

NUVEEN INSURED CALIFORNIA PREMIUM INCOME MUNICIPAL FUND 2 IN  
Form N-CSR  
November 07, 2003

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-7492  
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Nuveen Insured California Premium Income Municipal Fund 2, Inc.  
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(Exact name of registrant as specified in charter)

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

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

(Name and address of agent for service)

Registrant's telephone number, including area code: (312) 917-7700  
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Date of fiscal year end: 8/31/03  
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Date of reporting period: 8/31/03  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

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

ITEM 1. REPORTS TO STOCKHOLDERS.

Nuveen Investments  
Municipal Closed-End  
Exchange-Traded  
Funds

ANNUAL REPORT August 31, 2003

CALIFORNIA

NPC  
NCL  
NCU  
NAC  
NVX  
NZH  
NKL  
NKX

Photo of: 2 men and child walking through the woods.  
Photo of: 2 women and 2 children looking at seashells.

Dependable,  
tax-free income  
because  
it's not what you earn,  
it's what you keep. (R)

Logo: NUVEEN Investments

FASTER INFORMATION  
RECEIVE YOUR  
NUVEEN FUND REPORT  
ELECTRONICALLY

By registering for electronic delivery, you will receive an e-mail as soon as your Nuveen Fund information is available. Click on the link and you will be taken directly to the report. Your Fund report can be viewed and saved on your computer. Your report will arrive faster via e-mail than by traditional mail.

Registering is easy and only takes a few minutes (see instructions at right).

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- 1 Go to [WWW.INVESTORDELIVERY.COM](http://WWW.INVESTORDELIVERY.COM)
- 2 Refer to the address sheet that accompanied this report. Enter the personal 13-CHARACTER ENROLLMENT NUMBER imprinted near your name.
- 3 You'll be taken to a page with several options. Select the NEW ENROLLMENT-CREATE screen. Once there, enter your e-mail address (e.g. [yourID@providerID.com](mailto:yourID@providerID.com)), and a personal, 4-digit PIN number of your choice. (Pick a number that's easy to remember.)
- 4 Click Submit. Confirm the information you just entered is correct, then click Submit again.
- 5 You should get a confirmation e-mail within 24 hours. If you do not, go back through these steps to make sure all the information is correct.
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IF YOUR NUVEEN FUND DIVIDENDS AND STATEMENTS

COME DIRECTLY TO YOU FROM NUVEEN,

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- 1 Go to [WWW.NUVEEN.COM](http://WWW.NUVEEN.COM)
- 2 Select ACCESS YOUR ACCOUNT. Select the E-REPORT ENROLLMENT section. Click on Enrollment Today.
- 3 You'll be taken to a screen that asks for your Social Security number and e-mail address. Fill in this information, then click Enroll.
- 4 You should get a confirmation e-mail within 24 hours. If you do not, go back through these steps to make sure all the information is correct.
- 5 Use this same process if you need to change your registration information or cancel internet viewing.

Logo: NUVEEN Investments

Photo of: Timothy R. Schwertfeger

Chairman of the Board

Sidebar text: "WHILE NO ONE KNOWS WHAT THE FUTURE WILL BRING, WE THINK A WELL-BALANCED PORTFOLIO . . . . IS AN IMPORTANT COMPONENT IN ACHIEVING YOUR LONG-TERM FINANCIAL GOALS."

Dear

SHAREHOLDER

Once again, I am pleased to report that over the most recent reporting period your California Fund continued to provide you with attractive tax-free monthly income and the opportunity for increased portfolio diversification. For more specific information about the performance of your Fund, please see the Portfolio Managers' Comments and Performance Overview sections of this report.

With interest rates at historically low levels, many investors have begun to wonder whether interest rates will rise, and whether that possibility should cause them to adjust their fixed-income holdings. While no one knows what the future will bring, we think a well-balanced portfolio that is structured and carefully monitored with the help of an investment professional is an important component in achieving your long-term financial goals. A well-diversified portfolio may actually help to reduce your overall investment risk. We believe municipal bond investments like your Nuveen Fund can be important building blocks in a portfolio crafted to perform well through a variety of market conditions.

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

Since 1898, Nuveen Investments has offered financial products and solutions that incorporate careful research, diversification, and the application of conservative risk-management principles. We are grateful that you have chosen us as a partner as you pursue your financial goals. We look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

October 15, 2003

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

Portfolio Managers'  
COMMENTS

Portfolio managers Tom O'Shaughnessy, Bill Fitzgerald, and Scott Romans discuss economic and market conditions, key investment strategies, and the annual performance of the Funds. Tom, a 20-year veteran of Nuveen, assumed portfolio management responsibility for NPC and NCL in January 2003. With 15 years of

investment experience at Nuveen, Bill has managed NCU since 1998, NAC since 1999, NVX and NZH since 2001, and NKL and NKX since their inceptions in 2002. Scott, who has three years of investment experience at Nuveen, joined Bill in managing these six Funds in January 2003.

WHAT FACTORS AFFECTED THE U.S. ECONOMY AND MUNICIPAL MARKET DURING THE TWELVE MONTH PERIOD ENDED AUGUST 31, 2003?

As has been the case for some time, we believe the two greatest influences on the general economy and the municipal market continued to be historically low interest rates and the slow pace of economic growth. In June 2003, the Federal Reserve cut the fed funds rate to 1.0%, its lowest level since 1958. Growth during the first half of 2003, as measured by the GDP, registered 2.3%, lagging the 3% pace considered by many to be indicative of recovery. At the same time, inflation remained dormant, with the 12-month advance in the core rate dropping to 1.3% in August.

The slow rate of economic recovery, low interest rates, and lack of inflationary pressures created conditions that helped many municipal bonds perform well during the majority of this reporting period. However, during July 2003, stronger-than-expected economic data precipitated a spike in bond yields and a corresponding drop in bond prices that impacted results across all fixed-income markets.

During the first eight months of 2003, the states and municipalities followed up the record issuance of 2002 with continued strong supply, issuing \$254 billion in new bonds, up 12.5% over the same period in 2002.

HOW WERE ECONOMIC AND MARKET CONDITIONS IN CALIFORNIA?

Over the 12-months ended August 31, 2003, California continued to struggle with significant budget problems and political uncertainty. On July 29, 2003, nearly a month into its 2004 fiscal year, the state budget was finally approved, closing a \$38 billion deficit. Due to the heavy reliance on borrowing and one-time measures to balance the fiscal 2004 budget, California is expected to face an additional \$8 billion deficit in fiscal 2005. The governor recall election added further uncertainty to California's outlook during the reporting period.

While employment and real estate values remained relatively stable in Southern California, the San Francisco area continued to be the state's weak spot, suffering from lingering effects of the technology downturn. Although some economic data provided a glimmer of hope for the state's tech-related jobs, the consensus was that any meaningful improvement in California's employment market, especially technology, was not expected until 2004.

During the first eight months of 2003, municipal new issue supply in the state totaled \$42 billion, up 56% over the same period in 2002. However, the delays in budget approval, the size of the deficit, and the uncertainty created by the recall effort also led to several downgrades of California's general obligation debt over the twelve months ended August 31, 2003. In December 2002, Standard & Poor's cut the state's credit rating to A from A+, while Moody's followed suit in February 2003, lowering the rating to A2. In July 2003, Moody's and S&P again downgraded the state, to A3/BBB from A2/A, respectively.

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HOW DID THE NUVEEN CALIFORNIA FUNDS PERFORM OVER THIS REPORTING PERIOD?

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

|     | MARKET YIELD |                         | TOTAL RETURN<br>ON NAV     | LEHMAN<br>CALIFORNIA<br>TOTAL RETURN1 | LIPPER<br>CALIFORNIA<br>AVERAGE2 |
|-----|--------------|-------------------------|----------------------------|---------------------------------------|----------------------------------|
|     | 8/31/03      | TAXABLE-<br>EQUIVALENT3 | 1 YEAR<br>ENDED<br>8/31/03 | 1 YEAR<br>ENDED<br>8/31/03            | 1 YEAR<br>ENDED<br>8/31/03       |
| NPC | 6.05%        | 9.24%                   | 2.82%                      | 2.65%                                 | 1.88%                            |
| NCL | 6.37%        | 9.73%                   | 2.71%                      | 2.65%                                 | 1.88%                            |
| NCU | 6.73%        | 10.27%                  | 0.69%                      | 2.00%                                 | 1.14%                            |
| NAC | 6.71%        | 10.24%                  | 3.37%                      | 2.00%                                 | 1.14%                            |
| NVX | 6.80%        | 10.38%                  | 2.16%                      | 2.00%                                 | 1.14%                            |
| NZH | 6.80%        | 10.38%                  | 1.68%                      | 2.00%                                 | 1.14%                            |
| NKL | 6.51%        | 9.94%                   | 2.70%                      | 2.65%                                 | 1.88%                            |
| NKX | 6.68%        | 10.20%                  | NA                         | --                                    | --                               |

Past performance is not predictive of future results.

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

For the 12-months ended August 31, 2003, all of the Funds in this report with at least one year of performance history (with the exception of NCU) outperformed their respective Lipper peer group averages. In addition, NPC, NCL, and NKL also outperformed the unleveraged Lehman Brothers California Insured Tax-Exempt Bond Index, and NAC and NVX outperformed the Lehman California index, with NZH lagging the uninsured index by a small margin.

In general over this period, the performance of most of the Funds were helped by longer durations.<sup>4</sup> During periods of declining interest rates, such as that we experienced over the majority of the past reporting period, investments with longer durations generally would have been expected to outperform those with shorter durations. However, as bond yields jumped higher in late June and July, longer durations worked to hamper the Funds' performances, especially in NZH. Another factor in the performance of these Funds in comparison with the Lehman California indexes over this period was their use of leverage, a strategy that can provide the opportunity for additional income for common shareholders, especially during periods of low short-term interest rates.

In addition to duration and leverage, factors such as call exposure, portfolio trading activity, and the price movement of specific sectors and holdings also had an impact on the Funds' performances during this period. For example, all four of the uninsured Funds held bonds backed by the 1998 master tobacco settlement agreement. Over the year ended August 31, 2003, the prices of these bonds weakened. The negative returns affected the NCU, NVX, and NZH in particular. NAC was protected to a degree from these declines by its relatively lower exposure to this sector. In recent months, tobacco bonds have shown some

recovery. Our strategy continues to be one of maintaining these holdings while regularly evaluating the situation.

- 1 The total annual returns on common share net asset value (NAV) for the insured NPC, NCL, and NKL are compared with the total annual return of the Lehman Brothers California Insured Tax-Exempt Bond Index, an unleveraged, unmanaged index comprising a broad range of insured California municipal bonds, while annual returns for the uninsured NCU, NAC, NVX, and NZH are compared with the total annual return of the Lehman California Tax-Exempt Bond Index, an unleveraged, unmanaged 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 the insured California Funds are compared with the average annualized return of the 10 funds in the Lipper California Insured Municipal Debt Funds category, while the total returns of the uninsured California Funds are compared with the return of the 28 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 other than an alternative investment that generates qualified dividend income that is taxable at the maximum rate of 15%, 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 income tax rate of 34.5%.
- 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.

3

NCU also held bonds issued for Downey Community Hospital, which declined following a downgrade to BB+ from BBB+ by Standard & Poor's in February 2003 due to poor management of managed care and physician contracts. Although the hospital had been slow to respond to declining operations, the downgrade spurred management to make staff changes and implement operating improvements. We continue to hold these bonds based on our belief that the S&P rating is too low and that the hospital has sufficient balance-sheet liquidity to provide time and resources for a turnaround. NCU's performance over this period was also negatively impacted by the Fund's need to reinvest called bond proceeds at today's relatively lower interest rates.

#### HOW DID THE MARKET ENVIRONMENT AFFECT THE FUNDS' DIVIDENDS AND SHARE PRICES?

With short-term interest rates remaining at historically low levels, the dividend-payment capabilities of the Funds benefited from their use of leverage. During the 12-months ended August 31, 2003, the continued low level of short-term rates enabled us to implement two dividend increases in NPC, NCL, and NAC and one each in NCU and NVX. Leverage also helped to support the dividends of NZH and NKL, which, as of August 2003, had paid shareholders dependable, attractive dividends for 22 and 16 consecutive months, respectively. NKX, which

was introduced in November 2002, declared its first dividend in January 2003 and continued to pay steady dividends over the course of this reporting period.

Although the share prices and net asset values of these Funds generally performed well during much of this 12-month reporting period, increased volatility in the fixed-income markets during the summer of 2003 as well as continued budgetary and political turmoil in California led to an overall weakening of prices. While we began to see some recovery in August as municipal supply thinned somewhat, the Funds' share prices and NAVs finished this reporting period lower than they had been at the beginning. As of August 31, 2003, all of the Funds with at least one year of history continued to trade at discounts to their common share NAVs, while NKX had moved to trading at a slight discount (see charts on individual Performance Overview pages).

WHAT KEY STRATEGIES WERE USED TO MANAGE THESE FUNDS DURING THE FISCAL YEAR ENDED AUGUST 31, 2003?

Over this 12-month period, we continued to place strong emphasis on diversifying the portfolios, improving call protection, and enhancing dividend-paying capabilities. One of our key strategies focused on managing the Funds' durations in order to enhance our ability to mitigate interest rate risk and produce potentially more consistent returns over time. Interest rate risk is the risk that the value of a Fund's portfolio will decline when market interest rates rise. The longer the duration of a Fund's portfolio, the greater its interest rate risk. Over the course of the reporting period, we concentrated on finding value in the intermediate part of the yield curve.

In NKL and NKX, which were introduced in 2002, we expanded our search further out on the yield curve to find additional bonds that would help to support the dividends of the two newest Funds. This has resulted in longer durations for both NKL (15.13) and NKX (16.98). Over the past few months, we have been swapping bonds with the goal of maintaining the yields of these Funds while reducing their durations.

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Over the six months ended August 31, 2003, another key strategy centered on selling or purchasing California general obligation bonds (GOs) to take advantage of general market moves. In early spring 2003, the yield differential between California GOs and national AAA credits with similar maturities had narrowed to 35-40 basis points. We believed this made California GOs relatively expensive and we largely moved the Funds out of positions in California GOs. By June 2003, as the state's budget process stalled and the recall movement gathered strength, the yield differential had widened, and we began buying California GOs. Following the approval of the fiscal 2004 budget at the end of July 2003, California GOs rallied on a relative basis. As the yield spread with national bonds once again narrowed, we began to sell some of these GO positions at what we believed were attractive prices.

WHAT IS YOUR OUTLOOK FOR THE BOND CALLS FOR THESE FUNDS?

The five newer Funds will not experience any significant call exposure for several years, with potential call exposure during 2003 and 2004 ranging from zero in NVX to 5% in NKX. During this reporting period, we worked to mitigate the call risk of the three older Funds, especially NCL and NCU, which marked their 10-year anniversaries in 2003, a point in a Fund's life cycle often associated with increased bond calls. As of August 31, 2003, NPC's potential

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call exposure through 2004 was 12%, while NCL and NCU faced potential calls on 13% and 17% of their portfolios, respectively. The number of actual calls in these Funds will depend largely on market interest rates in coming months.

In general, we believe that these Nuveen Funds can continue to serve as attractive sources of tax-free income, while simultaneously offering the potential for considerable portfolio diversification. In our opinion, these Funds represent a quality component of a well-balanced core investment portfolio that can continue to benefit shareholders over time.

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Nuveen Insured California Premium Income Municipal Fund, Inc.

Performance

OVERVIEW As of August 31, 2003

NPC

Pie Chart:

CREDIT QUALITY

|                             |     |
|-----------------------------|-----|
| Insured                     | 79% |
| Insured and U.S. Guaranteed | 4%  |
| U.S. Guaranteed             | 17% |

PORTFOLIO STATISTICS

|  |           |
|--|-----------|
| Share Price  | \$15.07   |
| Common Share Net Asset Value   | \$15.59   |
| Market Yield   | 6.05%     |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup>           | 8.40%     |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate) <sup>1</sup> | 9.24%     |
| Net Assets Applicable to<br>Common Shares (\$000)                            | \$100,427 |
| Average Effective Maturity (Years)   | 19.77     |
| Leverage-Adjusted Duration   | 10.95     |

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

|        | ON SHARE PRICE | ON NAV |
|--------|----------------|--------|
| 1-Year | 1.55%          | 2.82%  |
| 5-Year | 4.86%          | 4.98%  |

|         |       |       |
|---------|-------|-------|
| 10-Year | 5.74% | 6.01% |
|---------|-------|-------|

TOP FIVE SECTORS (as a % of total investments)

|                        |     |
|------------------------|-----|
| Tax Obligation/General | 21% |
| U.S. Guaranteed        | 21% |
| Water and Sewer        | 20% |
| Utilities              | 12% |
| Tax Obligation/Limited | 11% |

Bar Chart:

2002-2003 MONTHLY TAX-FREE DIVIDENDS PER SHARE<sup>2</sup>

|     |        |
|-----|--------|
| Sep | 0.0735 |
| Oct | 0.0735 |
| Nov | 0.0735 |
| Dec | 0.0745 |
| Jan | 0.0745 |
| Feb | 0.0745 |
| Mar | 0.076  |
| Apr | 0.076  |
| May | 0.076  |
| Jun | 0.076  |
| Jul | 0.076  |
| Aug | 0.076  |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

|        |       |
|--------|-------|
| 9/1/02 | 16.09 |
|        | 16.21 |
|        | 16.26 |
|        | 16.45 |
|        | 16.35 |
|        | 16.29 |
|        | 15.49 |
|        | 15    |
|        | 15.3  |
|        | 15.15 |
|        | 15.1  |
|        | 15    |
|        | 15    |
|        | 15.4  |
|        | 15.27 |
|        | 15.46 |
|        | 15.72 |
|        | 15.66 |
|        | 15.35 |
|        | 15.3  |
|        | 15.8  |
|        | 15.86 |
|        | 15.95 |

|         |       |
|---------|-------|
|         | 15.88 |
|         | 15.71 |
|         | 15.8  |
|         | 15.9  |
|         | 16.25 |
|         | 15.67 |
|         | 15.91 |
|         | 16    |
|         | 15.85 |
|         | 16.1  |
|         | 15.82 |
|         | 16.25 |
|         | 16.39 |
|         | 16.42 |
|         | 16.6  |
|         | 16.75 |
|         | 16.35 |
|         | 16.2  |
|         | 16.27 |
|         | 15.9  |
|         | 15.25 |
|         | 14.55 |
|         | 15.03 |
|         | 14.85 |
|         | 14.81 |
| 8/31/03 | 15.07 |

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 28%. 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 34.5%.

2 The Fund also paid shareholders capital gains and net ordinary income distributions in December 2002 of \$0.1419 per share.

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Nuveen Insured California Premium Income Municipal Fund 2, Inc.

