |
| Preferred shares sold  | --                          | --                    | --                          | 4,400  |  |

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3. DISTRIBUTIONS TO COMMON SHAREHOLDERS

The Funds declared Common share dividend distributions from their tax-exempt net investment income which were paid April 1, 2002, to shareholders of record on March 15, 2002, as follows:

|                    | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME 2<br>(NCL) | CALIFORNIA<br>PREMIUM<br>INCOME<br>(NCU) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE<br>(NAC) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) |
|--------------------|---|---|--|--|--|--|
| Dividend per share | \$ .0725  | \$ .0700  | \$ .0690                                 | \$ .0725                                     | \$ .0730                                       | \$ .0730                                       |

4. SECURITIES TRANSACTIONS

Purchases and sales (including maturities) of investments in long-term municipal securities and short-term municipal securities during the six months ended February 28, 2002, were as follows:

|                                   | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME 2<br>(NCL) | CALIFORNIA<br>PREMIUM<br>INCOME<br>(NCU) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE<br>(NAC) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) |
|-----------------------------------|---|---|--|--|--|--|
| Purchases:                        |   |   |  |  |  |  |
| Long-term municipal<br>securities | \$23,123,402  | \$12,748,050  | \$3,321,639                              | \$75,268,647                                 | \$37,434,087                                   | \$669,000,000                                  |

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|                                 |            |            |           |            |            |     |
|---------------------------------|------------|------------|-----------|------------|------------|-----|
| Short-term municipal securities | --         | --         | 3,130,000 | --         | --         | 57  |
| Sales and maturities:           |            |            |           |            |            |     |
| Long-term municipal securities  | 23,162,913 | 12,140,319 | 3,397,390 | 72,425,740 | 36,053,802 | 105 |
| Short-term municipal securities | --         | --         | 1,990,000 | 100,000    | --         | 57  |

\* For the period September 25, 2001 (commencement of operations) through February 28, 2002.

At February 28, 2002, the cost of investments owned for federal income tax purposes were as follows:

| INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) | CALIFORNIA DIVIDEND ADVANTAGE (NAC) | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CA ADV |
|---|---|---------------------------------|-------------------------------------|---------------------------------------|--------|
| \$133,252,042                           | \$260,707,146                             | \$117,741,356                   | \$498,861,491                       | \$317,244,793                         | \$560  |

Notes to FINANCIAL STATEMENTS (Unaudited) (continued)

At August 31, 2001, the Funds' last fiscal year end, the following Funds had unused capital loss carryforwards available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire as follows:

| Expiration year: | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) | CA ADV |
|------------------|---|---|---------------------------------|--------|
| 2003             | \$ --                                   | \$ 323,810                                | \$1,039,028                     | \$ --  |
| 2004             | --                                      | 4,345,091                                 | 2,742,449                       | --     |
| 2005             | 165,897                                 | 1,283,948                                 | 1,049,994                       | --     |
| 2006             | --                                      | --  | --                              | --     |
| 2007             | --                                      | --  | --                              | 1      |
| 2008             | 681,230                                 | --  | --                              | 1      |
| 2009             | 1,592,883                               | 2,185,870                                 | --                              | 4      |
| Total            | \$2,440,010                             | \$8,138,719                               | \$4,831,471                     | \$7    |

5. UNREALIZED APPRECIATION (DEPRECIATION)

Gross unrealized appreciation and gross unrealized depreciation of investments for federal income tax purposes at February 28, 2002, were as follows:

|                             | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME 2<br>(NCL) | CALIFORNIA<br>PREMIUM<br>INCOME<br>(NCU) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE<br>(NAC) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CA<br>ADV |
|-----------------------------|---|---|--|--|--|-----------|
| Gross unrealized:           |   |   |  |  |  |           |
| appreciation                | \$11,190,343  | \$19,047,900  | \$6,447,887                              | \$19,985,994                                 | \$ 9,282,161                                   | \$ 2      |
| depreciation                | (100,796)   | (795,359)   | (761,893)                                | (545,666)                                    | (3,272,688)                                    | (2        |
| Net unrealized appreciation | \$11,089,547  | \$18,252,541  | \$ 5,685,994                             | \$19,440,328                                 | \$ 6,009,473                                   | \$        |

6. MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Under Insured California Premium Income's (NPC), Insured California Premium Income 2's (NCL) and California Premium Income's (NCU) investment management agreements with the Adviser, each Fund pays an annual management fee, payable monthly, at the rates set forth below, which are based upon the average daily net assets of each Fund as follows:

| AVERAGE DAILY NET ASSETS        | MANAGEMENT FEE |
|---------------------------------|----------------|
| For the first \$125 million     | .6500 of 1%    |
| For the next \$125 million      | .6375 of 1     |
| For the next \$250 million      | .6250 of 1     |
| For the next \$500 million      | .6125 of 1     |
| For the next \$1 billion        | .6000 of 1     |
| For the next \$3 billion        | .5875 of 1     |
| For net assets over \$5 billion | .5750 of 1     |

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Under California Dividend Advantage's (NAC), California Dividend Advantage 2's (NVX) and California Dividend Advantage 3's (NZH) investment management agreements with the Adviser, each Fund pays an annual management fee, payable monthly, at the rates set forth below, which are based upon the average daily net assets of each Fund as follows:

| AVERAGE DAILY NET ASSETS        | MANAGEMENT FEE |
|---------------------------------|----------------|
| For the first \$125 million     | .6500 of 1%    |
| For the next \$125 million      | .6375 of 1     |
| For the next \$250 million      | .6250 of 1     |
| For the next \$500 million      | .6125 of 1     |
| For the next \$1 billion        | .6000 of 1     |
| For net assets over \$2 billion | .5750 of 1     |

=====

The Adviser has agreed to waive part of its management fees or reimburse certain expenses of California Dividend Advantage (NAC) in an amount equal to .30% of the average daily net assets for the period May 26, 1999 (commencement of operations) through July 31, 2004, .25% of the average daily net assets for the year ended July 31, 2005, .20% of the average daily net assets for the year ended July 31, 2006, .15% of the average daily net assets for the year ended July 31, 2007, .10% of the average daily net assets for the year ended July 31, 2008, and .05% of the average daily net assets for the year ended July 31, 2009. The Adviser has not agreed to reimburse California Dividend Advantage (NAC) for any portion of its fees and expenses beyond July 31, 2009.

The Adviser has agreed to waive part of its management fees or reimburse certain expenses of California Dividend Advantage 2 (NVX) in an amount equal to .30% of the average daily net assets for the period March 27, 2001 (commencement of operations) through March 31, 2006, .25% of the average daily net assets for the year ended March 31, 2007, .20% of the average daily net assets for the year ended March 31, 2008, .15% of the average daily net assets for the year ended March 31, 2009, .10% of the average daily net assets for the year ended March 31, 2010, and .05% of the average daily net assets for the year ended March 31, 2011. The Adviser has not agreed to reimburse California Dividend Advantage 2 (NVX) for any portion of its fees and expenses beyond March 31, 2011.

The Adviser has agreed to waive part of its management fees or reimburse certain expenses of California Dividend Advantage 3 (NZH) in an amount equal to .30% of the average daily net assets for the period September 25, 2001 (commencement of operations) through September 30, 2006, .25% of the average daily net assets for the year ended September 30, 2007, .20% of the average daily net assets for the year ended September 30, 2008, .15% of the average daily net assets for the year ended September 30, 2009, .10% of the average daily net assets for the year ended September 30, 2010, and .05% of the average daily net assets for the year ended September 30, 2011. The Adviser has not agreed to reimburse California Dividend Advantage 3 (NZH) for any portion of its fees and expenses beyond September 30, 2011.

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.

Financial

HIGHLIGHTS (Unaudited)

Selected data for a Common share outstanding throughout each period:

|           |            |            | Investment Operations |       |            |            |
|-----------|------------|------------|-----------------------|-------|------------|------------|
|           |            |            |                       |       | From and   | From and   |
|           |            |            |                       |       | in Excess  | in Excess  |
|           |            |            |                       |       | of Net     | of Net     |
|           |            |            |                       |       | Investment | Investment |
|           |            |            |                       |       | Income to  | Income to  |
|           |            |            |                       |       | Common     | Preferred  |
|           |            |            |                       |       | Share-     | Share-     |
|           |            |            |                       |       | holders    | holders+   |
| Beginning | Net        | Net        | Realized/             | Total |            |            |
| Net Asset | Investment | Investment | Unrealized            |       |            |            |
| Value     | Income     | Investment | Gain (Loss)           |       |            |            |

-----  
 INSURED CALIFORNIA  
 PREMIUM INCOME (NPC)  
 -----

|                  |         |        |          |        |          |          |
|------------------|---------|--------|----------|--------|----------|----------|
| Year Ended 8/31: |         |        |          |        |          |          |
| 2002 (d)         | \$16.04 | \$ .53 | \$ (.29) | \$ .24 | \$ (.43) | \$ (.05) |
| 2001             | 15.08   | 1.04   | .99      | 2.03   | (.86)    | (.21)    |
| 2000             | 14.81   | 1.09   | .30      | 1.39   | (.88)    | (.24)    |
| 1999             | 16.31   | 1.09   | (1.56)   | (.47)  | (.83)    | (.20)    |
| 1998             | 15.39   | 1.03   | .92      | 1.95   | (.81)    | (.22)    |
| 1997             | 14.46   | 1.04   | .93      | 1.97   | (.81)    | (.23)    |

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

|                  |       |      |        |       |       |       |
|------------------|-------|------|--------|-------|-------|-------|
| Year Ended 8/31: |       |      |        |       |       |       |
| 2002 (d)         | 15.01 | .50  | (.23)  | .27   | (.41) | (.05) |
| 2001             | 14.09 | 1.01 | .91    | 1.92  | (.78) | (.22) |
| 2000             | 13.70 | 1.02 | .41    | 1.43  | (.80) | (.24) |
| 1999             | 14.82 | 1.01 | (1.14) | (.13) | (.78) | (.21) |
| 1998             | 14.06 | .98  | .77    | 1.75  | (.75) | (.24) |
| 1997             | 13.27 | .99  | .77    | 1.76  | (.74) | (.23) |

-----  
 CALIFORNIA PREMIUM  
 INCOME (NCU)  
 -----

|                  |       |      |        |       |       |       |
|------------------|-------|------|--------|-------|-------|-------|
| Year Ended 8/31: |       |      |        |       |       |       |
| 2002 (d)         | 14.22 | .50  | (.13)  | .37   | (.40) | (.06) |
| 2001             | 13.34 | 1.00 | .90    | 1.90  | (.79) | (.23) |
| 2000             | 13.19 | 1.03 | .14    | 1.17  | (.79) | (.23) |
| 1999             | 14.30 | 1.00 | (1.13) | (.13) | (.77) | (.21) |
| 1998             | 13.60 | .98  | .70    | 1.68  | (.74) | (.24) |
| 1997             | 12.70 | .99  | .89    | 1.88  | (.74) | (.24) |

-----  
 CALIFORNIA DIVIDEND  
 ADVANTAGE (NAC)  
 -----

|                  |       |      |       |       |       |       |
|------------------|-------|------|-------|-------|-------|-------|
| Year Ended 8/31: |       |      |       |       |       |       |
| 2002 (d)         | 15.13 | .54  | (.30) | .24   | (.42) | (.06) |
| 2001             | 13.82 | 1.07 | 1.28  | 2.35  | (.81) | (.23) |
| 2000             | 13.33 | 1.07 | .52   | 1.59  | (.84) | (.26) |
| 1999 (a)         | 14.33 | .20  | (.92) | (.72) | (.14) | (.03) |

-----  
 CALIFORNIA DIVIDEND  
 ADVANTAGE 2 (NVX)  
 -----

|                  |       |     |       |      |       |       |
|------------------|-------|-----|-------|------|-------|-------|
| Year Ended 8/31: |       |     |       |      |       |       |
| 2002 (d)         | 15.11 | .53 | (.48) | .05  | (.43) | (.06) |
| 2001 (b)         | 14.33 | .34 | .90   | 1.24 | (.29) | (.05) |

-----  
 CALIFORNIA DIVIDEND  
 ADVANTAGE 3 (NZH)  
 -----

|                  |       |     |       |     |       |       |
|------------------|-------|-----|-------|-----|-------|-------|
| Year Ended 8/31: |       |     |       |     |       |       |
| 2002 (c)         | 14.33 | .33 | (.11) | .22 | (.29) | (.03) |