Performance

OVERVIEW As of August 31, 2003

NCL

Pie Chart:

CREDIT QUALITY

|                             |     |
|-----------------------------|-----|
| Insured                     | 87% |
| Insured and U.S. Guaranteed | 10% |
| U.S. Guaranteed             | 3%  |

PORTFOLIO STATISTICS

-----  
Share Price \$14.32

|  |           |
|--|-----------|
| Common Share Net Asset Value   | \$14.60   |
| Market Yield   | 6.37%     |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup>           | 8.85%     |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate) <sup>1</sup> | 9.73%     |
| Net Assets Applicable to<br>Common Shares (\$000)                            | \$185,181 |
| Average Effective Maturity (Years)   | 17.32     |
| Leverage-Adjusted Duration   | 8.99      |

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

|         | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year  | 2.69%          | 2.71%  |
| 5-Year  | 5.16%          | 5.50%  |
| 10-Year | 5.62%          | 5.85%  |

TOP FIVE SECTORS (as a % of total investments)

|                                   |     |
|-----------------------------------|-----|
| Tax Obligation/Limited            | 31% |
| Tax Obligation/General            | 15% |
| U.S. Guaranteed                   | 13% |
| Water and Sewer                   | 12% |
| Education and Civic Organizations | 8%  |

Bar Chart:

2002-2003 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |        |
|-----|--------|
| Sep | 0.0725 |
| Oct | 0.0725 |
| Nov | 0.0725 |
| Dec | 0.0735 |
| Jan | 0.0735 |
| Feb | 0.0735 |
| Mar | 0.076  |
| Apr | 0.076  |
| May | 0.076  |
| Jun | 0.076  |
| Jul | 0.076  |
| Aug | 0.076  |

Line Chart:

SHARE PRICE PERFORMANCE

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Weekly Closing Price

Past performance is not predictive of future results.

|         |       |
|---------|-------|
| 9/1/02  | 15.05 |
|         | 15.22 |
|         | 15.26 |
|         | 15.74 |
|         | 15.67 |
|         | 15.58 |
|         | 15    |
|         | 14.48 |
|         | 14.43 |
|         | 14.71 |
|         | 14.52 |
|         | 14.55 |
|         | 14.51 |
|         | 14.73 |
|         | 14.55 |
|         | 14.62 |
|         | 14.99 |
|         | 15.21 |
|         | 14.93 |
|         | 14.86 |
|         | 14.91 |
|         | 15.03 |
|         | 14.93 |
|         | 14.9  |
|         | 15.25 |
|         | 15    |
|         | 15.3  |
|         | 15.2  |
|         | 14.99 |
|         | 15.14 |
|         | 15.18 |
|         | 15.2  |
|         | 15.41 |
|         | 15.48 |
|         | 15.43 |
|         | 15.65 |
|         | 15.51 |
|         | 15.77 |
|         | 16.35 |
|         | 15.75 |
|         | 15.5  |
|         | 15.52 |
|         | 15.28 |
|         | 14.71 |
|         | 14.37 |
|         | 14.42 |
|         | 14.36 |
|         | 14.29 |
| 8/31/03 | 14.32 |

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 28%. 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 34.5%.

Nuveen California Premium Income Municipal Fund

Performance

OVERVIEW As of August 31, 2003

NCU

Pie Chart:

CREDIT QUALITY

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 61% |
| AA                  | 6%  |
| A                   | 12% |
| BBB                 | 10% |
| NR                  | 4%  |
| BB or lower         | 7%  |

PORTFOLIO STATISTICS

|  |          |
|--|----------|
| Share Price  | \$13.02  |
| Common Share Net Asset Value   | \$13.66  |
| Market Yield   | 6.73%    |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup>           | 9.35%    |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate) <sup>1</sup> | 10.27%   |
| Net Assets Applicable to<br>Common Shares (\$000)                            | \$78,859 |
| Average Effective Maturity (Years)   | 17.29    |
| Leverage-Adjusted Duration   | 11.87    |

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

|         | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year  | -0.91%         | 0.69%  |
| 5-Year  | 4.59%          | 5.09%  |
| 10-Year | 4.85%          | 5.46%  |

TOP FIVE SECTORS (as a % of total investments)

|                        |     |
|------------------------|-----|
| Tax Obligation/Limited | 26% |
| Healthcare             | 15% |

|                        |     |
|------------------------|-----|
| Tax Obligation/General | 12% |
| Housing/Multifamily    | 11% |
| Water and Sewer        | 8%  |

Bar Chart:

2002-2003 MONTHLY TAX-FREE DIVIDENDS PER SHARE<sup>2</sup>

|     |        |
|-----|--------|
| Sep | 0.0715 |
| Oct | 0.0715 |
| Nov | 0.0715 |
| Dec | 0.0715 |
| Jan | 0.0715 |
| Feb | 0.0715 |
| Mar | 0.073  |
| Apr | 0.073  |
| May | 0.073  |
| Jun | 0.073  |
| Jul | 0.073  |
| Aug | 0.073  |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

|        |       |
|--------|-------|
| 9/1/02 | 14.17 |
|        | 14.47 |
|        | 14.4  |
|        | 14.54 |
|        | 14.9  |
|        | 14.75 |
|        | 13.8  |
|        | 13.56 |
|        | 13.65 |
|        | 13.82 |
|        | 13.64 |
|        | 13.93 |
|        | 13.72 |
|        | 13.85 |
|        | 13.7  |
|        | 13.59 |
|        | 13.95 |
|        | 14.05 |
|        | 14.05 |
|        | 13.75 |
|        | 13.67 |
|        | 13.31 |
|        | 13.48 |
|        | 13.3  |
|        | 13.4  |
|        | 13.35 |
|        | 13.55 |
|        | 13.48 |
|        | 13.19 |
|        | 13.47 |
|        | 13.47 |
|        | 13.47 |
|        | 13.5  |

|         |       |
|---------|-------|
|         | 13.51 |
|         | 13.78 |
|         | 13.85 |
|         | 14.09 |
|         | 14.35 |
|         | 14.6  |
|         | 14.47 |
|         | 14.29 |
|         | 14.37 |
|         | 14.24 |
|         | 13.65 |
|         | 13.1  |
|         | 13.08 |
|         | 12.8  |
|         | 12.91 |
| 8/31/03 | 13.02 |

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 28%. 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 34.5%.

2 The Fund also paid shareholders a net ordinary income distribution in December 2002 of \$0.0065 per share.

8

Nuveen California Dividend Advantage Municipal Fund

Performance

OVERVIEW As of August 31, 2003

NAC

Pie Chart:

CREDIT QUALITY

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 52% |
| AA                  | 6%  |
| A                   | 16% |
| BBB                 | 19% |
| NR                  | 7%  |

PORTFOLIO STATISTICS

|                              |         |
|------------------------------|---------|
| Share Price                  | \$14.30 |
| Common Share Net Asset Value | \$14.82 |
| Market Yield                 | 6.71%   |
| Taxable-Equivalent Yield     |         |

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|   |           |
|---|-----------|
| (Federal Income Tax Rate) <sup>1</sup>            | 9.32%     |
| -----   |           |
| Taxable-Equivalent Yield                          |           |
| (Federal and State Income Tax Rate) <sup>1</sup>  | 10.24%    |
| -----   |           |
| Net Assets Applicable to<br>Common Shares (\$000) | \$346,918 |
| -----   |           |
| Average Effective Maturity (Years)                | 18.97     |
| -----   |           |
| Leverage-Adjusted Duration                        | 11.03     |
| -----   |           |

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

|                 | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| -----           |                |        |
| 1-Year          | 4.79%          | 3.37%  |
| -----           |                |        |
| Since Inception | 5.06%          | 6.94%  |
| -----           |                |        |

TOP FIVE SECTORS (as a % of total investments)

|                        |     |
|------------------------|-----|
| Tax Obligation/Limited | 24% |
| -----                  |     |
| Tax Obligation/General | 14% |
| -----                  |     |
| Transportation         | 14% |
| -----                  |     |
| Housing/Multifamily    | 10% |
| -----                  |     |
| Healthcare             | 9%  |
| -----                  |     |

Bar Chart:

2002-2003 MONTHLY TAX-FREE DIVIDENDS PER SHARE

|     |        |
|-----|--------|
| Sep | 0.0755 |
| Oct | 0.0755 |
| Nov | 0.0755 |
| Dec | 0.077  |
| Jan | 0.077  |
| Feb | 0.077  |
| Mar | 0.08   |
| Apr | 0.08   |
| May | 0.08   |
| Jun | 0.08   |
| Jul | 0.08   |
| Aug | 0.08   |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

|        |       |
|--------|-------|
| 9/1/02 | 14.88 |
|        | 15    |
|        | 14.83 |
|        | 14.95 |
|        | 14.99 |
|        | 14.89 |

|         |       |
|---------|-------|
|         | 14.4  |
|         | 14.33 |
|         | 14.3  |
|         | 14.35 |
|         | 14.12 |
|         | 13.98 |
|         | 14.16 |
|         | 14.37 |
|         | 14.17 |
|         | 14.41 |
|         | 14.55 |
|         | 14.67 |
|         | 14.3  |
|         | 14.1  |
|         | 14.04 |
|         | 14.11 |
|         | 14.35 |
|         | 14.07 |
|         | 14.09 |
|         | 14.11 |
|         | 14.32 |
|         | 14.29 |
|         | 14.08 |
|         | 14.3  |
|         | 14.34 |
|         | 14.35 |
|         | 14.4  |
|         | 14.62 |
|         | 14.89 |
|         | 15.04 |
|         | 15.35 |
|         | 15.66 |
|         | 15.89 |
|         | 15.69 |
|         | 15.44 |
|         | 15.49 |
|         | 15.2  |
|         | 14.6  |
|         | 14.07 |
|         | 14.36 |
|         | 14.36 |
|         | 14.06 |
| 8/31/03 | 14.3  |

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 28%. 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 34.5%.

NVX

Pie Chart:

CREDIT QUALITY

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 72% |
| A                   | 11% |
| BBB                 | 11% |
| NR                  | 6%  |

PORTFOLIO STATISTICS

|  |           |
|--|-----------|
| Share Price  | \$13.24   |
| Common Share Net Asset Value                                     | \$14.18   |
| Market Yield   | 6.80%     |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate)1           | 9.44%     |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate)1 | 10.38%    |
| Net Assets Applicable to<br>Common Shares (\$000)                | \$209,722 |
| Average Effective Maturity (Years)                               | 20.34     |
| Leverage-Adjusted Duration                                       | 12.41     |

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

|                 | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year          | -0.95%         | 2.16%  |
| Since Inception | 0.88%          | 5.61%  |

TOP FIVE SECTORS (as a % of total investments)

|                                   |     |
|-----------------------------------|-----|
| Tax Obligation/Limited            | 29% |
| Tax Obligation/General            | 20% |
| Education and Civic Organizations | 13% |
| Water and Sewer                   | 8%  |
| Healthcare                        | 8%  |

Bar Chart:

2002-2003 MONTHLY TAX-FREE DIVIDENDS PER SHARE<sup>2</sup>

Edgar Filing: NUVEEN INSURED CALIFORNIA PREMIUM INCOME MUNICIPAL FUND 2 IN - Form N-CSR

|     |       |
|-----|-------|
| Sep | 0.074 |
| Oct | 0.074 |
| Nov | 0.074 |
| Dec | 0.074 |
| Jan | 0.074 |
| Feb | 0.074 |
| Mar | 0.074 |
| Apr | 0.074 |
| May | 0.074 |
| Jun | 0.075 |
| Jul | 0.075 |
| Aug | 0.075 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

|        |       |
|--------|-------|
| 9/1/02 | 14.62 |
|        | 14.64 |
|        | 14.46 |
|        | 14.63 |
|        | 14.87 |
|        | 14.45 |
|        | 13.95 |
|        | 13.74 |
|        | 13.8  |
|        | 14.2  |
|        | 13.68 |
|        | 13.54 |
|        | 13.74 |
|        | 13.75 |
|        | 13.36 |
|        | 13.32 |
|        | 13.73 |
|        | 13.75 |
|        | 13.42 |
|        | 13.44 |
|        | 13.49 |
|        | 13.64 |
|        | 13.47 |
|        | 13.51 |
|        | 13.58 |
|        | 13.59 |
|        | 13.63 |
|        | 13.65 |
|        | 13.4  |
|        | 13.44 |
|        | 13.56 |
|        | 13.55 |
|        | 13.7  |
|        | 13.91 |
|        | 14.06 |
|        | 14.04 |
|        | 14.42 |
|        | 14.72 |
|        | 14.8  |
|        | 14.52 |
|        | 14.52 |
|        | 14.71 |
|        | 14.35 |
|        | 13.97 |

|         |       |
|---------|-------|
|         | 13.03 |
|         | 13.4  |
|         | 13.19 |
|         | 13.17 |
| 8/31/03 | 13.24 |

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 28%. 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 34.5%.

2 The Fund also paid shareholders capital gains and net ordinary income distributions in December 2002 of \$0.0291 per share.

10

Nuveen California Dividend Advantage Municipal Fund 3

Performance

OVERVIEW As of August 31, 2003

NZH

Pie Chart:

CREDIT QUALITY

|                     |     |
|---------------------|-----|
| AAA/U.S. Guaranteed | 71% |
| AA                  | 1%  |
| A                   | 10% |
| BBB                 | 12% |
| NR                  | 6%  |

PORTFOLIO STATISTICS

|  |           |
|--|-----------|
| Share Price  | \$12.71   |
| Common Share Net Asset Value   | \$13.72   |
| Market Yield   | 6.80%     |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate) <sup>1</sup>           | 9.44%     |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate) <sup>1</sup> | 10.38%    |
| Net Assets Applicable to<br>Common Shares (\$000)                            | \$330,829 |
| Average Effective Maturity (Years)   | 19.88     |

-----  
 Leverage-Adjusted Duration 14.96  
 -----

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

|                 | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year          | -3.20%         | 1.68%  |
| Since Inception | -2.53%         | 3.61%  |

TOP FIVE SECTORS (as a % of total investments)

|                        |     |
|------------------------|-----|
| Tax Obligation/Limited | 30% |
| Tax Obligation/General | 21% |
| Water and Sewer        | 11% |
| Healthcare             | 8%  |
| Utilities              | 8%  |

Bar Chart:

2002-2003 MONTHLY TAX-FREE DIVIDENDS PER SHARE

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

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

|        |       |
|--------|-------|
| 9/1/02 | 14.13 |
|        | 14.23 |
|        | 14.08 |
|        | 14    |
|        | 14.25 |
|        | 13.94 |
|        | 13.45 |
|        | 13.31 |
|        | 13.7  |
|        | 13.64 |
|        | 13.35 |
|        | 13.26 |
|        | 13.3  |
|        | 13.37 |
|        | 13.02 |

|         |       |
|---------|-------|
|         | 13.1  |
|         | 13.12 |
|         | 13.5  |
|         | 13.14 |
|         | 13.05 |
|         | 13.07 |
|         | 13.2  |
|         | 13.15 |
|         | 13    |
|         | 13.04 |
|         | 13.14 |
|         | 13.07 |
|         | 13.18 |
|         | 13    |
|         | 13.2  |
|         | 13.21 |
|         | 13.12 |
|         | 13.23 |
|         | 13.3  |
|         | 13.63 |
|         | 13.7  |
|         | 13.97 |
|         | 14.24 |
|         | 14.39 |
|         | 13.92 |
|         | 14.02 |
|         | 14.2  |
|         | 14.15 |
|         | 13.42 |
|         | 12.89 |
|         | 13.16 |
|         | 12.68 |
|         | 12.71 |
| 8/31/03 | 12.71 |

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 28%. 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 34.5%.

11

Nuveen Insured California Dividend Advantage Municipal Fund

Performance

OVERVIEW As of August 31, 2003

NKL

Pie Chart:

CREDIT QUALITY

|                 |     |
|-----------------|-----|
| Insured         | 82% |
| AAA (uninsured) | 1%  |

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|                 |    |
|-----------------|----|
| AA (uninsured)  | 4% |
| A (uninsured)   | 8% |
| BBB (uninsured) | 5% |

PORTFOLIO STATISTICS

|  |           |
|--|-----------|
| Share Price  | \$14.00   |
| Common Share Net Asset Value                                     | \$14.60   |
| Market Yield   | 6.51%     |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate)1           | 9.04%     |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate)1 | 9.94%     |
| Net Assets Applicable to<br>Common Shares (\$000)                | \$222,751 |
| Average Effective Maturity (Years)                               | 22.77     |
| Leverage-Adjusted Duration                                       | 15.13     |

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

|                 | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year          | -0.35%         | 2.70%  |
| Since Inception | 1.18%          | 7.37%  |

TOP FIVE SECTORS (as a % of total investments)

|                                   |     |
|-----------------------------------|-----|
| Tax Obligation/Limited            | 27% |
| Tax Obligation/General            | 25% |
| Utilities                         | 15% |
| Water and Sewer                   | 12% |
| Education and Civic Organizations | 7%  |

Bar Chart:

2002-2003 MONTHLY TAX-FREE DIVIDENDS PER SHARE<sup>2</sup>

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

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|     |       |
|-----|-------|
| Jul | 0.076 |
| Aug | 0.076 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

|         |       |
|---------|-------|
| 9/1/02  | 15.14 |
|         | 15.25 |
|         | 15.05 |
|         | 15.32 |
|         | 15.25 |
|         | 15.17 |
|         | 14.3  |
|         | 14.2  |
|         | 14.64 |
|         | 14.59 |
|         | 14.6  |
|         | 14.63 |
|         | 14.7  |
|         | 14.8  |
|         | 14.31 |
|         | 14.3  |
|         | 14.3  |
|         | 14.45 |
|         | 14.6  |
|         | 14.24 |
|         | 14.3  |
|         | 14.45 |
|         | 14.59 |
|         | 14.4  |
|         | 14.6  |
|         | 14.68 |
|         | 14.84 |
|         | 14.8  |
|         | 14.55 |
|         | 14.4  |
|         | 14.4  |
|         | 14.71 |
|         | 14.75 |
|         | 14.85 |
|         | 15    |
|         | 15    |
|         | 15.18 |
|         | 15.47 |
|         | 15.37 |
|         | 15.38 |
|         | 15.27 |
|         | 15.25 |
|         | 15.02 |
|         | 14.36 |
|         | 13.8  |
|         | 13.9  |
|         | 13.71 |
|         | 13.91 |
| 8/31/03 | 14    |

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

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calculated using the current market yield and a federal income tax rate of 28%. 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 34.5%.