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|  | Offering<br>Costs and<br>Preferred<br>Share<br>Underwriting<br>Discounts | Ending<br>Net<br>Asset<br>Value | Ending<br>Market<br>Value | Based<br>on<br>Market<br>Value** |
|--|--|---------------------------------|---------------------------|----------------------------------|
| -----  |  |                                 |                           |                                  |
| INSURED CALIFORNIA PREMIUM<br>INCOME (NPC)   |  |                                 |                           |                                  |
| -----  |  |                                 |                           |                                  |
| Year Ended 8/31:                             |  |                                 |                           |                                  |
| 2002 (d)                                     | \$--   | \$15.80                         | \$15.9000                 | 4.12%                            |
| 2001   | --   | 16.04                           | 15.6900                   | 14.12                            |
| 2000   | --   | 15.08                           | 14.5625                   | .84                              |
| 1999   | --   | 14.81                           | 15.3750                   | 1.62                             |
| 1998   | --   | 16.31                           | 15.9375                   | 15.85                            |
| 1997   | --   | 15.39                           | 14.5000                   | 10.69                            |
|  |  |                                 |                           |                                  |
| INSURED CALIFORNIA PREMIUM<br>INCOME 2 (NCL) |  |                                 |                           |                                  |
| -----  |  |                                 |                           |                                  |
| Year Ended 8/31:                             |  |                                 |                           |                                  |
| 2002 (d)                                     | --   | 14.82                           | 14.8000                   | 2.58                             |
| 2001   | --   | 15.01                           | 14.8300                   | 11.99                            |
| 2000   | --   | 14.09                           | 14.0000                   | 3.58                             |
| 1999   | --   | 13.70                           | 14.3750                   | 2.27                             |
| 1998   | --   | 14.82                           | 14.8125                   | 15.70                            |
| 1997   | --   | 14.06                           | 13.5000                   | 14.36                            |
|  |  |                                 |                           |                                  |
| CALIFORNIA PREMIUM<br>INCOME (NCU)           |  |                                 |                           |                                  |
| -----  |  |                                 |                           |                                  |
| Year Ended 8/31:                             |  |                                 |                           |                                  |
| 2002 (d)                                     | --   | 14.13                           | 13.9400                   | 1.27                             |
| 2001   | --   | 14.22                           | 14.1700                   | 12.84                            |
| 2000   | --   | 13.34                           | 13.3125                   | 5.93                             |
| 1999   | --   | 13.19                           | 13.3750                   | .81                              |
| 1998   | --   | 14.30                           | 14.0000                   | 12.54                            |
| 1997   | --   | 13.60                           | 13.1250                   | 17.16                            |
|  |  |                                 |                           |                                  |
| CALIFORNIA DIVIDEND<br>ADVANTAGE (NAC)       |  |                                 |                           |                                  |
| -----  |  |                                 |                           |                                  |
| Year Ended 8/31:                             |  |                                 |                           |                                  |
| 2002 (d)                                     | --   | 14.89                           | 14.3800                   | (.60)                            |
| 2001   | --   | 15.13                           | 14.8900                   | 15.06                            |
| 2000   | --   | 13.82                           | 13.7500                   | (2.18)                           |
| 1999 (a)                                     | (.11)  | 13.33                           | 15.0000                   | .96                              |
|  |  |                                 |                           |                                  |
| CALIFORNIA DIVIDEND<br>ADVANTAGE 2 (NVX)     |  |                                 |                           |                                  |
| -----  |  |                                 |                           |                                  |
| Year Ended 8/31:                             |  |                                 |                           |                                  |
| 2002 (d)                                     | --   | 14.67                           | 14.3900                   | (2.54)                           |
| 2001 (b)                                     | (.12)  | 15.11                           | 15.2100                   | 3.40                             |
|  |  |                                 |                           |                                  |
| CALIFORNIA DIVIDEND<br>ADVANTAGE 3 (NZH)     |  |                                 |                           |                                  |
| -----  |  |                                 |                           |                                  |
| Year Ended 8/31:                             |  |                                 |                           |                                  |

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2002 (c) (.12) 14.11 13.8400 (5.82)

| Ratios/Supplemental Data                  |                                  |   |   |  |
|---|----------------------------------|---|---|--|
| -----                                     |                                  |   |   |  |
| Before Credit/Reimbursemen                |                                  |   |   |  |
| -----                                     |                                  |   |   |  |
|   | Ending<br>Net<br>Assets<br>(000) | Ratio of<br>Expenses<br>to Average<br>Net Assets<br>Applicable<br>to Common<br>Shares++ | Ratio of Net<br>Investment<br>Income to<br>Average<br>Net Assets<br>Applicable<br>to Common<br>Shares++ | Ratio of<br>Expenses<br>to Average<br>Total<br>Net Asset<br>Including<br>Preferred |
| -----                                     |                                  |   |   |  |
| INSURED CALIFORNIA PREMIUM INCOME (NPC)   |                                  |   |   |  |
| -----                                     |                                  |   |   |  |
| Year Ended 8/31:                          |                                  |   |   |  |
| 2002 (d)                                  | \$146,682                        | 1.21%*  | 6.76%*  | .84%*  |
| 2001                                      | 148,068                          | 1.22  | 6.77  | .84  |
| 2000                                      | 141,903                          | 1.25  | 7.65  | .84  |
| 1999                                      | 140,091                          | 1.22  | 6.81  | .85  |
| 1998                                      | 149,478                          | 1.22  | 6.49  | .85  |
| 1997                                      | 143,571                          | 1.25  | 6.96  | .85  |
| INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) |                                  |   |   |  |
| -----                                     |                                  |   |   |  |
| Year Ended 8/31:                          |                                  |   |   |  |
| 2002 (d)                                  | 282,268                          | 1.24*   | 6.85*   | .82*   |
| 2001                                      | 284,633                          | 1.24  | 7.01  | .82  |
| 2000                                      | 272,977                          | 1.28  | 7.65  | .81  |
| 1999                                      | 267,833                          | 1.24  | 6.86  | .82  |
| 1998                                      | 281,399                          | 1.25  | 6.79  | .82  |
| 1997                                      | 271,883                          | 1.28  | 7.24  | .83  |
| CALIFORNIA PREMIUM INCOME (NCU)           |                                  |   |   |  |
| -----                                     |                                  |   |   |  |
| Year Ended 8/31:                          |                                  |   |   |  |
| 2002 (d)                                  | 124,585                          | 1.29*   | 7.11*   | .84*   |
| 2001                                      | 125,067                          | 1.32  | 7.36  | .85  |
| 2000                                      | 119,878                          | 1.38  | 8.09  | .87  |
| 1999                                      | 118,877                          | 1.30  | 7.08  | .85  |
| 1998                                      | 125,066                          | 1.32  | 7.02  | .86  |
| 1997                                      | 120,995                          | 1.34  | 7.47  | .86  |
| CALIFORNIA DIVIDEND ADVANTAGE (NAC)       |                                  |   |   |  |
| -----                                     |                                  |   |   |  |
| Year Ended 8/31:                          |                                  |   |   |  |
| 2002 (d)                                  | 523,621                          | 1.17*   | 6.80*   | .78*   |
| 2001                                      | 529,197                          | 1.19  | 7.03  | .78  |
| 2000                                      | 498,326                          | 1.24  | 7.93  | .78  |
| 1999 (a)                                  | 486,367                          | .93*  | 5.06*   | .73*   |
| CALIFORNIA DIVIDEND                       |                                  |   |   |  |

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ADVANTAGE 2 (NVX)

Year Ended 8/31:

|          |         |       |       |      |
|----------|---------|-------|-------|------|
| 2002 (d) | 326,939 | 1.16* | 6.80* | .77* |
| 2001 (b) | 333,440 | 1.05* | 5.23* | .77* |

CALIFORNIA DIVIDEND  
ADVANTAGE 3 (NZH)

Year Ended 8/31:

|          |         |       |       |      |
|----------|---------|-------|-------|------|
| 2002 (c) | 527,141 | 1.02* | 5.15* | .74* |
|----------|---------|-------|-------|------|

Ratios/Supplemental Data

After Credit/Reimbursement\*\*\*

| Ratio of Expenses to Average Net Assets to Common Shares++ | Ratio of Net Investment Income to Average Net Assets to Common Shares++ | Ratio of Expenses to Average Net Assets Including Preferred++ | Ratio of Net Investment Income to Average Net Assets Including Preferred++ | Portfolio Turnover Rate | Ag Am Ou (0 |
|--|---|---|--|-------------------------|-------------|
|--|---|---|--|-------------------------|-------------|

INSURED CALIFORNIA  
PREMIUM INCOME (NPC)

Year Ended 8/31:

|          |        |        |       |        |     |     |
|----------|--------|--------|-------|--------|-----|-----|
| 2002 (d) | 1.20%* | 6.77%* | .83%* | 4.69%* | 16% | \$4 |
| 2001     | 1.21   | 6.79   | .83   | 4.66   | 21  | 4   |
| 2000     | 1.24   | 7.66   | .83   | 5.13   | 27  | 4   |
| 1999     | 1.22   | 6.82   | .85   | 4.74   | 50  | 4   |
| 1998     | 1.22   | 6.49   | .85   | 4.50   | 2   | 4   |
| 1997     | 1.25   | 6.96   | .85   | 4.74   | 9   | 4   |