2 The Fund also paid shareholders a capital gains distribution in December 2002 of \$0.0515 per share.

12

Nuveen Insured California Tax-Free Advantage Municipal Fund

Performance

OVERVIEW As of August 31, 2003

NKX

Pie Chart:

|                 |     |
|-----------------|-----|
| CREDIT QUALITY  |     |
| Insured         | 84% |
| A (uninsured)   | 10% |
| BBB (uninsured) | 6%  |

PORTFOLIO STATISTICS

|  |          |
|--|----------|
| Share Price  | \$13.56  |
| Common Share Net Asset Value                                     | \$13.79  |
| Market Yield   | 6.68%    |
| Taxable-Equivalent Yield<br>(Federal Income Tax Rate)1           | 9.28%    |
| Taxable-Equivalent Yield<br>(Federal and State Income Tax Rate)1 | 10.20%   |
| Net Assets Applicable to<br>Common Shares (\$000)                | \$81,141 |
| Average Effective Maturity (Years)                               | 22.97    |
| Leverage-Adjusted Duration                                       | 16.98    |

CUMULATIVE TOTAL RETURN (Inception 11/21/02)

|                 |                |        |
|-----------------|----------------|--------|
|                 | ON SHARE PRICE | ON NAV |
| Since Inception | -5.79%         | 0.34%  |

TOP FIVE SECTORS (as a % of total investments)

|                        |     |
|------------------------|-----|
| Tax Obligation/Limited | 37% |
|------------------------|-----|

|                        |     |
|------------------------|-----|
| Tax Obligation/General | 28% |
| Transportation         | 14% |
| Healthcare             | 9%  |
| Water and Sewer        | 6%  |

Bar Chart:

2002-2003 MONTHLY TAX-FREE DIVIDENDS PER SHARE2

|     |        |
|-----|--------|
| Jan | 0.0755 |
| Feb | 0.0755 |
| Mar | 0.0755 |
| Apr | 0.0755 |
| May | 0.0755 |
| Jun | 0.0755 |
| Jul | 0.0755 |
| Aug | 0.0755 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

|          |       |
|----------|-------|
| 11/22/02 | 15.1  |
|          | 15.05 |
|          | 15    |
|          | 15    |
|          | 15    |
|          | 14.94 |
|          | 14.85 |
|          | 14.9  |
|          | 14.9  |
|          | 14.75 |
|          | 14.7  |
|          | 14.2  |
|          | 14.28 |
|          | 14.6  |
|          | 14.8  |
|          | 14.28 |
|          | 14.3  |
|          | 14.3  |
|          | 14.89 |
|          | 14.7  |
|          | 14.76 |
|          | 14.85 |
|          | 14.82 |
|          | 14.78 |
|          | 15.15 |
|          | 15.45 |
|          | 15.95 |
|          | 15.19 |
|          | 15.02 |
|          | 15.5  |
|          | 15.3  |
|          | 15.06 |
|          | 14.2  |
|          | 14.45 |
|          | 14.08 |

8/31/03

13.85  
13.56

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 28%. 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 34.5%.

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Report of  
INDEPENDENT AUDITORS

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

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Nuveen Insured California Premium Income Municipal Fund, Inc., Nuveen Insured California Premium Income Municipal Fund 2, Inc., Nuveen California Premium Income Municipal Fund, Nuveen California Dividend Advantage Municipal Fund, Nuveen California Dividend Advantage Municipal Fund 2, Nuveen California Dividend Advantage Municipal Fund 3, Nuveen Insured California Dividend Advantage Municipal Fund and Nuveen Insured California Tax-Free Advantage Municipal Fund as of August 31, 2003, and the related statements of operations, changes in net assets and the financial highlights for the periods indicated therein. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of investments owned as of August 31, 2003, by correspondence with the custodian and brokers or other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of

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Nuveen Insured California Premium Income Municipal Fund, Inc., Nuveen Insured California Premium Income Municipal Fund 2, Inc., Nuveen California Premium Income Municipal Fund, Nuveen California Dividend Advantage Municipal Fund, Nuveen California Dividend Advantage Municipal Fund 2, Nuveen California Dividend Advantage Municipal Fund 3, Nuveen Insured California Dividend Advantage Municipal Fund and Nuveen Insured California Tax-Free Advantage Municipal Fund at August 31, 2003, and the results of their operations, changes in their net assets and financial highlights for the periods indicated therein in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

Chicago, Illinois  
October 10, 2003

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Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC)  
Portfolio of  
INVESTMENTS August 31, 2003

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION(1)   | OPTIONAL C<br>PROVISIO |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 11.5%  |                        |
| \$ 2,000                  | California Educational Facilities Authority, Revenue Bonds, Santa Clara University, Series 1996, 5.750%, 9/01/26 - MBIA Insured  | 9/06 at 102            |
| 5,000                     | California Educational Facilities Authority, Student Loan Revenue Bonds, California Loan Program, Series 2001A, 5.400%, 3/01/21 (Alternative Minimum Tax) - MBIA Insured | 3/08 at 102            |
| 2,000                     | University of California, Revenue Bonds, Multiple Purpose Projects, Series 20020, 5.125%, 9/01/31 - FGIC Insured   | 9/10 at 101            |
| 2,350                     | University of California, Revenue Bonds, Multiple Purpose Projects, Series 2003A, 5.000%, 5/15/33 (WI, settling 9/09/03) - AMBAC Insured                                 | 5/13 at 100            |
| -----                     |  |                        |
|                           | HEALTHCARE - 4.6%  |                        |
| 3,000                     | California Health Facilities Financing Authority, Insured Revenue Bonds, Sutter Health, Series 1998A, 5.375%, 8/15/30 - MBIA Insured                                     | 8/08 at 101            |
| 1,500                     | California Statewide Communities Development Authority, Certificates of Participation, Members of the Sutter Health Obligated Group, 5.500%, 8/15/19 - FSA Insured       | 8/09 at 101            |
| -----                     |  |                        |
|                           | HOUSING/MULTIFAMILY - 4.8%   |                        |

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|  |  |             |
|--|--|-------------|
| 1,000  | ABAG Finance Authority for Nonprofit Corporations,<br>California, Multifamily Housing Revenue Bonds, Civic Center<br>Drive Apartments Project, 1999 Series A, 5.800%, 9/01/20<br>(Alternative Minimum Tax) - FSA Insured | 9/09 at 100 |
| 3,830  | Los Angeles, California, FHA-Insured Section 8 Revenue<br>Refunding Mortgage Loan Bonds, Series 1993A,<br>6.300%, 1/01/25 - MBIA Insured   | 1/04 at 100 |
| -----  |  |             |
| HOUSING/SINGLE FAMILY - 0.8%   |  |             |
| 815  | California Housing Finance Agency, Single Family Mortgage<br>Bonds II, Series 1997A-1, 6.000%, 8/01/20 (Alternative<br>Minimum Tax) - MBIA Insured   | 2/07 at 102 |
| -----  |  |             |
| TAX OBLIGATION/GENERAL - 31.8%   |  |             |
| State of California, Various Purpose General Obligation Bonds:   |  |             |
| 7,995  | 5.750%, 3/01/22 - MBIA Insured   | 3/10 at 101 |
| 2,000  | 5.750%, 3/01/27 - MBIA Insured   | 3/10 at 101 |
| 2,000  | State of California, General Obligation Veterans Welfare Bonds,<br>Series 2001BZ, 5.375%, 12/01/24 (Alternative Minimum<br>Tax) - MBIA Insured   | 6/07 at 101 |
| 1,225  | Fresno Unified School District, Fresno County, California,<br>General Obligation Refunding Bonds, Series 1998A,<br>6.550%, 8/01/20 - MBIA Insured  | 2/13 at 103 |
| 2,500  | Fresno Unified School District, Fresno County, California,<br>General Obligation Bonds, Election of 2001, Series 2001A,<br>5.125%, 8/01/26 - FSA Insured   | 8/09 at 102 |
| 2,000  | Los Angeles Unified School District, California, General<br>Obligation Bonds, Series 1997A, 5.000%, 7/01/21 - FGIC Insured   | 7/08 at 102 |
| 3,000  | Pomona Unified School District, California, General Obligation<br>Refunding Bonds, Series 1997A, 6.500%, 8/01/19 -<br>MBIA Insured   | 8/11 at 103 |
| San Diego Unified School District, San Diego County,<br>California, General Obligation Bonds, Election of 1998,<br>Series 2001C: |  |             |
| 1,335  | 5.000%, 7/01/21 - FSA Insured  | 7/11 at 102 |
| 3,500  | 5.000%, 7/01/22 - FSA Insured  | 7/11 at 102 |
| 4,895  | 5.000%, 7/01/23 - FSA Insured  | 7/11 at 102 |

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TAX OBLIGATION/LIMITED - 16.3%

|    |       |   |              |
|----|-------|---|--------------|
| \$ | 2,000 | California State Public Works Board, Lease Revenue Bonds, Department of Health Services, Richmond Laboratory Project, Series 1999A, 5.750%, 11/01/24 - MBIA Insured     | 11/09 at 101 |
|    | 1,900 | Corona-Norco Unified School District, Riverside County, California, Special Tax Bonds, Community Facilities District 98-1, Series 2002, 5.100%, 9/01/25 - AMBAC Insured | 9/12 at 100  |
|    | 5,000 | El Monte, California, Senior Lien Certificates of Participation, Department of Public Services Facility - Phase II, Series 2001, 5.250%, 1/01/34 - AMBAC Insured        | 1/11 at 100  |
|    | 1,460 | Pittsburg Redevelopment Agency, California, Tax Allocation Refunding Bonds, Los Medanos Community Development Project, Series 2003A, 5.000%, 8/01/13 - MBIA Insured     | No Opt. C    |
|    | 3,000 | Santa Clara County Financing Authority, California, Lease Revenue Bonds, VMC Facility Replacement Project, Series 1994A, 5.000%, 11/15/22 - AMBAC Insured               | 11/07 at 102 |
|    | 2,805 | Yucaipa-Calimesa Joint Unified School District, San Bernardino County, California, General Obligation Refunding Bonds, Series 2001A, 5.000%, 10/01/31 - MBIA Insured    | 10/11 at 100 |

-----  
U.S. GUARANTEED - 31.6%

|  |       |  |             |
|--|-------|--|-------------|
|  | 6,000 | Huntington Park Redevelopment Agency, California, Single Family Residential Mortgage Revenue Refunding Bonds, Series 1986A, 8.000%, 12/01/19                         | No Opt. C   |
|  | 5,135 | Palmdale Community Redevelopment Agency, California, Single Family Restructured Mortgage Revenue Bonds, Series 1986A, 8.000%, 3/01/16 (Alternative Minimum Tax)      | No Opt. C   |
|  | 6,220 | Riverside County, California, Single Family Mortgage Revenue Bonds, GNMA Mortgage-Backed Securities Program, Series 1987A, 9.000%, 5/01/21 (Alternative Minimum Tax) | No Opt. C   |
|  | 1,485 | San Jose, California, Single Family Mortgage Revenue Bonds, Series 1985A, 9.500%, 10/01/13   | No Opt. C   |
|  | 4,800 | University of California, Hospital Revenue Bonds, Davis Medical Center, Series 1996, 5.750%, 7/01/24 (Pre-refunded to 7/01/06) - AMBAC Insured                       | 7/06 at 101 |

-----  
UTILITIES - 18.9%

|  |       |  |              |
|--|-------|--|--------------|
|  | 4,000 | California Pollution Control Financing Authority, Pollution Control Revenue Bonds, Southern California Edison Company, Series 1992B, 6.400%, 12/01/24 (Alternative Minimum Tax) - MBIA Insured | 12/03 at 101 |
|  | 4,000 | Chula Vista, California, Industrial Development Revenue Bonds, San Diego Gas and Electric Company, Series 1992A,   | 12/03 at 101 |

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6.400%, 12/01/27 (Alternative Minimum Tax)

|            |  |  |              |
|------------|--|--|--------------|
|            |  | 6.400%, 12/01/27 (Alternative Minimum Tax)   |              |
| 3,600      |  | Sacramento Municipal Utility District, California, Electric Revenue Refunding Bonds, Series 2003S, 5.000%, 11/15/13 - MBIA Insured                   | No Opt. C    |
| 7,000      |  | Turlock Irrigation District, California, Certificates of Participation, Series 2003A, 5.000%, 1/01/33 - MBIA Insured                                 | 1/13 at 100  |
| -----      |  |  |              |
|            |  | WATER AND SEWER - 30.7%  |              |
| 6,415      |  | Coachella Water Authority, California, Water Revenue Bonds, Series 2003, 5.000%, 3/01/33 - FSA Insured   | 3/13 at 102  |
| 6,000      |  | Los Angeles, California, Wastewater System Revenue Bonds, Series 1993D, 4.700%, 11/01/19 - FGIC Insured  | 11/03 at 102 |
| 7,500      |  | Orange County Sanitation District, California, Certificates of Participation, Series 2003, 5.000%, 2/01/33 (DD, settling 9/02/03) - FGIC Insured     | 8/13 at 100  |
| 3,400      |  | San Diego Public Facilities Financing Authority, California, Sewer Revenue Bonds, Series 1997A, 5.250%, 5/15/22 - FGIC Insured                       | 5/07 at 101  |
| 2,150      |  | Santa Clara Valley Water District, California, Water Utility System Revenue Bonds, Series 2000A, 5.125%, 6/01/31 - FGIC Insured                      | 6/10 at 100  |
| 5,000      |  | Wheeler Ridge-Maricopa Water Storage District, Kern County, California, Water Revenue Refunding Bonds, Series 1996, 5.700%, 11/01/15 - AMBAC Insured | 11/06 at 102 |
| -----      |  |  |              |
| \$ 140,815 |  | Total Long-Term Investments (cost \$142,252,848) - 151.0%  |              |
| =====      |  |  |              |

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| PRINCIPAL<br>AMOUNT (000) |  | DESCRIPTION(1)   |  |
|---------------------------|--|--|--|
| -----                     |  |  |  |
|                           |  | SHORT-TERM INVESTMENTS - 1.1%  |  |
| \$ 1,100                  |  | California Infrastructure and Economic Development Bank, Insured Revenue Bonds, Rand Corporation, Variable Rate Demand Obligations, Series 2002B, 0.800%, 4/01/42 - AMBAC Insured+ |  |
| -----                     |  |  |  |
| \$ 1,100                  |  | Total Short-Term Investments (cost \$1,100,000)  |  |
| =====                     |  |  |  |
|                           |  | Total Investments (cost \$143,352,848) - 152.1%  |  |
| -----                     |  |  |  |
|                           |  | Other Assets Less Liabilities - (7.3)%   |  |
| -----                     |  |  |  |
|                           |  | Preferred Shares, at Liquidation Value - (44.8)%   |  |
| -----                     |  |  |  |

Net Assets Applicable to Common Shares - 100%

=====

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

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.
- \* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.
- \*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.
- (DD) Security purchased on a delayed delivery basis.
- (WI) Security purchased on a when-issued basis.
- + Security has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term security. The rate disclosed is that currently in effect. This rate changes periodically based on market conditions or a specified market index.

See accompanying notes to financial statements.

Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL)  
 Portfolio of  
 INVESTMENTS August 31, 2003

| PRINCIPAL<br>AMOUNT (000)                 | DESCRIPTION(1)  | OPTIONAL C<br>PROVISIO |
|---|---|------------------------|
| -----                                     |   |                        |
| EDUCATION AND CIVIC ORGANIZATIONS - 12.7% |   |                        |
|   | California Educational Facilities Authority, Revenue Bonds,<br>Santa Clara University, Series 1996:                                       |                        |
| \$ 2,400                                  | 5.750%, 9/01/21 - MBIA Insured  | 9/06 at 102            |
| 3,000                                     | 5.750%, 9/01/26 - MBIA Insured  | 9/06 at 102            |
| 2,000                                     | California Educational Facilities Authority, Revenue Bonds,<br>University of the Pacific, Series 2000, 5.875%, 11/01/20 -<br>MBIA Insured | 11/10 at 100           |
| 6,615                                     | California Educational Facilities Authority, Revenue Refunding  | No Opt. C              |

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|       |  |              |
|-------|--|--------------|
|       | Bonds, Loyola Marymount University, Series 2001A,<br>0.000%, 10/01/33 - MBIA Insured   |              |
| 5,000 | California Educational Facilities Authority, Student Loan<br>Revenue Bonds, California Loan Program, Series 2001A,<br>5.400%, 3/01/21 (Alternative Minimum Tax) - MBIA Insured   | 3/08 at 102  |
| 1,295 | California Infrastructure and Economic Development Bank, Revenue<br>Bonds, Asian Art Museum of San Francisco Project, Series 2000:<br>5.500%, 6/01/19 - MBIA Insured   | 6/10 at 101  |
| 1,000 | 5.500%, 6/01/20 - MBIA Insured   | 6/10 at 101  |
| 1,900 | University of California, Housing System Revenue Bonds,<br>Series 1993A, 5.500%, 11/01/18 (Pre-refunded to 11/01/03) -<br>MBIA Insured   | 11/03 at 102 |
| 4,750 | University of California, Revenue Bonds, Multiple Purpose<br>Projects, Series 2003A, 5.000%, 5/15/33 (WI, settling 9/09/03) -<br>AMBAC Insured   | 5/13 at 100  |
| ----- |  |              |
|       | HEALTHCARE - 5.3%  |              |
| 1,450 | California Health Facilities Financing Authority, Insured<br>Health Facility Revenue Refunding Bonds, Mark Twain<br>St. Joseph's Healthcare Corporation, Series 1996A,<br>6.000%, 7/01/19 - MBIA Insured                 | 7/06 at 102  |
| 5,000 | California Health Facilities Financing Authority, Insured Health<br>Facility Revenue Refunding Bonds, Catholic Healthcare West,<br>Series 1996A, 6.000%, 7/01/25 - MBIA Insured  | 7/06 at 102  |
| 2,500 | Oakland, California, Insured Revenue Bonds, 1800 Harrison<br>Foundation - Kaiser Permanente, Series 1999A,<br>6.000%, 1/01/29 - AMBAC Insured  | 1/10 at 100  |
| ----- |  |              |
|       | HOUSING/MULTIFAMILY - 9.1%   |              |
| 4,000 | ABAG Finance Authority for Nonprofit Corporations, California,<br>Multifamily Housing Revenue Bonds, Civic Center Drive Apartments<br>Project, 1999 Series A:<br>5.800%, 9/01/20 (Alternative Minimum Tax) - FSA Insured | 9/09 at 100  |
| 1,370 | 5.875%, 3/01/32 (Alternative Minimum Tax) - FSA Insured  | 9/09 at 100  |
| 3,460 | Los Angeles Community Redevelopment Agency, California,<br>FNMA Collateralized Multifamily Housing Revenue Refunding<br>Bonds, Angelus Plaza Section 8 Project, Series 1995A,<br>7.400%, 6/15/10                         | 6/05 at 105  |
| 7,400 | Santa Cruz County Housing Authority, California, GNMA<br>Collateralized Multifamily Housing Revenue Refunding Bonds,<br>Meadowview Apartments, Series 1993A, 6.125%, 5/20/28   | 11/03 at 102 |
| ----- |  |              |
|       | HOUSING/SINGLE FAMILY - 1.2%   |              |
| 2,105 | California Housing Finance Agency, Single Family Mortgage<br>Bonds II, Series 1997C-2, 5.625%, 8/01/20 (Alternative  | 8/07 at 101  |

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Minimum Tax) - MBIA Insured

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| TAX OBLIGATION/GENERAL - 23.3%                                 |   |              |
|--|---|--------------|
| 1,460  | ABC Unified School District, Los Angeles County, California, General Obligation Bonds, Election of 1997, Series 2000B, 5.750%, 8/01/16 - FGIC Insured | 8/10 at 101  |
| 485  | State of California, General Obligation Veterans Welfare Bonds, Series 1997BH, 5.500%, 12/01/24 (Alternative Minimum Tax) - FSA Insured               | 12/03 at 102 |
| State of California, Various Purpose General Obligation Bonds: |   |              |
| 7,995  | 5.750%, 3/01/22 - MBIA Insured  | 3/10 at 101  |
| 2,500  | 5.500%, 9/01/24 - FSA Insured   | 9/09 at 101  |
| 2,000  | 5.750%, 3/01/27 - MBIA Insured  | 3/10 at 101  |

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| PRINCIPAL<br>AMOUNT (000)  | DESCRIPTION(1)   | OPTIONAL C<br>PROVISIO |
|--|--|------------------------|
| <hr/>  |  |                        |
| TAX OBLIGATION/GENERAL (continued)   |  |                        |
| \$ 3,000   | State of California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.375%, 12/01/24 (Alternative Minimum Tax) - MBIA Insured                             | 6/07 at 101            |
| 5,000  | State of California, General Obligation Bonds, Series 2003, 5.000%, 2/01/33 - AMBAC Insured  | 8/13 at 100            |
| 2,575  | Calipatria Unified School District, Imperial County, California, General Obligation Bonds, Series 1996A, 5.625%, 8/01/13 - AMBAC Insured                             | 8/06 at 102            |
| Campbell Union High School District, Santa Clara County, California, General Obligation Bonds, Series 2003:          |  |                        |
| 3,520  | 5.000%, 8/01/27 - FGIC Insured   | 8/11 at 102            |
| 4,000  | 5.000%, 8/01/32 - FGIC Insured   | 8/11 at 102            |
| Fresno Unified School District, Fresno County, California, General Obligation Bonds, Election of 1995, Series 2001F: |  |                        |
| 1,065  | 5.125%, 8/01/21 - FSA Insured  | 8/09 at 102            |
| 1,160  | 5.125%, 8/01/22 - FSA Insured  | 8/09 at 102            |
| 1,220  | 5.125%, 8/01/23 - FSA Insured  | 8/09 at 102            |
| 1,500  | Hacienda La Puente Unified School District, Los Angeles County, California, General Obligation Bonds, Election of 2000, Series 2000A, 5.250%, 8/01/25 - MBIA Insured | 8/10 at 101            |
| 1,750  | Lake Tahoe Unified School District, El Dorado County, California, General Obligation Bonds, Election of 1999, Series A, 5.250%, 8/01/24 - FGIC Insured               | 8/09 at 100            |
| 1,125  | San Diego Unified School District, California, General Obligation Bonds, Election of 1998, Series 1999A,   | No Opt. C              |

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0.000%, 7/01/21 - FGIC Insured

2,500 San Francisco Community College District, California, 6/10 at 102  
 General Obligation Bonds, Series 2002A, 5.000%, 6/15/26 -  
 FGIC Insured

-----  
 TAX OBLIGATION/LIMITED - 47.6%

Anaheim Public Financing Authority, California, Subordinate  
 Lease Revenue Bonds, Anaheim Public Improvements Project, Series  
 1997C:  
 5,130 0.000%, 9/01/18 - FSA Insured No Opt. C  
 8,000 0.000%, 9/01/21 - FSA Insured No Opt. C

5,250 California State Public Works Board, Lease Revenue Bonds, 1/06 at 100  
 Department of Corrections, California Substance Abuse  
 Treatment Facility and State Prison - Corcoran II,  
 Series 1996A, 5.250%, 1/01/21 - AMBAC Insured

3,450 California State Public Works Board, Lease Revenue Bonds, 11/09 at 101  
 Department of Health Services, Richmond Laboratory  
 Project, Series 1999A, 5.750%, 11/01/24 - MBIA Insured

5,000 Compton Community Redevelopment Agency, California, 8/05 at 102  
 Tax Allocation Refunding Bonds, Merged Area Redevelopment  
 Projects, Series 1995A, 6.500%, 8/01/13 - FSA Insured

4,000 Contra Costa County, California, Refunding Certificates 11/07 at 102  
 of Participation, Merrithew Memorial Hospital Replacement  
 Project, Series 1997, 5.500%, 11/01/22 - MBIA Insured

1,835 Corona-Norco Unified School District, Riverside County, 9/12 at 100  
 California, Special Tax Bonds, Community Facilities  
 District 98-1, Series 2002, 5.100%, 9/01/32 -  
 AMBAC Insured

6,000 El Monte, California, Senior Lien Certificates of 1/11 at 100  
 Participation, Department of Public Services Facility -  
 Phase II, Series 2001, 5.000%, 1/01/21 - AMBAC Insured

3,000 Galt Schools Joint Powers Authority, Sacramento County, 11/07 at 102  
 California, Revenue Refunding Bonds, High School and  
 Elementary School Facilities, Series 1997A,  
 5.875%, 11/01/24 - MBIA Insured

5,000 Kern County Board of Education, California, Refunding 5/08 at 102  
 Certificates of Participation, Series 1998A, 5.200%, 5/01/28 -  
 MBIA Insured

5,000 La Quinta Redevelopment Agency, California, Tax Allocation 9/07 at 102  
 Refunding Bonds, Project Area 1, Series 1998,  
 5.200%, 9/01/28 - AMBAC Insured

3,865 Los Angeles County Metropolitan Transportation Authority, 7/10 at 101  
 California, Proposition C Sales Tax Revenue Bonds, Second  
 Senior Lien, Series 2000A, 5.250%, 7/01/30 - FGIC Insured

1,935 Menifee Union School District, Riverside County, California, 9/06 at 102  
 Certificates of Participation, School Project, Series 1996,  
 6.125%, 9/01/24 - FSA Insured

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|       |   |             |
|-------|---|-------------|
| 2,690 | Norwalk Community Facilities Financing Authority, Los Angeles County, California, Tax Allocation Revenue Refunding Bonds, Series 1995A, 6.000%, 9/01/15 - FSA Insured | 9/05 at 102 |
|-------|---|-------------|

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Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL)  
Portfolio of INVESTMENTS August 31, 2003

| PRINCIPAL<br>AMOUNT (000)          | DESCRIPTION(1)   | OPTIONAL C<br>PROVISIO |
|------------------------------------|--|------------------------|
| TAX OBLIGATION/LIMITED (continued) |  |                        |
| \$ 2,780                           | Pittsburg Redevelopment Agency, California, Tax Allocation Refunding Bonds, Los Medanos Community Development Project, Series 2003A, 5.000%, 8/01/12 - MBIA Insured                  | No Opt. C              |
| 2,000                              | Poway Redevelopment Agency, California, Tax Allocation Refunding Bonds, Series 2000, 5.750%, 6/15/33 - MBIA Insured  | 12/10 at 102           |
| 5,000                              | San Bernardino Joint Powers Financing Authority, City of San Bernardino, California, Refunding Certificates of Participation, Police Station Project, 5.500%, 9/01/20 - MBIA Insured | 9/09 at 102            |
| 3,500                              | San Francisco Bay Area Rapid Transit District, California, Sales Tax Revenue Bonds, Series 1999, 5.500%, 7/01/34 - FGIC Insured  | 7/09 at 101            |
| 1,930                              | Santa Margarita/Dana Point Authority, Orange County, California, Revenue Bonds Refinancing, Improvement Districts 1, 2, 2A and 8, Series 1994A, 7.250%, 8/01/05 - MBIA Insured       | No Opt. C              |
| 3,000                              | South Orange County Public Financing Authority, California, Special Tax Revenue Bonds, Foothill Area, Series 1994C: 8.000%, 8/15/08 - FGIC Insured                                   | No Opt. C              |
| 6,830                              | 8.000%, 8/15/09 - FGIC Insured   | No Opt. C              |
| 5,450                              | Visalia, California, Refunding Certificates of Participation, Motor Vehicle License Fee Enhancement, Series 1996A, 5.375%, 12/01/26 - MBIA Insured                                   | 12/06 at 102           |
| TRANSPORTATION - 4.8%              |  |                        |
| 6,500                              | Foothill-Eastern Transportation Corridor Agency, California, Toll Road Refunding Revenue Bonds, Series 1999, 0.000%, 1/15/18 - MBIA Insured  | 1/10 at 65             |
| 1,000                              | Foothill-Eastern Transportation Corridor Agency, California, Toll Road Revenue Bonds, Series 1995A, 5.000%, 1/01/35 - MBIA Insured   | 1/10 at 100            |

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|                         |   |              |
|-------------------------|---|--------------|
| 5,000                   | San Francisco City and County Airports Commission,<br>California, Revenue Refunding Bonds, San Francisco<br>International Airport, Second Series , Issue 27A,<br>5.250%, 5/01/31 (Alternative Minimum Tax) - MBIA Insured | 5/11 at 100  |
| -----                   |   |              |
| U.S. GUARANTEED - 20.5% |   |              |
| 3,425                   | Alameda County, California, Certificates of Participation,<br>Alameda County Public Facilities Corporation, Series 1991,<br>6.000%, 9/01/21 (Pre-refunded to 9/01/06) - MBIA Insured                                      | 9/06 at 102  |
| 4,485                   | Alameda County, California, Certificates of Participation<br>Refunding, Santa Rita Jail Project, Series 1993,<br>5.700%, 12/01/14 (Pre-refunded to 12/01/03) - MBIA Insured   | 12/03 at 102 |
| 3,000                   | Central Unified School District, Fresno County, California,<br>General Obligation Bonds, Election of 1992, Series 1993,<br>5.625%, 3/01/18 - AMBAC Insured  | 9/03 at 102  |
| 3,000                   | Escondido Union High School District, San Diego County,<br>California, General Obligation Bonds, Election of 1996,<br>Series 1996, 5.700%, 11/01/10 - MBIA Insured  | 11/06 at 102 |
| 4,320                   | Riverside County, California, Single Family Mortgage Revenue<br>Bonds, GNMA Mortgage-Backed Securities Program,<br>Series 1987B, 8.625%, 5/01/16 (Alternative Minimum Tax)  | No Opt. C    |
| 1,850                   | Sacramento City Unified School District, Sacramento County,<br>California, General Obligation Bonds, Series 2000A,<br>5.750%, 7/01/18 (Pre-refunded to 7/01/09) - FGIC Insured  | 7/09 at 102  |
| 3,500                   | Sacramento Municipal Utility District, California, Electric<br>Revenue Bonds, Series 1996J, 5.600%, 8/15/24 (Pre-refunded<br>to 8/15/06) - AMBAC Insured  | 8/06 at 102  |
| 9,000                   | San Francisco City and County Airports Commission,<br>California, Revenue Bonds, San Francisco International<br>Airport, Second Series, Issue 8B, 6.100%, 5/01/20 (Pre-refunded<br>to 5/01/04) - FGIC Insured             | 5/04 at 101  |
| 1,450                   | Torrance, California, Hospital Revenue Bonds, Little Company<br>of Mary Hospital, Series 1985A, 7.100%, 12/01/15<br>(Pre-refunded to 12/01/05)  | 12/05 at 100 |
| -----                   |   |              |
| UTILITIES - 9.8%        |   |              |
| 3,740                   | California Pollution Control Financing Authority, Pollution<br>Control Revenue Refunding Bonds, Southern California<br>Edison Company, Series 1999B, 5.450%, 9/01/29 -<br>MBIA Insured                                    | 9/09 at 101  |
| 3,215                   | Modesto Irrigation District, California, Revenue Refunding<br>Bonds, Series 1996A, 6.000%, 10/01/15 - MBIA Insured  | 10/06 at 102 |
| 3,000                   | Puerto Rico Electric Power Authority, Power Revenue Bonds,<br>Series 2002II, 5.125%, 7/01/26 - FSA Insured  | 7/12 at 101  |

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION(1)  | OPTIONAL C<br>PROVISIO |
|---------------------------|---|------------------------|
| -----                     |   |                        |
|                           | UTILITIES (continued)   |                        |
| \$ 1,790                  | Sacramento City Financing Authority, California, Capital Improvement Revenue Bonds, Solid Waste and Redevelopment Projects, Series 1999, 5.800%, 12/01/19 - AMBAC Insured             | 12/09 at 102           |
| 3,500                     | Sacramento Municipal Utility District, California, Electric Revenue Bonds, Series 2003R, 5.000%, 8/15/13 - MBIA Insured   | No Opt. C              |
| 1,950                     | Salinas Valley Solid Waste Authority, California, Revenue Bonds, Series 2002, 5.250%, 8/01/27 (Alternative Minimum Tax) - AMBAC Insured   | 8/12 at 100            |
| -----                     |   |                        |
|                           | WATER AND SEWER - 18.9%   |                        |
| 3,530                     | Castaic Lake Water Agency, California, Revenue Refunding Certificates of Participation, Water System Improvement Projects, Series 1994A, 8.000%, 8/01/04 - MBIA Insured               | No Opt. C              |
| 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 - AMBAC Insured          | 8/04 at 102            |
| 12,000                    | Orange County Sanitation District, California, Certificates of Participation, Series 2003, 5.000%, 2/01/33 (DD, settling 9/02/03) - FGIC Insured                                      | 8/13 at 100            |
| 2,775                     | Pomona Public Financing Authority, California, Revenue Bonds, Water Facilities Project, Series 1999AC, 5.500%, 5/01/29 - FGIC Insured   | 5/09 at 101            |
| 1,000                     | Sacramento County Sanitation Districts Financing Authority, California, Revenue Bonds, Series 2000A, Sacramento Regional County Sanitation District, 5.500%, 12/01/20 - AMBAC Insured | 12/10 at 101           |
| 2,000                     | South San Joaquin Irrigation District, San Joaquin County, California, Revenue Refunding Certificates of Participation, Series 1993, 5.500%, 1/01/15 - AMBAC Insured                  | 1/04 at 102            |
| 5,410                     | Tulare, California, Sewer Revenue Bonds, Series 1996, 5.750%, 11/15/21 - MBIA Insured   | 11/06 at 102           |
|                           | Yorba Linda Water District, California, Certificates of Participation, Highland Reservoir Renovation, Series 2003:  |                        |
| 2,010                     | 5.000%, 10/01/28 (WI, settling 9/10/03) - FGIC Insured  | 10/13 at 100           |
| 2,530                     | 5.000%, 10/01/33 (WI, settling 9/10/03) - FGIC Insured  | 10/13 at 100           |
| -----                     |   |                        |
| \$ 286,700                | Total Long-Term Investments (cost \$267,897,010) - 153.2%   |                        |
| =====                     |   |                        |

Other Assets Less Liabilities - (1.9)%  
 -----  
 Preferred Shares, at Liquidation Value - (51.3)%  
 -----  
 Net Assets Applicable to Common Shares - 100%  
 =====

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

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.

\* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

\*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

(DD) Security purchased on a delayed delivery basis.

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

See accompanying notes to financial statements.

Nuveen California Premium Income Municipal Fund (NCU)  
 Portfolio of  
 INVESTMENTS August 31, 2003

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION(1)  | OPTIONAL C<br>PROVISIO |
|---------------------------|---|------------------------|
|                           | CONSUMER STAPLES - 5.3%   |                        |
| \$ 1,500                  | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Alameda County Tobacco Asset Securitization Corporation, Series 2002, 5.750%, 6/01/29 | 6/12 at 100            |
| 3,910                     | California Statewide Financing Authority, Tobacco Settlement Asset-Backed Bonds, Pooled Tobacco Securitization Program, Series 2002A, 5.625%, 5/01/29                         | 5/12 at 100            |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 2.0%  |                        |
| 1,500                     | University of California, Revenue Bonds, Multiple Purpose   | 5/13 at 100            |

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Projects, Series 2003A, 5.125%, 5/15/17 (WI, settling  
9/09/03) - AMBAC Insured

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| HEALTHCARE - 23.8% |   |              |
|--------------------|---|--------------|
| 1,500              | California Health Facilities Financing Authority, Revenue Bonds, Cedars-Sinai Medical Center, Series 1999A, 6.125%, 12/01/30                                    | 12/09 at 101 |
| 5,150              | California Health Facilities Financing Authority, Hospital Revenue Bonds, Downey Community Hospital, Series 1993, 5.750%, 5/15/15                               | 11/03 at 102 |
| 1,500              | California Infrastructure and Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance I-LLC, Series 2001A, 5.550%, 8/01/31                         | 8/11 at 102  |
| 1,185              | California Statewide Community Development Authority, Hospital Revenue Certificates of Participation, Cedars-Sinai Medical Center, Series 1992, 6.500%, 8/01/15 | 2/04 at 101  |
| 8,100              | California Statewide Community Development Authority, Revenue Refunding Bonds, Sherman Oaks Project, Series 1998A, 5.000%, 8/01/22 - AMBAC Insured              | No Opt. C    |
| 2,000              | Loma Linda, California, Hospital Revenue Bonds, Loma Linda University Medical Center Project, Series 1993A, 6.000%, 12/01/06                                    | 12/03 at 102 |

---

| HOUSING/MULTIFAMILY - 16.2% |  |             |
|-----------------------------|--|-------------|
| 2,000                       | California Statewide Community Development Authority, Revenue Refunding Bonds, Irvine Apartment Communities Development, Series 1998A, 5.250%, 5/15/25 (Mandatory put 5/15/13) | 7/08 at 101 |
| 6,205                       | Los Angeles Community Redevelopment Agency, California, Multifamily Housing Revenue Refunding Bonds, Angelus Plaza Project, Series 1995A, 7.400%, 6/15/10                      | 6/05 at 105 |
| 3,815                       | 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 at 102 |

---

| HOUSING/SINGLE FAMILY - 5.8% |  |             |
|------------------------------|--|-------------|
| 1,520                        | California Housing Finance Agency, Single Family Mortgage Bonds II, Series 1997A-1, 6.000%, 8/01/20 (Alternative Minimum Tax) - MBIA Insured | 2/07 at 102 |
| 350                          | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 1994A, 6.550%, 8/01/26  | 8/04 at 102 |
| 1,000                        | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 1994F-3, 6.100%, 8/01/15 (Alternative Minimum                         | 8/05 at 102 |

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|       |   |                     |             |
|-------|---|---------------------|-------------|
|       |   | Tax) - MBIA Insured |             |
| 1,085 | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 1997B, 6.000%, 8/01/16 (Alternative Minimum Tax) - MBIA Insured  |                     | 2/07 at 102 |
| 435   | California Rural Home Mortgage Finance Authority, Single Family Mortgage Revenue Bonds, Mortgage-Backed Securities Program, Series 1996C, 7.500%, 8/01/27 (Alternative Minimum Tax) |                     | No Opt. C   |
| ----- |   |                     |             |
|       | TAX OBLIGATION/GENERAL - 18.1%  |                     |             |
| 4,000 | State of California, General Obligation Veterans Welfare Bonds, Series 1999BR, 5.300%, 12/01/29 (Alternative Minimum Tax)   |                     | 6/04 at 101 |
| 1,750 | State of California, General Obligation Refunding Bonds, Series 2002, 5.250%, 4/01/32   |                     | 4/12 at 100 |
| 1,055 | State of California, General Obligation Bonds, Series 2003: 5.250%, 2/01/21   |                     | 8/13 at 100 |
| 2,000 | 5.000%, 2/01/33   |                     | 8/13 at 100 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION(1)   | OPTIONAL C PROVISIO |
|------------------------|--|---------------------|
|                        | TAX OBLIGATION/GENERAL (continued)   |                     |
| \$ 2,250               | Los Angeles Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2003A, 5.000%, 7/01/22 - FSA Insured   | 7/13 at 100         |
| 3,000                  | Pomona Unified School District, California, General Obligation Refunding Bonds, Series 1997A, 6.150%, 8/01/15 - MBIA Insured   | 8/11 at 103         |
| -----                  |  |                     |
|                        | TAX OBLIGATION/LIMITED - 40.3%   |                     |
| 985                    | Beverly Hills Public Financing Authority, California, Lease Revenue Refunding Bonds, Series 2003A, 5.250%, 6/01/15 - MBIA Insured  | 6/13 at 100         |
| 5,920                  | State Public Works Board of the State of California, Lease Revenue Bonds, Department of Veterans Affairs of the State of California, Southern California Veterans Home - Chula Vista Facility, 1999 Series A, 5.600%, 11/01/19 - AMBAC Insured | 11/09 at 101        |
| 2,345                  | Carlsbad, California, Limited Obligation Improvement Bonds, Assessment District 96-1, Series 1998, 5.500%, 9/02/28   | 9/03 at 101         |