INSURED CALIFORNIA  
PREMIUM INCOME 2 (NCL)

Year Ended 8/31:

|          |       |       |      |       |    |    |
|----------|-------|-------|------|-------|----|----|
| 2002 (d) | 1.23* | 6.86* | .82* | 4.55* | 4  | 95 |
| 2001     | 1.24  | 7.02  | .81  | 4.61  | 18 | 95 |
| 2000     | 1.26  | 7.66  | .81  | 4.89  | 26 | 95 |
| 1999     | 1.24  | 6.86  | .82  | 4.53  | 35 | 95 |
| 1998     | 1.25  | 6.79  | .82  | 4.46  | 13 | 95 |
| 1997     | 1.28  | 7.24  | .83  | 4.67  | 24 | 95 |

CALIFORNIA PREMIUM  
INCOME (NCU)

Year Ended 8/31:

|          |       |       |      |       |    |    |
|----------|-------|-------|------|-------|----|----|
| 2002 (d) | 1.27* | 7.13* | .83* | 4.66* | 3  | 43 |
| 2001     | 1.30  | 7.38  | .84  | 4.76  | 18 | 43 |
| 2000     | 1.36  | 8.10  | .86  | 5.10  | 19 | 43 |
| 1999     | 1.30  | 7.08  | .85  | 4.63  | 36 | 43 |
| 1998     | 1.32  | 7.02  | .86  | 4.57  | 21 | 43 |
| 1997     | 1.34  | 7.47  | .86  | 4.76  | 44 | 43 |

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CALIFORNIA DIVIDEND  
ADVANTAGE (NAC)

Year Ended 8/31:

|          |      |       |      |       |    |    |
|----------|------|-------|------|-------|----|----|
| 2002 (d) | .71* | 7.26* | .48* | 4.83* | 14 | 17 |
| 2001     | .72  | 7.50  | .47  | 4.92  | 17 | 17 |
| 2000     | .75  | 8.43  | .47  | 5.30  | 25 | 17 |
| 1999 (a) | .55* | 5.45* | .43* | 4.29* | 8  | 17 |

CALIFORNIA DIVIDEND  
ADVANTAGE 2 (NVX)

Year Ended 8/31:

|          |      |       |      |       |    |    |
|----------|------|-------|------|-------|----|----|
| 2002 (d) | .70* | 7.26* | .46* | 4.82* | 11 | 11 |
| 2001 (b) | .62* | 5.65* | .46* | 4.16* | 40 | 11 |

CALIFORNIA DIVIDEND  
ADVANTAGE 3 (NZH)

Year Ended 8/31:

|          |      |       |      |       |    |    |
|----------|------|-------|------|-------|----|----|
| 2002 (c) | .61* | 5.57* | .44* | 4.05* | 26 | 18 |
|----------|------|-------|------|-------|----|----|

\* Annualized.

\*\* Total Investment Return on Market Value is the combination of reinvested dividend income, reinvested capital gains distributions, if any, and changes in stock price per share. Total Return on Net Asset Value is the combination of reinvested dividend income, reinvested capital gains distributions, if any, and changes in net asset value per share. 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 May 26, 1999 (commencement of operations) through August 31, 1999.

(b) For the period March 27, 2001 (commencement of operations) through August 31, 2001.

(c) For the period September 25, 2001 (commencement of operations) through February 28, 2002.

(d) For the six months ended February 28, 2002.

See accompanying notes to financial statements.

42-43 [SPREAD]

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AUTOMATICALLY

[Sidebar text]

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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.

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HOW SHARES ARE PURCHASED

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

FLEXIBILITY

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.

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INDEPENDENT AUDITORS

Ernst & Young LLP  
Chicago, IL

POLICY NOTICE:

Nuveen California Dividend Advantage Municipal Fund  
Nuveen California Dividend Advantage Municipal Fund 2  
Nuveen California Dividend Advantage Municipal Fund 3

These Funds may not invest, under normal circumstances, less than 80% of their net assets (plus any borrowings for investment purposes) in investments the income from which is exempt from both regular federal and California state income taxes.

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 six-month period ended February 28, 2002. Any future repurchases will be reported to shareholders in the next annual or semiannual report.

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[PHOTO OF JOHN NUVEEN, SR.]

John Nuveen, Sr.

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