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|       |   |              |
|-------|---|--------------|
| 3,500 | Livermore Redevelopment Agency, California, Tax Allocation Revenue Bonds, Livermore Redevelopment Project Area, Series 2001A, 5.000%, 8/01/26 - MBIA Insured  | 8/11 at 100  |
| 2,030 | Los Angeles Community Redevelopment Agency, California, Tax Allocation Multifamily Housing Bonds, Grand Central Square Project, Series 1993A, 5.750%, 12/01/13 (Alternative Minimum Tax)              | 12/03 at 102 |
| 2,000 | Oakland Redevelopment Agency, California, Subordinate Lien Tax Allocation Bonds, Central District Redevelopment Project, Series 2003, 5.500%, 9/01/15 - FGIC Insured                                  | 3/13 at 100  |
| 1,000 | Poway Community Facilities District 88-1, California, Special Tax Refunding Bonds, Parkway Business Centre, Series 1998, 6.500%, 8/15/09  | 8/08 at 102  |
| 6,570 | Sacramento City Finance Authority, California, Lease Revenue Refunding Bonds, Series 1993B, 5.400%, 11/01/20  | No Opt. C    |
|       | San Marcos Public Facilities Authority, California, Revenue Refunding Bonds, Series 1998:   |              |
| 1,500 | 5.800%, 9/01/18   | 9/08 at 101  |
| 1,000 | 5.800%, 9/01/27   | 9/08 at 101  |
| 2,050 | Santa Barbara County, California, Certificates of Participation, Series 2001, 5.250%, 12/01/19 - AMBAC Insured  | 12/11 at 102 |
| 2,000 | Vista, California, Mobile Home Park Revenue Bonds, Vista Manor Mobile Home Park Project, Series 1999A, 5.750%, 3/15/29  | 3/09 at 102  |
| ----- |   |              |
|       | TRANSPORTATION - 12.4%  |              |
| 3,000 | California Infrastructure and Economic Development Bank, Revenue Bonds, Bay Area Toll Bridges, First Lien, Series 2003A, 5.000%, 7/01/22 - FSA Insured  | 7/13 at 100  |
| 2,000 | Foothill-Eastern Transportation Corridor Agency, California, Toll Road Revenue Bonds, Series 1995A, 5.000%, 1/01/35   | 1/10 at 100  |
| 2,750 | San Francisco City and County Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series, Issue 5, 6.500%, 5/01/24 (Alternative Minimum Tax) - FGIC Insured   | 5/04 at 102  |
| 2,000 | San Francisco City and County Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series, Issue 10A, 5.700%, 5/01/26 (Alternative Minimum Tax) - MBIA Insured | 5/06 at 102  |
| ----- |   |              |
|       | U.S. GUARANTEED - 5.1%  |              |
| 3,500 | Puerto Rico Commonwealth, Public Improvement General Obligation Bonds, Series 2000, 5.750%, 7/01/21 (Pre-refunded to 7/01/10) - MBIA Insured  | 7/10 at 100  |
| ----- |   |              |

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UTILITIES - 12.2%

|       |  |              |
|-------|--|--------------|
| 1,000 | California Pollution Control Financing Authority, Pollution Control Revenue Bonds, Southern California Edison Company, Series 1992B, 6.400%, 12/01/24 (Alternative Minimum Tax) - FGIC Insured | 12/03 at 101 |
| 2,250 | California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A, 5.125%, 5/01/18  | 5/12 at 101  |

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Nuveen California Premium Income Municipal Fund (NCU) (continued)  
Portfolio of INVESTMENTS August 31, 2003

| PRINCIPAL<br>AMOUNT (000)                        | DESCRIPTION(1)   | OPTIONAL C<br>PROVISIO |
|--|--|------------------------|
| UTILITIES (continued)                            |  |                        |
| \$ 1,500   | Merced Irrigation District, California, Revenue Refunding Bonds, Electric System Project, Series 2001, 6.500%, 9/01/22                                   | 9/05 at 102            |
| 4,580  | Sacramento Municipal Utility District, California, Electric Revenue Refunding Bonds, Series 2002Q, 5.250%, 8/15/20 - FSA Insured                         | 8/12 at 100            |
| WATER AND SEWER - 12.6%                          |  |                        |
| 5,000  | Culver City, California, Wastewater Facilities Revenue Refunding Bonds, Series 1999A, 5.700%, 9/01/29 - FGIC Insured                                     | 9/09 at 102            |
| 3,495  | Orange County Sanitation District, California, Certificates of Participation, Series 2003, 5.250%, 2/01/21 - FGIC Insured                                | 8/13 at 100            |
| 1,000  | Sacramento County Water Financing Authority, California, Revenue Bonds, Agency Zones 40-41 System Projects, Series 2003, 5.000%, 6/01/22 - AMBAC Insured | 6/13 at 100            |
| \$ 119,785                                       | Total Long-Term Investments (cost \$120,449,908) - 153.8%  |                        |
| Other Assets Less Liabilities - 0.7%             |  |                        |
| Preferred Shares, at Liquidation Value - (54.5)% |  |                        |
| Net Assets Applicable to Common Shares - 100%    |  |                        |
| =====  |  |                        |

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to common shares.

\* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

\*\* Ratings (not covered by the report of independent auditors):  
Using the higher of Standard & Poor's or Moody's rating.

N/R Investment is not rated.

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

See accompanying notes to financial statements.

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Nuveen California Dividend Advantage Municipal Fund (NAC)  
Portfolio of  
INVESTMENTS August 31, 2003

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION(1)   | OPTIONAL C<br>PROVISIO |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | CONSUMER STAPLES - 5.2%  |                        |
| \$ 5,000                  | California Statewide Community Development Authority,<br>Certificates of Participation, Pride Industries and Pride One,<br>Inc., Series 1999, 7.250%, 11/01/29                   | 11/09 at 102           |
| 5,200                     | Golden State Tobacco Securitization Corporation, California,<br>Tobacco Settlement Asset-Backed Bonds, Series 2003A-1,<br>6.250%, 6/01/33  | 6/13 at 100            |
|                           | Northern California Tobacco Securitization Authority, Tobacco<br>Settlement Asset-Backed Bonds, Series 2001A:  |                        |
| 2,500                     | 5.250%, 6/01/31  | 6/11 at 100            |
| 4,500                     | 5.375%, 6/01/41  | 6/11 at 100            |
| 4,090                     | Southern California Tobacco Securitization Authority,<br>Tobacco Settlement Asset-Backed Bonds, Senior<br>Series 2001A, 5.250%, 6/01/27  | 6/12 at 100            |
| -----                     |  |                        |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 10.7%  |                        |
| 615                       | California Statewide Community Development Authority,<br>Revenue Bonds, Notre Dame de Namur University,<br>Series 2003, 6.500%, 10/01/23   | 10/13 at 100           |
| 3,000                     | Long Beach Bond Financing Authority, California, Lease<br>Revenue Refunding Bonds, Long Beach Aquarium of the<br>South Pacific, Series 2001, 5.500%, 11/01/17 -<br>AMBAC Insured | 11/11 at 100           |
| 700                       | University of California, Certificates of Participation,<br>San Diego and Sacramento Campus Projects, Series 2002A,<br>5.250%, 1/01/22   | 1/10 at 101            |

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|        |  |             |
|--------|--|-------------|
| 6,000  | University of California, Revenue Bonds, Multiple Purpose Projects, Series 2000K, 5.000%, 9/01/12  | 9/08 at 101 |
|        | University of California, Revenue Bonds, Multiple Purpose Projects, Series 2002O:  |             |
| 10,770 | 5.000%, 9/01/20 - FGIC Insured   | 9/10 at 101 |
| 11,305 | 5.000%, 9/01/21 - FGIC Insured   | 9/10 at 101 |
| 3,500  | University of California, Revenue Bonds, Multiple Purpose Projects, Series 2003A, 5.125%, 5/15/17 (WI, settling 9/09/03) - AMBAC Insured | 5/13 at 100 |

---

HEALTHCARE - 14.0%

|        |  |              |
|--------|--|--------------|
| 8,400  | California Health Facilities Financing Authority, Revenue Bonds, Kaiser Permanente, Series 1998B, 5.250%, 10/01/14 (Optional put 10/01/08)   | 10/08 at 101 |
| 15,000 | California Health Facilities Financing Authority, Revenue Bonds, Cedars-Sinai Medical Center, Series 1999A, 6.125%, 12/01/30   | 12/09 at 101 |
| 8,000  | 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 at 101  |
| 10,500 | Duarte, California, Certificates of Participation, City of Hope National Medical Center, Series 1999A, 5.250%, 4/01/31   | 4/09 at 101  |
| 3,415  | Upland, California, Certificates of Participation, San Antonio Community Hospital, Series 1993, 5.250%, 1/01/08  | 1/04 at 102  |
| 2,500  | Whittier, California, Health Facility Revenue Bonds, Presbyterian Intercommunity Hospital, Series 2002, 5.600%, 6/01/22  | 6/12 at 101  |

---

HOUSING/MULTIFAMILY - 15.3%

|        |   |             |
|--------|---|-------------|
| 15,000 | California Statewide Community Development Authority, Revenue Refunding Bonds, Irvine Apartment Communities Development, Series 1998A, 4.900%, 5/15/25 (Mandatory put 5/15/08)                                    | 7/08 at 101 |
| 10,000 | California Statewide Community Development Authority, Multifamily Housing Refunding Bonds, Archstone Pelican Point Apartments, Archstone Communities Trust, Series 1999H, 5.300%, 6/01/29 (Mandatory put 6/01/08) | No Opt. C   |
| 5,250  | California Statewide Community Development Authority, GNMA Collateralized Housing Revenue Refunding Bonds, Crowne Pointe Project, Series 2002F, 6.750%, 8/20/37   | 8/12 at 105 |

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Nuveen California Dividend Advantage Municipal Fund (NAC) (continued)  
Portfolio of INVESTMENTS August 31, 2003

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION(1)   | OPTIONAL C<br>PROVISIO |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | HOUSING/MULTIFAMILY (continued)  |                        |
| \$ 5,000                  | Contra Costa County, California, Multifamily Housing Revenue Bonds, Delta View Apartments Project, Series 1999C, 6.750%, 12/01/30 (Alternative Minimum Tax)  | 6/09 at 102            |
| 15,000                    | Housing Authority of the County of San Bernardino, California, Multifamily Housing Revenue Refunding Bonds, Equity Residential/Redlands Lawn and Tennis Apartments, Issue 1999A, 5.200%, 6/15/29 (Mandatory put 6/15/09) | No Opt. C              |
| -----                     |  |                        |
|                           | HOUSING/SINGLE FAMILY - 0.2%   |                        |
| 3,985                     | California Housing Finance Agency, Single Family Mortgage Bonds II, Series 1999D2, 0.000%, 2/01/29 (Alternative Minimum Tax)   | 2/09 at 31             |
| -----                     |  |                        |
|                           | LONG-TERM CARE - 2.4%  |                        |
| 8,500                     | Riverside County Public Financing Authority, California, Certificates of Participation, Air-Force Village West, Series 1999, 5.800%, 5/15/29   | 5/09 at 101            |
| -----                     |  |                        |
|                           | TAX OBLIGATION/GENERAL - 21.1%   |                        |
|                           | State of California, General Obligation Refunding Bonds, Series 2002:  |                        |
| 8,000                     | 5.000%, 2/01/12  | No Opt. C              |
| 6,435                     | 6.000%, 4/01/16 - AMBAC Insured  | No Opt. C              |
|                           | State of California, General Obligation Bonds, Series 2003:  |                        |
| 2,595                     | 5.250%, 2/01/15  | 8/13 at 100            |
| 5,200                     | 5.250%, 2/01/20  | 8/13 at 100            |
| 2,300                     | 5.000%, 2/01/22  | 8/13 at 100            |
| 3,000                     | Contra Costa County Community College District, California, General Obligation Bonds, Series 2002, 4.900%, 8/01/20 - FGIC Insured  | 8/12 at 100            |
| 1,000                     | Los Angeles Community College District, Los Angeles County, California, General Obligation Bonds, Election of 2001, Series 2001A, 5.000%, 6/01/26 - MBIA Insured   | 8/11 at 100            |
| 18,500                    | Los Angeles Unified School District, California, General Obligation Bonds, Election of 1997, Series 1999C, 5.250%, 7/01/24 - MBIA Insured  | 7/09 at 101            |
| 10,845                    | Los Angeles Unified School District, California, General Obligation Bonds, Election of 1997, Series 2002E,   | 7/12 at 100            |

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|       |   |             |
|-------|---|-------------|
|       | 5.000%, 7/01/19 - MBIA Insured  |             |
| 1,750 | Oakland Unified School District, Alameda County, California, General Obligation Bonds, Series 2001, 5.125%, 8/01/21 - FSA Insured                 | 8/08 at 101 |
| 5,000 | San Diego Unified School District, San Diego County, California, General Obligation Bonds, Series 2003E, 5.250%, 7/01/20 - FSA Insured            | 7/13 at 101 |
| 2,700 | Ventura County Community College District, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/15 - MBIA Insured                     | 8/12 at 101 |
| 3,605 | West Contra Costa Unified School District, Contra Costa County, California, General Obligation Bonds, Series 2003B, 5.000%, 8/01/21 - FSA Insured | 8/11 at 101 |

-----  
TAX OBLIGATION/LIMITED - 35.8%

|       |   |              |
|-------|---|--------------|
|       | Brentwood Infrastructure Financing Authority, Contra Costa County, California, Capital Improvement Revenue Bonds, Series 2001:                                  |              |
| 1,110 | 5.375%, 11/01/18 - FSA Insured  | 11/11 at 100 |
| 1,165 | 5.375%, 11/01/19 - FSA Insured  | 11/11 at 100 |
| 1,990 | Brentwood Infrastructure Financing Authority, California, Infrastructure Revenue Refunding Bonds, Series 2002A, 5.125%, 9/02/24 - FSA Insured                   | 9/12 at 100  |
| 3,515 | Dinuba Redevelopment Agency, California, Tax Allocation Refunding Bonds, Redevelopment Project 2, Series 2001, 4.875%, 9/01/21 - MBIA Insured                   | 9/11 at 102  |
| 3,490 | Fontana, California, Senior Special Tax Refunding Bonds, Heritage Village Community Facilities District 2 Project, Series 1998A, 5.250%, 9/01/17 - MBIA Insured | 9/08 at 102  |
| 3,980 | Garden Grove, California, Certificates of Participation, Financing Project, Series 2002A, 5.500%, 3/01/22 - AMBAC Insured                                       | 3/12 at 101  |
| 2,000 | Lee Lake Water District, Riverside County, California, Special Tax Bonds, Community Facilities District 1 of Sycamore Creek, Series 2003, 6.500%, 9/01/24       | 9/13 at 102  |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION(1)   | OPTIONAL C<br>PROVISIO |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | TAX OBLIGATION/LIMITED (continued)   |                        |
| \$ 2,200                  | Lincoln Community Facilities District No. 2003-1, California, Special Tax Bonds, Series A, Lincoln Crossing Project, 6.500%, 9/01/25 | 9/13 at 102            |

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|        |  |              |
|--------|--|--------------|
| 5,500  | Los Angeles County, California, Refunding Certificates of Participation, Disney Parking Project, Series 1998, 4.750%, 3/01/23 - AMBAC Insured  | 9/08 at 101  |
| 5,000  | Los Angeles County Metropolitan Transportation Authority, California, Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Lien, Series 1998A, 5.000%, 7/01/23 - AMBAC Insured | 7/08 at 101  |
| 10,000 | Los Angeles County Public Works Financing Authority, California, Revenue Bonds, Los Angeles County Regional Park and Open Space District, Series 1997A, 5.000%, 10/01/16                 | 10/07 at 101 |
| 9,200  | Norco Redevelopment Agency, California, Tax Allocation Refunding Bonds, Project Area 1, Series 2001, 5.000%, 3/01/19 - MBIA Insured  | 3/11 at 102  |
| 4,670  | Oakland Joint Power Financing Authority, California, Lease Revenue Refunding Bonds, Oakland Convention Centers, Series 2001, 5.500%, 10/01/14 - AMBAC Insured                            | No Opt. C    |
| 3,290  | Oakland Redevelopment Agency, California, Subordinate Lien Tax Allocation Bonds, Central District Redevelopment Project, Series 2003, 5.500%, 9/01/16 - FGIC Insured                     | 3/13 at 100  |
| 4,000  | Orange County Local Transportation Authority, California, Limited Sales Tax Revenue Refunding Bonds, Measure M, Second Senior Series 1997A, 5.700%, 2/15/08 - AMBAC Insured              | No Opt. C    |
| 5,600  | Palm Springs Financing Authority, California, Lease Revenue Refunding Bonds, Convention Center Project, Series 2001A, 5.000%, 11/01/22 - MBIA Insured                                    | 11/11 at 101 |
| 8,100  | Poway Redevelopment Agency, California, Tax Allocation Refunding Bonds, Series 2000, 5.750%, 6/15/33 - MBIA Insured  | 12/10 at 102 |
| 1,055  | Poway Redevelopment Agency, California, Tax Allocation Refunding Bonds, Paguay Redevelopment Project, Series 2001, 5.375%, 12/15/16 - AMBAC Insured                                      | 12/11 at 101 |
| 2,000  | Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, Series 2001A, 5.500%, 8/01/19 - MBIA Insured   | 8/11 at 100  |
| 1,860  | Riverside Redevelopment Agency, California, Tax Allocation Refunding Bonds, Merged Project Areas, Series 2003, 5.250%, 8/01/22 - MBIA Insured  | 8/13 at 100  |
| 7,800  | Riverside County Public Financing Authority, California, Reassessment Revenue Bonds, Rancho Village Project/AD No. 159, Junior Lien, 1999 Series B, 6.000%, 9/02/07                      | No Opt. C    |
| 1,725  | Rohnert Park Finance Authority, California, Rancho Feliz Mobile Home Park Revenue Bonds, Senior Lien, Series 2003A, 5.750%, 9/15/38 (WI, settling 9/11/03)                               | 9/13 at 100  |
| 1,120  | Rohnert Park Finance Authority, California, Rancho Feliz Mobile Home Park Revenue Bonds, Subordinate Lien,   | 9/13 at 100  |

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Series 2003B, 6.625%, 9/15/38 (WI, settling 9/11/03)

|        |  |             |
|--------|--|-------------|
| 2,500  | Sacramento City Financing Authority, California, Lease Revenue Refunding Bonds, Series 1993A, 5.400%, 11/01/20 - AMBAC Insured                             | No Opt. C   |
| 1,205  | San Francisco City and County, California, Certificates of Participation, 30 Van Ness Avenue Property, Series 2001A, 4.600%, 9/01/18 - MBIA Insured        | 9/09 at 101 |
| 24,060 | San Jose Redevelopment Agency, California, Tax Allocation Bonds, Merged Area Redevelopment Project, Series 1998, 5.250%, 8/01/29                           | 8/08 at 102 |
| 2,810  | West Patterson Financing Authority, California, Community Facilities District 01-1 Special Tax Bonds, Series 2003B, 7.000%, 9/01/38 (WI, settling 9/16/03) | 9/13 at 103 |

-----  
TRANSPORTATION - 20.3%

|        |  |             |
|--------|--|-------------|
| 8,150  | Foothill-Eastern Transportation Corridor Agency, California, Toll Road Refunding Revenue Bonds, Series 1999, 5.750%, 1/15/40                 | 1/10 at 101 |
| 8,515  | Los Angeles Harbors Department, California, Revenue Refunding Bonds, Series 2001B, 5.500%, 8/01/18 (Alternative Minimum Tax) - AMBAC Insured | 8/11 at 100 |
| 23,000 | Port of Oakland, California, Revenue Bonds, Series 2000K, 5.750%, 11/01/29 (Alternative Minimum Tax) - FGIC Insured                          | 5/10 at 100 |

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Nuveen California Dividend Advantage Municipal Fund (NAC) (continued)  
Portfolio of INVESTMENTS August 31, 2003

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

-----

TRANSPORTATION (continued)

|          |   |             |
|----------|---|-------------|
| \$ 5,000 | San Francisco City and County Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series, Issue 13B, 5.625%, 5/01/21 (Alternative Minimum Tax) - MBIA Insured | 5/06 at 101 |
| 23,275   | San Francisco City and County Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series, Issue 24A, 5.750%, 5/01/30 (Alternative Minimum Tax) - FSA Insured  | 5/10 at 101 |

-----  
U.S. GUARANTEED - 2.8%

|       |  |             |
|-------|--|-------------|
| 3,600 | Los Angeles Unified School District, California, General | 7/10 at 100 |
|-------|--|-------------|

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|        |         |  |              |
|--------|---------|--|--------------|
|        |         | Obligation Bonds, Election of 1997, Series 2000D,<br>5.625%, 7/01/14 (Pre-refunded to 7/01/10)   |              |
| 5,000  |         | Puerto Rico Commonwealth, Public Improvement General<br>Obligation Bonds, Series 2000, 5.750%, 7/01/16<br>(Pre-refunded to 7/01/10) - MBIA Insured       | 7/10 at 100  |
| -----  |         |  |              |
|        |         | UTILITIES - 11.2%  |              |
| 9,750  |         | California Department of Water Resources, Power Supply<br>Revenue Bonds, Series 2002A, 5.125%, 5/01/18   | 5/12 at 101  |
| 7,000  |         | Los Angeles Department of Water and Power, California,<br>Power System Revenue Bonds, Series 2001A-1,<br>5.250%, 7/01/21 - FSA Insured                   | 7/11 at 100  |
| 8,370  |         | Los Angeles Department of Water and Power, California,<br>Power System Revenue Refunding Bonds, Series 2001A-2,<br>5.375%, 7/01/19 - MBIA Insured        | 7/11 at 100  |
| 7,000  |         | Merced Irrigation District, California, Revenue Refunding<br>Bonds, Electric System Project, Series 2001, 6.750%, 9/01/31                                | 9/05 at 102  |
| 5,630  |         | Southern California Public Power Authority, Subordinate<br>Revenue Refunding Bonds, Transmission Project,<br>Series 2002A, 4.750%, 7/01/19 - FSA Insured | 7/12 at 100  |
| -----  |         |  |              |
|        |         | WATER AND SEWER - 11.3%  |              |
| 11,000 |         | California Department of Water Resources, Water System<br>Revenue Bonds, Central Valley Project, Series 2001W,<br>5.250%, 12/01/22 - FSA Insured         | 12/11 at 100 |
| 14,000 |         | Orange County Water District, California, Revenue Certificates<br>of Participation, Series 1999A, 5.375%, 8/15/29  | 8/09 at 101  |
| 8,250  |         | Pico Rivera Water Authority, California, Revenue Bonds,<br>Series 2001A, 6.250%, 12/01/32  | 12/11 at 102 |
| 5,115  |         | San Francisco City and County Public Utilities Commission,<br>California, Water Revenue Bonds, Series 2002A,<br>5.000%, 11/01/18 - MBIA Insured          | 11/12 at 100 |
| -----  |         |  |              |
| \$     | 512,260 | Total Long-Term Investments (cost \$509,460,322) - 150.3%  |              |
| =====  |         |  |              |
|        |         | Other Assets Less Liabilities - 0.1%   |              |
| -----  |         |  |              |
|        |         | Preferred Shares, at Liquidation Value - (50.4)%   |              |
| -----  |         |  |              |
|        |         | Net Assets Applicable to Common Shares - 100%  |              |
| =====  |         |  |              |

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.

\* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of

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

\*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

N/R Investment is not rated.

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

See accompanying notes to financial statements.

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Nuveen California Dividend Advantage Municipal Fund 2 (NVX)  
 Portfolio of  
 INVESTMENTS August 31, 2003

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION(1)   | OPTIONAL C<br>PROVISIO |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | CONSUMER STAPLES - 4.7%  |                        |
| \$ 4,625                  | California County Tobacco Securitization Agency, Tobacco Settlement Asset-Backed Bonds, Stanislaus County Tobacco Funding Corporation, Series 2002A, 5.500%, 6/01/33     | 6/12 at 100            |
| 3,200                     | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2003A-1, 6.250%, 6/01/33                                      | 6/13 at 100            |
| 3,000                     | Northern California Tobacco Securitization Authority, Tobacco Settlement Asset-Backed Bonds, Series 2001A, 5.375%, 6/01/41   | 6/11 at 100            |
| 2,800                     | Southern California Tobacco Securitization Authority, Tobacco Settlement Asset-Backed Bonds, Senior Series 2001A, 5.500%, 6/01/36  | 6/12 at 100            |
| -----                     |  |                        |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 19.9%  |                        |
| 2,000                     | California Educational Facilities Authority, Revenue Bonds, Stanford University, Series 2001Q, 5.250%, 12/01/32  | 6/11 at 101            |
| 15,000                    | California Educational Facilities Authority, Student Loan Revenue Bonds, California Loan Program, Series 2001A, 5.400%, 3/01/21 (Alternative Minimum Tax) - MBIA Insured | 3/08 at 102            |
|                           | California State Public Works Board, Lease Revenue Bonds, University of California System, Series 2002A:   |                        |
| 8,880                     | 5.375%, 10/01/16 - FSA Insured   | 10/12 at 100           |
| 10,570                    | 5.375%, 10/01/18 - FSA Insured   | 10/12 at 100           |

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|       |  |              |
|-------|--|--------------|
| 620   | California Statewide Community Development Authority,<br>Revenue Bonds, Notre Dame de Namur University,<br>Series 2003, 6.500%, 10/01/23   | 10/13 at 100 |
| 3,000 | Long Beach Bond Financing Authority, California, Lease<br>Revenue Refunding Bonds, Long Beach Aquarium of the<br>South Pacific, Series 2001, 5.250%, 11/01/30 -<br>AMBAC Insured | 11/11 at 101 |

-----  
HEALTHCARE - 11.2%

|       |   |             |
|-------|---|-------------|
| 2,000 | California Health Facilities Financing Authority, Revenue<br>Bonds, Casa Colina, Inc., Series 2001, 6.000%, 4/01/22   | 4/12 at 100 |
| 500   | California Infrastructure and Economic Development Bank,<br>Revenue Bonds, Kaiser Hospital Assistance I-LLC,<br>Series 2001A, 5.550%, 8/01/31   | 8/11 at 102 |
| 6,000 | California Statewide Community Development Authority,<br>Revenue Refunding Bonds, Sherman Oaks Project,<br>Series 1998A, 5.000%, 8/01/22 - AMBAC Insured  | No Opt. C   |
| 5,355 | California Statewide Community Development Authority,<br>Revenue Bonds, Kaiser Permanente System, Series 2002E,<br>4.700%, 11/01/36 (Mandatory put 6/01/09)   | No Opt. C   |
| 2,185 | California Statewide Community Development Authority,<br>Health Facility Revenue Refunding Bonds, Memorial Health<br>Services, Series 2003A, 6.000%, 10/01/11                                       | No Opt. C   |
| 3,000 | Central California Joint Powers Health Financing Authority,<br>Certificates of Participation, Community Hospitals of Central<br>California Obligated Group Project, Series 2000,<br>6.000%, 2/01/30 | 2/10 at 101 |
| 2,500 | Torrance, California, Revenue Bonds, Torrance Memorial<br>Medical Center, Series 2001A, 5.500%, 6/01/31   | 6/11 at 101 |
| 1,500 | Whittier, California, Health Facility Revenue Bonds,<br>Presbyterian Intercommunity Hospital, Series 2002,<br>5.600%, 6/01/22   | 6/12 at 101 |

-----  
HOUSING/MULTIFAMILY - 7.1%

|       |   |             |
|-------|---|-------------|
| 5,962 | California Statewide Community Development Authority,<br>Multifamily Housing Revenue Refunding Bonds, Claremont<br>Village Apartments, Series 2001D, 5.500%, 6/01/31<br>(Alternative Minimum Tax) (Mandatory put 6/01/16) | 6/11 at 102 |
| 3,500 | California Statewide Community Development Authority,<br>GNMA Collateralized Housing Revenue Refunding Bonds,<br>Crowne Pointe Project, Series 2002F, 6.750%, 8/20/37   | 8/12 at 105 |

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Nuveen California Dividend Advantage Municipal Fund 2 (NVX) (continued)  
 Portfolio of INVESTMENTS August 31, 2003

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION(1)  | OPTIONAL C<br>PROVISIO |
|---------------------------|---|------------------------|
| -----                     |   |                        |
|                           | HOUSING/MULTIFAMILY (continued)   |                        |
| \$ 4,650                  | San Francisco Redevelopment Agency, California, GNMA<br>Collateralized Multifamily Housing Revenue Bonds, Kokoro<br>Assisted Living Facility, Series 2001A, 5.675%, 4/20/43                   | 10/11 at 100           |
| -----                     |   |                        |
|                           | HOUSING/SINGLE FAMILY - 2.5%  |                        |
| 5,260                     | California Rural Home Mortgage Finance Authority, Single<br>Family Mortgage Revenue Bonds, Mortgage-Backed Securities<br>Program, Series 2001A, 5.650%, 12/01/31 (Alternative<br>Minimum Tax) | 6/11 at 102            |
| -----                     |   |                        |
|                           | LONG-TERM CARE - 0.7%   |                        |
| 1,550                     | California Health Facilities Financing Authority, Revenue<br>Bonds, Northern California Retired Officers Community<br>Corporation - Paradise Valley Estates, Series 2002,<br>5.125%, 1/01/22  | 1/13 at 100            |
| -----                     |   |                        |
|                           | TAX OBLIGATION/GENERAL - 29.9%  |                        |
| 5,000                     | State of California, General Obligation Refunding Bonds,<br>Series 2002, 5.000%, 2/01/12  | No Opt. C              |
| 7,225                     | State of California, General Obligation Veterans Welfare<br>Bonds, Series 2001BV, 5.600%, 12/01/32 - FSA Insured  | 6/06 at 101            |
| 3,000                     | State of California, General Obligation Bonds, Series 2003:<br>5.250%, 2/01/20  | 8/13 at 100            |
| 1,400                     | 5.250%, 2/01/21   | 8/13 at 100            |
| 1,400                     | 5.000%, 2/01/21   | 8/13 at 100            |
| 3,615                     | Colton Joint Unified School District, San Bernardino County,<br>California, General Obligation Bonds, Series 2002A,<br>5.500%, 8/01/22 - FGIC Insured   | 8/12 at 102            |
| 3,005                     | Contra Costa County Community College District, California,<br>General Obligation Bonds, Series 2002:<br>5.000%, 8/01/21 - FGIC Insured   | 8/12 at 100            |
| 3,300                     | 5.000%, 8/01/22 - FGIC Insured  | 8/12 at 100            |
| 8,330                     | Los Angeles Unified School District, California, General<br>Obligation Bonds, Election of 1997, Series 2000D,<br>5.375%, 7/01/25 - FGIC Insured   | 7/10 at 100            |
| 10,840                    | Los Angeles Unified School District, California, General<br>Obligation Bonds, Election of 1997, Series 2002E,<br>5.000%, 7/01/19 - MBIA Insured   | 7/12 at 100            |

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|       |   |             |
|-------|---|-------------|
| 1,250 | Los Angeles Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2003A, 5.250%, 7/01/20 - FSA Insured    | 7/13 at 100 |
| 4,050 | Santa Rosa High School District, Sonoma County, California, General Obligation Bonds, Series 2001, 5.300%, 5/01/26 - FGIC Insured             | 5/11 at 101 |
| 1,160 | Saugus Union School District, Los Angeles County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/21 - FGIC Insured          | 8/12 at 100 |
| 7,600 | Southwestern Community College District, San Diego County, California, General Obligation Bonds, Series 2001, 5.375%, 8/01/25 - AMBAC Insured | 8/11 at 101 |

-----  
TAX OBLIGATION/LIMITED - 42.7%

|       |  |              |
|-------|--|--------------|
| 9,000 | Anitoch Area Public Facilities Financing Agency, California, Special Tax Bonds, Community Facilities District 1989-1, Series 2001, 5.250%, 8/01/25 - MBIA Insured                        | 8/11 at 100  |
| 4,000 | Daly City Housing Development Financing Agency, California, Mobile Home Park Revenue Bonds, Franciscan Mobile Home Park Project, Series 2002A, 5.850%, 12/15/32                          | 12/13 at 102 |
| 4,845 | Encinitas Public Financing Authority, California, Lease Revenue Bonds, Acquisition Project, Series 2001A, 5.250%, 4/01/31 - MBIA Insured   | 4/08 at 102  |
| 5,000 | Industry Urban Development Agency, California, Tax Allocation Refunding Bonds, Civic, Recreational and Industrial Redevelopment Project 1, Series 2002, 5.500%, 5/01/19 - MBIA Insured   | 5/07 at 101  |
| 2,000 | Lake Elsinore Public Financing Authority, California, Local Agency Revenue Refunding Bonds, Series 2003H, 6.000%, 10/01/20   | 10/13 at 102 |
| 1,265 | Lee Lake Water District, Riverside County, California, Special Tax Bonds, Community Facilities District 1 of Sycamore Creek, Series 2003, 6.500%, 9/01/24                                | 9/13 at 102  |
| 1,320 | Lincoln Community Facilities District No. 2003-1, California, Special Tax Bonds, Series A, Lincoln Crossing Project, 6.500%, 9/01/25   | 9/13 at 102  |
| 8,000 | Los Angeles County Metropolitan Transportation Authority, California, Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Lien, Series 1998A, 5.000%, 7/01/23 - AMBAC Insured | 7/08 at 101  |

TAX OBLIGATION/LIMITED (continued)

|    |        |   |              |
|----|--------|---|--------------|
| \$ | 5,000  | Los Angeles County Metropolitan Transportation Authority, California, Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Lien, Series 2003A, 5.250%, 7/01/13 - MBIA Insured | No Opt. C    |
|    | 3,295  | Oakland Redevelopment Agency, California, Subordinate Lien Tax Allocation Bonds, Central District Redevelopment Project, Series 2003, 5.500%, 9/01/16 - FGIC Insured                    | 3/13 at 100  |
|    | 2,000  | Orange County, California, Special Tax Bonds, Community Facilities District 02-1 of Ladera Ranch, Series 2003A, 5.550%, 8/15/33   | 8/11 at 101  |
|    | 4,400  | Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, Series 2002E, 6.000%, 8/01/26   | No Opt. C    |
|    | 6,000  | Riverside County Redevelopment Agency, California, Tax Allocation Bonds, Jurupa Valley Project Area, Series 2001, 5.250%, 10/01/35 - AMBAC Insured                                      | 10/11 at 102 |
|    | 1,055  | Rohnert Park Finance Authority, California, Rancho Feliz Mobile Home Park Revenue Bonds, Senior Lien, Series 2003A, 5.750%, 9/15/38 (WI, settling 9/11/03)                              | 9/13 at 100  |
|    | 700    | Rohnert Park Finance Authority, California, Rancho Feliz Mobile Home Park Revenue Bonds, Subordinate Lien, Series 2003B, 6.625%, 9/15/38 (WI, settling 9/11/03)                         | 9/13 at 100  |
|    |        | Santa Clara Valley Transportation Authority, California, Sales Tax Revenue Bonds, Series 2001A:   |              |
|    | 16,090 | 5.000%, 6/01/25 - MBIA Insured  | 6/11 at 100  |
|    | 4,000  | 5.000%, 6/01/26 - MBIA Insured  | 6/11 at 100  |
|    | 1,930  | West Patterson Financing Authority, California, Community Facilities District 01-1 Special Tax Bonds, Series 2003B, 6.750%, 9/01/30 (WI, settling 9/16/03)                              | 9/13 at 103  |
|    | 3,045  | Yucaipa Redevelopment Agency, California, Mobile Home Park Revenue Bonds, Rancho del Sol and Grandview, Series 2001A, 6.750%, 5/15/36   | 5/11 at 102  |
|    | 5,100  | Yucaipa, California, Special Tax Bonds, Chapman Heights Community Facilities District 98-1, Series 1998, 6.000%, 9/01/28  | 9/09 at 102  |

TRANSPORTATION - 10.8%

|  |       |  |              |
|--|-------|--|--------------|
|  | 7,000 | Foothill-Eastern Transportation Corridor Agency, California, Toll Road Refunding Revenue Bonds, Series 1999, 0.000%, 1/15/27 | 1/14 at 101  |
|  | 5,585 | Port of Oakland, California, Revenue Bonds, Series 2002N, 5.000%, 11/01/16 (Alternative Minimum Tax) - MBIA Insured          | 11/12 at 100 |
|  | 3,840 | Sacramento-Yolo Port District, Sacramento and Yolo Counties,   | 7/08 at 101  |

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|       |   |  |             |
|-------|---|--|-------------|
|       | California, Port Facilities Improvement and Revenue Refunding Bonds, Series 2001, 5.125%, 7/01/14   |  |             |
| 2,000 | San Francisco City and County Airports Commission, California, Revenue Refunding Bonds, San Francisco International Airport, Second Series, Issue 28A, 5.250%, 5/01/17 (Alternative Minimum Tax) - MBIA Insured |  | 5/12 at 100 |
|       | San Francisco City and County Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series, Issue 29A:  |  |             |
| 2,430 | 5.250%, 5/01/18 (Alternative Minimum Tax) - FGIC Insured  |  | 5/13 at 100 |
| 2,555 | 5.250%, 5/01/19 (Alternative Minimum Tax) - FGIC Insured  |  | 5/13 at 100 |
| 1,000 | San Francisco City and County Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series, Issue 29B, 5.125%, 5/01/17 - FGIC Insured                                     |  | 5/13 at 100 |

-----  
UTILITIES - 6.9%

|       |   |  |             |
|-------|---|--|-------------|
| 3,000 | California Pollution Control Financing Authority, Pollution Control Revenue Refunding Bonds, Pacific Gas and Electric Company, Series 1996A Remarketed, 5.350%, 12/01/16 (Alternative Minimum Tax) - MBIA Insured |  | 4/11 at 102 |
| 6,000 | California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A, 5.125%, 5/01/18   |  | 5/12 at 101 |
| 1,000 | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2003A-2, 5.000%, 7/01/23 - MBIA Insured   |  | 7/13 at 100 |
| 3,000 | Merced Irrigation District, California, Revenue Refunding Bonds, Electric System Project, Series 2001, 6.850%, 9/01/36  |  | 9/05 at 102 |
| 1,000 | Merced Irrigation District, California, Revenue Certificates of Participation, Electric System Project, Series 2002, 6.500%, 9/01/34  |  | 9/05 at 103 |

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Nuveen California Dividend Advantage Municipal Fund 2 (NVX) (continued)  
Portfolio of INVESTMENTS August 31, 2003

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1)  | OPTIONAL C PROVISIO |
|------------------------|---|---------------------|
|                        | -----   |                     |
|                        | WATER AND SEWER - 12.0%   |                     |
| \$ 2,740               | California Department of Water Resources, Water System Revenue Bonds, Central Valley Project, Series 2002Z, 5.000%, 12/01/18 - FGIC Insured | 12/12 at 100        |
| 4,900                  | East Bay Municipal Utility District, Alameda and Contra   | 6/11 at 100         |

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Costa Counties, California, Water System Subordinated  
Revenue Bonds, Series 2001, 5.000%, 6/01/26 -  
MBIA Insured

|            |   |             |
|------------|---|-------------|
| 6,885      | San Diego Public Facilities Financing Authority, California,<br>Subordinate Lien Water Revenue Bonds, Series 2002,<br>5.000%, 8/01/21 - MBIA Insured            | 8/12 at 100 |
| 10,000     | San Francisco City and County Public Utilities Commission,<br>California, Clean Water Revenue Refunding Bonds,<br>Series 2003A, 5.250%, 10/01/20 - MBIA Insured | 4/13 at 100 |
| -----      |   |             |
| \$ 309,812 | Total Long-Term Investments (cost \$311,202,914) - 148.4%   |             |
| =====      |   |             |
|            | Other Assets Less Liabilities - 4.1%  |             |
| -----      |   |             |
|            | Preferred Shares, at Liquidation Value - (52.5)%  |             |
| -----      |   |             |
|            | Net Assets Applicable to Common Shares - 100%   |             |
| =====      |   |             |

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.

\* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

\*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

N/R Investment is not rated.

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

See accompanying notes to financial statements.

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Nuveen California Dividend Advantage Municipal Fund 3 (NZH)  
Portfolio of  
INVESTMENTS August 31, 2003

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION(1)   | OPTIONAL C<br>PROVISIO |
|---------------------------|--|------------------------|
|                           | CONSUMER STAPLES - 4.9%  |                        |
| \$ 11,240                 | California County Tobacco Securitization Agency, Tobacco<br>Settlement Asset-Backed Bonds, Merced County Tobacco<br>Funding Corporation, Series 2002A, 5.500%, 6/01/33 | 6/12 at 100            |
| 6,100                     | Golden State Tobacco Securitization Corporation, California,   | 6/13 at 100            |

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Tobacco Settlement Asset-Backed Bonds, Series 2003A-1,  
6.250%, 6/01/33

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

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EDUCATION AND CIVIC ORGANIZATIONS - 9.7%

|       |  |             |
|-------|--|-------------|
| 9,000 | California Educational Facilities Authority, Student Loan Revenue Bonds, California Loan Program, Series 2001A, 5.400%, 3/01/21 (Alternative Minimum Tax) - MBIA Insured | 3/08 at 102 |
|-------|--|-------------|

|       |   |              |
|-------|---|--------------|
| 3,600 | California State Public Works Board, Lease Revenue Bonds, University of California System, Series 2002A, 5.375%, 10/01/17 - FSA Insured | 10/12 at 100 |
|-------|---|--------------|

|     |  |              |
|-----|--|--------------|
| 620 | California Statewide Community Development Authority, Revenue Bonds, Notre Dame de Namur University, Series 2003, 6.500%, 10/01/23 | 10/13 at 100 |
|-----|--|--------------|

|       |   |             |
|-------|---|-------------|
| 7,595 | San Francisco State University Foundation, Inc., California, Auxiliary Organization Revenue Bonds, Student Housing, Series 2001, 5.000%, 9/01/26 - MBIA Insured | 9/11 at 100 |
|-------|---|-------------|

|       |   |             |
|-------|---|-------------|
| 2,990 | University of California, Revenue Bonds, Multiple Purpose Projects, Series 2000K, 5.000%, 9/01/23 | 9/08 at 101 |
|-------|---|-------------|

|       |   |             |
|-------|---|-------------|
| 3,820 | University of California, Revenue Bonds, Research Facilities, Series 2001E, 5.000%, 9/01/26 - AMBAC Insured | 9/09 at 101 |
|-------|---|-------------|

|       |  |             |
|-------|--|-------------|
| 4,000 | University of California, Revenue Bonds, Multiple Purpose Projects, Series 2003A, 5.000%, 5/15/23 (WI, settling 9/09/03) - AMBAC Insured | 5/13 at 100 |
|-------|--|-------------|

---

HEALTHCARE - 12.4%

|       |  |             |
|-------|--|-------------|
|       | California Health Facilities Financing Authority, Revenue Bonds, Casa Colina, Inc., Series 2001: |             |
| 4,000 | 6.000%, 4/01/22  | 4/12 at 100 |
| 2,000 | 6.125%, 4/01/32  | 4/12 at 100 |

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

|       |  |              |
|-------|--|--------------|
| 7,665 | California Statewide Community Development Authority, Insured Mortgage Hospital Revenue Bonds, Mission Community Hospital, Series 2001, 5.375%, 11/01/21 | 11/09 at 102 |
|-------|--|--------------|

|       |   |           |
|-------|---|-----------|
| 6,525 | California Statewide Community Development Authority, Health Facility Revenue Refunding Bonds, Memorial Health Services, Series 2003A, 6.000%, 10/01/12 | No Opt. C |
|-------|---|-----------|

|       |  |             |
|-------|--|-------------|
| 6,450 | California Statewide Community Development Authority, Hospital Revenue Bonds, Monterey Peninsula Hospital, Series 2003B, 5.250%, 6/01/18 - FSA Insured | 6/13 at 100 |
|-------|--|-------------|

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

-----  
HOUSING/MULTIFAMILY - 4.2%

|       |   |              |
|-------|---|--------------|
| 5,250 | California Statewide Community Development Authority, GNMA Collateralized Housing Revenue Refunding Bonds, Crowne Pointe Project, Series 2002F, 6.750%, 8/20/37             | 8/12 at 105  |
| 3,610 | San Bernardino County Housing Authority, California, GNMA Collateralized Multifamily Mortgage Revenue Bonds, Pacific Palms Mobile Home Park, Series 2001A, 6.700%, 12/20/41 | 11/11 at 105 |
|       | San Jose, California, Multifamily Housing Revenue Bonds, GNMA Mortgage-Backed Securities Program, Lenzen Housing, Series 2001B:   |              |
| 1,250 | 5.350%, 2/20/26 (Alternative Minimum Tax)   | 8/11 at 102  |
| 2,880 | 5.450%, 2/20/43 (Alternative Minimum Tax)   | 8/11 at 102  |

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Nuveen California Dividend Advantage Municipal Fund 3 (NZH) (continued)  
Portfolio of INVESTMENTS August 31, 2003

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION(1)   | OPTIONAL C<br>PROVISIO |
|---------------------------|--|------------------------|
|                           | -----<br>HOUSING/SINGLE FAMILY - 0.9%  |                        |
| \$ 3,000                  | California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 1998B, 5.150%, 2/01/18 (Alternative Minimum Tax) - AMBAC Insured  | 2/08 at 101            |
|                           | -----<br>INDUSTRIALS - 1.5%  |                        |
| 4,715                     | California Pollution Control Financing Authority, Solid Waste Disposal Revenue Bonds, Waste Management Inc. Project, Series 2002B, 4.450%, 7/01/27 (Alternative Minimum Tax) (Mandatory put 7/01/05) | No Opt. C              |
|                           | -----<br>LONG-TERM CARE - 1.6%   |                        |
| 1,500                     | California Health Facilities Financing Authority, Insured Senior Living Revenue Bonds, Aldersly, Series 2002A: 5.125%, 3/01/22   | 3/12 at 101            |

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

-----  
TAX OBLIGATION/GENERAL - 33.2%

|        |   |              |
|--------|---|--------------|
| 8,500  | State of California, General Obligation Veterans Welfare Bonds, Series 1997BH, 5.500%, 12/01/18 (Alternative Minimum Tax)                           | 12/03 at 102 |
| 10     | State of California, General Obligation Veterans Welfare Bonds, Series 1997BJ, 5.500%, 12/01/18 (Alternative Minimum Tax)                           | 12/06 at 102 |
| 9,335  | State of California, General Obligation Bonds, Series 2002, 6.000%, 2/01/16 - FSA Insured   | No Opt. C    |
|        | State of California, General Obligation Refunding Bonds, Series 2002:   |              |
| 8,450  | 5.000%, 2/01/12   | No Opt. C    |
| 2,780  | 6.000%, 4/01/16 - AMBAC Insured   | No Opt. C    |
| 5,000  | 5.000%, 4/01/21 - AMBAC Insured   | 4/12 at 100  |
| 1,950  | State of California, Various Purpose General Obligation Bonds, Series 2001, 5.000%, 11/01/30 - MBIA Insured   | 11/11 at 100 |
| 14,300 | State of California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.350%, 12/01/21 (Alternative Minimum Tax) - MBIA Insured            | 6/07 at 101  |
| 2,050  | Centinela Valley Union High School District, Los Angeles County, California, General Obligation Bonds, Series 2002A, 5.250%, 2/01/26 - MBIA Insured | No Opt. C    |
| 1,840  | Compton Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2003A, 5.250%, 9/01/18 - MBIA Insured             | 9/13 at 100  |
| 3,000  | Contra Costa County Community College District, California, General Obligation Bonds, Series 2002, 5.000%, 8/01/23 - FGIC Insured                   | 8/12 at 100  |
| 2,500  | Fullerton Joint Union High School District, Orange County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/23 - FSA Insured        | 8/12 at 100  |
| 2,260  | Jurupa Unified School District, Riverside County, California, General Obligation Bonds, Series 2002, 5.125%, 8/01/22 - FGIC Insured                 | 8/11 at 101  |
|        | Los Angeles Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2003A:  |              |
| 3,750  | 5.250%, 7/01/20 - FSA Insured   | 7/13 at 100  |
| 7,200  | 5.000%, 7/01/22 - FSA Insured   | 7/13 at 100  |
| 6,315  | Los Angeles Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2003F,  | 7/13 at 100  |

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|        |  |             |
|--------|--|-------------|
|        | 4.750%, 7/01/24 - FGIC Insured   |             |
| 2,710  | Pajaro Valley Unified School District, Santa Cruz County, California, General Obligation Bonds, Series 2003, 5.000%, 8/01/22 - FSA Insured               | 8/13 at 100 |
| 3,000  | Puerto Rico Commonwealth, Public Improvement General Obligation Refunding Bonds, Series 2001, 5.000%, 7/01/24 - FSA Insured                              | 7/11 at 100 |
| 5,000  | Riverside Unified School District, Riverside County, California, General Obligation Bonds, Series 2002A, 5.000%, 2/01/27 - FGIC Insured                  | 2/12 at 101 |
| 10,810 | San Diego Unified School District, San Diego County, California, General Obligation Bonds, Election of 1998, Series 2001C, 5.000%, 7/01/26 - FSA Insured | 7/11 at 102 |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION(1)  | OPTIONAL C<br>PROVISIO |
|---------------------------|---|------------------------|
|                           | TAX OBLIGATION/GENERAL (continued)  |                        |
| \$ 4,000                  | San Diego Unified School District, San Diego County, California, General Obligation Bonds, Election of 1998, Series 2002D, 5.250%, 7/01/21 - FGIC Insured     | 7/12 at 101            |
| 1,000                     | Saugus Union School District, Los Angeles County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/24 - FGIC Insured                          | 8/12 at 100            |
| 1,630                     | West Contra Costa Unified School District, Contra Costa County, California, General Obligation Bonds, Series 2003C, 5.000%, 8/01/22 - FGIC Insured            | 8/11 at 101            |
|                           | TAX OBLIGATION/LIMITED - 47.3%  |                        |
| 4,000                     | Beaumont Financing Authority, California, Local Agency Revenue Bonds, Series 2002A, 6.750%, 9/01/25   | 9/12 at 102            |
| 7,135                     | Brentwood Infrastructure Financing Authority, Contra Costa County, California, Capital Improvement Revenue Bonds, Series 2001, 5.000%, 11/01/25 - FSA Insured | 11/11 at 100           |
| 3,620                     | Burbank Public Financing Authority, California, Revenue Refunding Bonds, Golden State Redevelopment Project, Series 2003A, 5.250%, 12/01/20 - AMBAC Insured   | 12/13 at 100           |
| 3,350                     | California State Public Works Board, Lease Revenue Bonds, Department of General Services, Capital East End, Series 2002A, 5.250%, 12/01/17 - AMBAC Insured    | 12/12 at 100           |
| 2,630                     | California State Public Works Board, Lease Revenue Refunding Bonds, Department of Corrections, Series 2001B,  | No Opt. C              |

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|        |   |              |
|--------|---|--------------|
|        | 5.250%, 1/01/12 - AMBAC Insured   |              |
| 4,510  | California State Public Works Board, Lease Revenue Bonds, Department of Mental Health, Hospital Addition, Series 2001A, 5.000%, 12/01/26 - AMBAC Insured                                | 12/11 at 102 |
| 15,000 | California State Public Works Board, Lease Revenue Bonds, Department of General Services, Series 2002B, 5.000%, 3/01/27 - AMBAC Insured   | 3/12 at 100  |
| 1,810  | Cerritos Public Financing Authority, California, Tax Allocation Revenue Bonds, Los Cerritos Redevelopment Projects, Series 2002A, 5.000%, 11/01/14 - AMBAC Insured                      | No Opt. C    |
| 1,270  | Coalinga Public Financing Authority, California, Local Obligation Senior Lien Revenue Bonds, Series 1998A, 6.000%, 9/15/18 - AMBAC Insured  | No Opt. C    |
| 2,000  | Daly City Housing Development Finance Agency, California, Mobile Home Park Revenue Bonds, Franciscan Mobile Home Park Project, Series 2002A, 5.800%, 12/15/25                           | 12/13 at 102 |
| 1,000  | Fullerton Community Facilities District 1, California, Special Tax Bonds, Amerige Heights, Series 2002, 6.100%, 9/01/22   | 9/12 at 100  |
| 3,000  | Lake Elsinore Public Financing Authority, California, Local Agency Revenue Refunding Bonds, Series 2003H, 6.000%, 10/01/20  | 10/13 at 102 |
| 5,250  | Lammersville School District, San Joaquin County, California, Special Tax Bonds, Community Facilities District of Mountain House, Series 2002, 6.300%, 9/01/24                          | 9/12 at 101  |
| 2,000  | Lee Lake Water District, Riverside County, California, Special Tax Bonds, Community Facilities District 1 of Sycamore Creek, Series 2003, 6.500%, 9/01/24                               | 9/13 at 102  |
| 2,200  | Lincoln Community Facilities District No. 2003-1, California, Special Tax Bonds, Series A, Lincoln Crossing Project, 6.500%, 9/01/25  | 9/13 at 102  |
| 5,425  | Lodi, California, Certificates of Participation, Public Improvement Financing Project, Series 2002, 5.000%, 10/01/26 - MBIA Insured   | 10/12 at 100 |
| 6,075  | Los Angeles County Metropolitan Transportation Authority, California, Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Lien, Series 2003A, 5.250%, 7/01/13 - MBIA Insured | No Opt. C    |
| 1,000  | Monterey County, California, Certificates of Participation, Master Plan Financing, Series 2001, 5.250%, 8/01/15 - MBIA Insured  | 8/11 at 100  |
| 1,000  | Norco Community Facilities District 01-1, California, Special Tax Bonds, Series 2002, 6.750%, 9/01/22   | 9/12 at 102  |
| 3,000  | Oakland Redevelopment Agency, California, Subordinate Lien Tax Allocation Bonds, Central District Redevelopment Project, Series 2003, 5.500%, 9/01/19 - FGIC Insured                    | 3/13 at 100  |
| 4,520  | Ontario Redevelopment Financing Authority, California, Lease  | 8/11 at 101  |

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Revenue Bonds, Capital Projects, Series 2001,  
5.000%, 8/01/24 - AMBAC Insured

2,000 Orange County, California, Special Tax Bonds, Community Facilities District 02-1 of Ladera Ranch, Series 2003A, 5.550%, 8/15/33 8/11 at 101

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Nuveen California Dividend Advantage Municipal Fund 3 (NZH) (continued)  
Portfolio of INVESTMENTS August 31, 2003

| PRINCIPAL AMOUNT (000)             | DESCRIPTION(1)  | OPTIONAL C PROVISIO |
|------------------------------------|---|---------------------|
| TAX OBLIGATION/LIMITED (continued) |   |                     |
| \$ 11,165                          | Palm Desert Financing Authority, California, Tax Allocation Revenue Refunding Bonds, Project Area 1, Series 2002, 5.100%, 4/01/30 - MBIA Insured                | 4/12 at 102         |
| 5,000                              | Pomona Public Financing Authority, California, Revenue Refunding Bonds, Merged Redevelopment Projects, Series 2001AD, 5.000%, 2/01/27 - MBIA Insured            | 2/11 at 100         |
| 6,500                              | Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 2002D, 5.375%, 7/01/36  | 7/12 at 100         |
| 4,400                              | Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, Series 2002E, 6.000%, 8/01/26   | No Opt. C           |
| 1,735                              | Rohnert Park Finance Authority, California, Rancho Feliz Mobile Home Park Revenue Bonds, Senior Lien, Series 2003A, 5.750%, 9/15/38 (WI, settling 9/11/03)      | 9/13 at 100         |
| 1,125                              | Rohnert Park Finance Authority, California, Rancho Feliz Mobile Home Park Revenue Bonds, Subordinate Lien, Series 2003B, 6.625%, 9/15/38 (WI, settling 9/11/03) | 9/13 at 100         |
| 1,700                              | Roseville, California, Special Tax Bonds, Community Facilities District 1 - Crocker, Series 2003, 6.000%, 9/01/27   | 9/09 at 103         |
| 14,505                             | San Diego Redevelopment Agency, California, Subordinate Tax Allocation Bonds, Centre City Redevelopment Project, Series 2001A, 5.000%, 9/01/26 - FSA Insured    | 9/11 at 101         |
| 8,725                              | San Francisco Bay Area Rapid Transit District, California, Sales Tax Revenue Bonds, Series 2001, 5.000%, 7/01/26 - AMBAC Insured                                | 7/11 at 100         |
| 10,000                             | San Jose Redevelopment Agency, California, Tax Allocation Bonds, Merged Area Redevelopment Project, Series 2002, 5.000%, 8/01/27 - MBIA Insured                 | 8/10 at 101         |
| 2,115                              | San Marcos Public Facilities Authority, California, Special Tax Revenue Bonds, Series 2002, 6.300%, 9/01/20   | 9/07 at 102         |
| 1,595                              | Santa Clara Valley Transportation Authority, California,  | 6/11 at 100         |

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Sales Tax Revenue Bonds, Series 2001A, 5.000%, 6/01/22 -  
MBIA Insured

|       |  |              |
|-------|--|--------------|
| 2,810 | West Patterson Financing Authority, California, Special Tax Bonds, Community Facilities District 01-1, Series 2003B, 7.000%, 9/01/38 (WI, settling 9/16/03)          | 9/13 at 103  |
| 2,500 | Yucaipa-Calimesa Joint Unified School District, San Bernardino County, California, General Obligation Refunding Bonds, Series 2001A, 5.000%, 10/01/26 - MBIA Insured | 10/11 at 100 |

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TRANSPORTATION - 11.3%

|        |   |              |
|--------|---|--------------|
| 11,750 | Foothill-Eastern Transportation Corridor Agency, California, Toll Road Refunding Revenue Bonds, Series 1999, 0.000%, 1/15/28  | 1/14 at 101  |
| 1,500  | Port of Oakland, California, Revenue Refunding Bonds, Series 1997I, 5.600%, 11/01/19 - MBIA Insured   | 11/07 at 102 |
| 1,000  | Port of Oakland, California, Revenue Bonds, Series 2002M, 5.250%, 11/01/20 - FGIC Insured   | 11/12 at 100 |
| 3,000  | San Francisco City and County Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series, Issue 26B, 5.000%, 5/01/30 - FGIC Insured           | 5/10 at 101  |
| 3,000  | San Francisco City and County Airports Commission, California, Revenue Refunding Bonds, San Francisco International Airport, Second Series, Issue 28B, 5.250%, 5/01/22 - MBIA Insured | 5/12 at 100  |
|        | San Francisco City and County Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series, Issue 29B:  |              |
| 4,110  | 5.125%, 5/01/17 - FGIC Insured  | 5/13 at 100  |
| 10,625 | 5.125%, 5/01/18 - FGIC Insured  | 5/13 at 100  |
| 5,140  | 5.125%, 5/01/19 - FGIC Insured  | 5/13 at 100  |

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UTILITIES - 12.1%

|        |   |             |
|--------|---|-------------|
| 15,000 | California Pollution Control Financing Authority, Pollution Control Revenue Refunding Bonds, Pacific Gas and Electric Company, Series 1996A Remarketed, 5.350%, 12/01/16 (Alternative Minimum Tax) - MBIA Insured | 4/11 at 102 |
| 9,000  | California Department of Water Resources, Power Supply Revenue Bonds, Series 2002A, 5.125%, 5/01/18   | 5/12 at 101 |
| 1,600  | Merced Irrigation District, California, Revenue Certificates of Participation, Electric System Project, Series 2002, 6.500%, 9/01/34  | 9/05 at 103 |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION(1)   | OPTIONAL C<br>PROVISIO |
|---------------------------|--|------------------------|
| -----                     |  |                        |
|                           | UTILITIES (continued)  |                        |
| \$ 5,000                  | Merced Irrigation District, California, Revenue Certificates of Participation, Electric System Project, Series 2003, 5.700%, 9/01/36               | 9/13 at 102            |
| 2,250                     | Salinas Valley Solid Waste Authority, California, Revenue Bonds, Series 2002, 5.125%, 8/01/22 (Alternative Minimum Tax) - AMBAC Insured            | 8/12 at 100            |
| 6,085                     | Southern California Public Power Authority, Revenue Bonds, Magnolia Power Project, Series 2003-1A, 5.250%, 7/01/16 - AMBAC Insured                 | 7/13 at 100            |
| -----                     |  |                        |
|                           | WATER AND SEWER - 16.5%  |                        |
| 6,080                     | California Department of Water Resources, Water System Revenue Bonds, Central Valley Project, Series 2002Z, 5.000%, 12/01/17 - FGIC Insured        | 12/12 at 100           |
|                           | California Department of Water Resources, Water System Revenue Bonds, Central Valley Project, Series 2003Y:  |                        |
| 8,000                     | 5.250%, 12/01/13 - FGIC Insured  | 6/13 at 100            |
| 2,270                     | 5.250%, 12/01/16 - FGIC Insured  | 6/13 at 100            |
| 7,000                     | Carmichael Water District, Sacramento County, California, Water Revenue Certificates of Participation, Series 1999, 5.125%, 9/01/29 - MBIA Insured | 9/09 at 102            |
| 1,000                     | Pico Rivera Water Authority, California, Revenue Bonds, Series 2001A, 6.250%, 12/01/32   | 12/11 at 102           |
|                           | San Diego Public Facilities Financing Authority, California, Subordinate Lien Water Revenue Bonds, Series 2002:                                    |                        |
| 2,500                     | 5.000%, 8/01/23 - MBIA Insured   | 8/12 at 100            |
| 8,910                     | 5.000%, 8/01/24 - MBIA Insured   | 8/12 at 100            |
|                           | San Francisco City and County Public Utilities Commission, California, Clean Water Revenue Refunding Bonds, Series 2003A:                          |                        |
| 3,315                     | 5.250%, 10/01/18 - MBIA Insured  | 4/13 at 100            |
| 12,000                    | 5.250%, 10/01/19 - MBIA Insured  | 4/13 at 100            |
| 1,600                     | Sunnyvale Financing Authority, California, Water and Wastewater Revenue Bonds, Series 2001, 5.000%, 10/01/26 - AMBAC Insured                       | 10/11 at 100           |
| -----                     |  |                        |
| \$ 513,810                | Total Long-Term Investments (cost \$523,832,394) - 155.6%  |                        |
| =====                     |  |                        |
|                           | Other Assets Less Liabilities - 0.9%   |                        |
| -----                     |  |                        |
|                           | Preferred Shares, at Liquidation Value - (56.5)%   |                        |
| -----                     |  |                        |
|                           | Net Assets Applicable to Common Shares - 100%  |                        |
| =====                     |  |                        |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.
- \* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.
- \*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.
- N/R Investment is not rated.
- (WI) Security purchased on a when-issued basis.

See accompanying notes to financial statements.

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Nuveen Insured California Dividend Advantage Municipal Fund (NKL)  
 Portfolio of  
 INVESTMENTS August 31, 2003

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION(1)  | OPTIONAL C<br>PROVISIO |
|---------------------------|---|------------------------|
| -----                     |   |                        |
|                           | CONSUMER STAPLES - 2.4%   |                        |
| \$ 5,500                  | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2003A-2, 7.900%, 6/01/42                                       | 6/13 at 100            |
| -----                     |   |                        |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 10.8%   |                        |
| 3,070                     | California Educational Facilities Authority, Revenue Bonds, Claremont University Center, Series 1999B, 5.250%, 3/01/18  | 3/09 at 101            |
| 1,675                     | California Educational Facilities Authority, Revenue Bonds, University of San Diego, Series 2002A, 5.250%, 10/01/30   | 10/12 at 100           |
| 9,000                     | California State University, Systemwide Revenue Bonds, Series 2002A, 5.125%, 11/01/26 - AMBAC Insured   | 11/12 at 100           |
| 1,000                     | California Statewide Community Development Authority, Student Housing Revenue Bonds, EAH - Irvine East Campus Apartments LLC Project, Series 2002A, 5.500%, 8/01/22 - ACA Insured | 8/12 at 100            |
| 9,000                     | University of California, Revenue Bonds, Multiple Purpose Projects, Series 2000K, 5.300%, 9/01/30   | 9/08 at 101            |

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-----  
HEALTHCARE - 7.2%

|       |  |              |
|-------|--|--------------|
| 5,000 | ABAG Finance Authority for Non-Profit Corporations,<br>California, Insured Revenue Bonds, Sansum-Santa Barbara<br>Medical Foundation Clinic, Series 2002A, 5.600%, 4/01/26 | 4/12 at 100  |
|       | California Health Facilities Financing Authority, Revenue<br>Bonds, Cedars-Sinai Medical Center, Series 1999A:   |              |
| 2,500 | 6.125%, 12/01/30   | 12/09 at 101 |
| 4,600 | 6.250%, 12/01/34   | 12/09 at 101 |
| 3,700 | California Health Facilities Financing Authority, Revenue<br>Bonds, Adventist Health System/West, Series 2003A,<br>5.000%, 3/01/28   | 3/13 at 100  |

-----  
HOUSING/MULTIFAMILY - 0.9%

|       |  |             |
|-------|--|-------------|
| 1,905 | Los Angeles, California, Multifamily Housing Revenue Bonds,<br>GNMA Mortgage-Backed Securities Program, Park Plaza<br>West Senior Apartments Project, Series 2001B,<br>5.300%, 1/20/21 (Alternative Minimum Tax) | 7/11 at 102 |
|-------|--|-------------|

-----  
HOUSING/SINGLE FAMILY - 2.5%

|       |   |             |
|-------|---|-------------|
| 5,655 | California Housing Finance Agency, Home Mortgage Revenue<br>Bonds, Series 1998E, 5.250%, 2/01/33 (Alternative<br>Minimum Tax) - AMBAC Insured | 2/09 at 101 |
|-------|---|-------------|

-----  
LONG-TERM CARE - 1.3%

|       |  |              |
|-------|--|--------------|
| 3,000 | ABAG Finance Authority for Nonprofit Corporations,<br>California, Insured Senior Living Revenue Bonds, Odd<br>Fellows Home of California, Series 2003A, 5.200%, 11/15/22 | 11/12 at 100 |
|-------|--|--------------|

-----  
TAX OBLIGATION/GENERAL - 36.7%

|       |   |             |
|-------|---|-------------|
| 5,920 | Cajon Valley Union School District, San Diego County,<br>California, General Obligation Bonds, Series 2002B,<br>5.125%, 8/01/32 - MBIA Insured            | 8/10 at 102 |
| 9,000 | State of California, General Obligation Refunding Bonds,<br>Series 2002, 5.000%, 2/01/22 - MBIA Insured   | 2/12 at 100 |
| 4,300 | State of California, General Obligation Bonds,<br>Series 2003, 5.000%, 2/01/21  | 8/13 at 100 |
| 1,490 | Campbell Union High School District, Santa Clara County,<br>California, General Obligation Bonds, Series 2003,<br>5.000%, 8/01/32 - FGIC Insured          | 8/11 at 102 |
| 1,500 | Centinela Valley Union High School District, Los Angeles<br>County, California, General Obligation Bonds, Series 2002A,<br>5.250%, 2/01/26 - MBIA Insured | No Opt. C   |

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|       |  |             |
|-------|--|-------------|
| 2,415 | El Monte Union High School District, Los Angeles County, California, General Obligation Bonds, Series 2003A, 5.000%, 6/01/28 - FSA Insured | 6/13 at 100 |
|-------|--|-------------|

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| PRINCIPAL<br>AMOUNT (000)          | DESCRIPTION(1)   | OPTIONAL C<br>PROVISIO |
|------------------------------------|--|------------------------|
| -----                              |  |                        |
| TAX OBLIGATION/GENERAL (continued) |  |                        |
| \$ 10,000                          | Fremont Unified School District, Alameda County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/25 - FSA Insured                       | 8/12 at 101            |
| 2,070                              | Fresno Unified School District, Fresno County, California, General Obligation Bonds, Election of 1995, Series 2002G, 5.125%, 8/01/26 - FSA Insured       | 8/10 at 102            |
| 1,135                              | Fresno Unified School District, Fresno County, California, General Obligation Bonds, Election of 2001, Series 2002B: 5.125%, 8/01/23 - FGIC Insured      | 8/10 at 102            |
| 1,190                              | 5.125%, 8/01/24 - FGIC Insured   | 8/10 at 102            |
| 1,245                              | 5.125%, 8/01/25 - FGIC Insured   | 8/10 at 102            |
| 1,255                              | 5.125%, 8/01/26 - FGIC Insured   | 8/10 at 102            |
| 5,000                              | Los Angeles Unified School District, California, General Obligation Bonds, Election of 1997, Series 2002E, 5.125%, 1/01/27 - MBIA Insured                | 7/12 at 100            |
| 4,700                              | Los Angeles Unified School District, California, General Obligation Bonds, Series 2003A, 5.000%, 7/01/22 - FSA Insured                                   | 7/13 at 100            |
| 1,500                              | Madera Unified School District, Madera County, California, General Obligation Bonds, Series 2002, 5.000%, 8/01/28 - FSA Insured                          | 8/12 at 100            |
| 1,155                              | Montara Sanitary District, California, General Obligation Bonds, Series 2003, 5.000%, 8/01/28 - FGIC Insured   | 8/11 at 101            |
| 2,500                              | Oakland Unified School District, Alameda County, California, General Obligation Bonds, Series 2002, 5.250%, 8/01/21 - FGIC Insured                       | 8/12 at 100            |
| 3,300                              | Peralta Community College District, Alameda County, California, General Obligation Bonds, Election of 2000, Series 2001A, 5.000%, 8/01/31 - FGIC Insured | 8/09 at 102            |
| 3,250                              | San Diego Unified School District, San Diego County, California, General Obligation Bonds, Election of 1998, Series 2001C, 5.000%, 7/01/22 - FSA Insured | 7/11 at 102            |
| 3,500                              | San Mateo County Community College District, California, General Obligation Bonds, Series 2002A, 5.000%, 9/01/26 - FGIC Insured                          | 9/12 at 100            |

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|        |   |             |
|--------|---|-------------|
| 2,980  | Santa Clarita Community College District, Los Angeles County, California, General Obligation Bonds, Series 2002, 5.125%, 8/01/26 - FGIC Insured | 8/11 at 101 |
| 2,460  | Vacaville Unified School District, Solano County, California, General Obligation Bonds, Series 2002, 5.000%, 8/01/26 - FSA Insured              | 8/11 at 101 |
| 10,000 | Vista Unified School District, San Diego County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/23 - FSA Insured              | 8/12 at 100 |

-----  
TAX OBLIGATION/LIMITED - 39.8%

|       |   |              |
|-------|---|--------------|
| 6,895 | Brea and Olinda Unified School District, Orange County, California, Certificates of Participation Refunding, Series 2002A, 5.125%, 8/01/26 - FSA Insured                                      | 8/11 at 101  |
| 2,290 | Burbank Public Financing Authority, California, Revenue Refunding Bonds, Golden State Redevelopment Project, Series 2003A, 5.250%, 12/01/19 - AMBAC Insured                                   | 12/13 at 100 |
| 7,035 | Corona-Norco Unified School District, Riverside County, California, Special Tax Bonds, Community Facilities District 98-1, Series 2003, 5.000%, 9/01/28 (WI, settling 9/10/03) - MBIA Insured | 9/13 at 100  |
| 3,145 | Culver City Redevelopment Agency, California, Tax Allocation Revenue Bonds, Redevelopment Project, Series 2002A, 5.125%, 11/01/25 - MBIA Insured  | 5/11 at 101  |
| 1,020 | Desert Sands Unified School District, Riverside County, California, Refunding Certificates of Participation, Series 2002, 5.000%, 3/01/20 - MBIA Insured                                      | 3/12 at 101  |
| 8,720 | El Monte, California, Senior Lien Certificates of Participation, Department of Public Services Facility - Phase II, Series 2001, 5.000%, 1/01/21 - AMBAC Insured                              | 1/11 at 100  |
| 6,615 | Inglewood Redevelopment Agency, California, Tax Allocation Refunding Bonds, Merged Area Redevelopment Project, Series 1998A, 5.250%, 5/01/23 - AMBAC Insured                                  | No Opt. C    |
| 1,400 | Irvine Assessment District, California, Limited Obligation Improvement Bonds, Assessment District 00-18, Group 3, Series 2003, 5.550%, 9/02/26  | 3/04 at 103  |
| 3,500 | La Quinta Redevelopment Agency, California, Tax Allocation Bonds, Project Area 1, Series 2001, 5.100%, 9/01/31 - AMBAC Insured  | 9/11 at 102  |

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| AMOUNT (000)                       | DESCRIPTION(1)   | PROVISIO    |
|------------------------------------|--|-------------|
| TAX OBLIGATION/LIMITED (continued) |  |             |
| \$ 3,400                           | La Quinta Redevelopment Agency, California, Tax Allocation Bonds, Project Area 1, Series 2002, 5.000%, 9/01/22 - AMBAC Insured   | 9/12 at 102 |
| 1,460                              | City of Los Angeles, California, Certificates of Participation, Municipal Improvement Corporation, Series 2003AW, 5.000%, 6/01/33 - AMBAC Insured  | 6/13 at 100 |
| 7,000                              | Los Angeles, California, Certificates of Participation, Real Property Acquisition Program, Series 2002, 5.200%, 4/01/27 - AMBAC Insured  | 4/12 at 100 |
| 4,690                              | Los Angeles County Metropolitan Transportation Authority, California, Proposition C Sales Tax Revenue Refunding Bonds, Second Senior Lien, Series 1998A, 5.000%, 7/01/23 - AMBAC Insured | 7/08 at 101 |
| 8,470                              | Ontario Redevelopment Financing Authority, California, Lease Revenue Bonds, Capital Projects, Series 2001, 5.200%, 8/01/29 - AMBAC Insured   | 8/11 at 101 |
| 5,000                              | Palm Desert Financing Authority, California, Tax Allocation Revenue Refunding Bonds, Project Area 1, Series 2002, 5.000%, 4/01/25 - MBIA Insured   | 4/12 at 102 |
| 4,475                              | Riverside County, California, Asset Leasing Corporate Leasehold Revenue Bonds, Riverside County Hospital Project, Series 1997B, 5.000%, 6/01/19 - MBIA Insured                           | 6/12 at 101 |
| 3,175                              | San Buenaventura Public Facilities Financing Authority, California, Certificates of Participation, Series 2001C, 5.250%, 2/01/31 - AMBAC Insured   | 2/11 at 101 |
| 3,730                              | San Diego Redevelopment Agency, California, Subordinate Tax Increment and Parking Revenue Bonds, Centre City Project, Series 2003B, 5.250%, 9/01/26                                      | 9/09 at 101 |
| 4,000                              | San Jose Financing Authority, California, Lease Revenue Refunding Bonds, Convention Center Project, Series 2001F, 5.000%, 9/01/19 - MBIA Insured   | 9/11 at 100 |
| 2,160                              | Temecula Redevelopment Agency, California, Tax Allocation Revenue Bonds, Redevelopment Project 1, Series 2002, 5.125%, 8/01/27 - MBIA Insured  | 8/08 at 102 |
| TRANSPORTATION - 6.5%              |  |             |
| 5,000                              | California Infrastructure and Economic Development Bank, Revenue Bonds, Bay Area Toll Bridges, First Lien, Series 2003A, 5.000%, 7/01/36 - AMBAC Insured                                 | 7/13 at 100 |
| 7,500                              | Foothill-Eastern Transportation Corridor Agency, California, Toll Road Refunding Revenue Bonds, Series 1999, 0.000%, 1/15/29   | 1/14 at 101 |

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|       |  |  |             |
|-------|--|--|-------------|
|       | San Francisco City and County Airports Commission, California,<br>Revenue Bonds, San Francisco International Airport, Second<br>Series, Issue 29A: |  |             |
| 2,185 | 5.250%, 5/01/16 (Alternative Minimum Tax) - FGIC Insured   |  | 5/13 at 100 |
| 2,300 | 5.250%, 5/01/17 (Alternative Minimum Tax) - FGIC Insured   |  | 5/13 at 100 |

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UTILITIES - 21.6%

|        |  |  |              |
|--------|--|--|--------------|
| 9,000  | Anaheim Public Financing Authority, California,<br>Electric System Distribution Facilities Revenue Bonds,<br>Series 2002A, 5.000%, 10/01/27 - FSA Insured  |  | 10/12 at 100 |
| 10,000 | California Pollution Control Financing Authority, Pollution<br>Control Revenue Refunding Bonds, Pacific Gas and Electric<br>Company, Series 1996A Remarketed, 5.350%, 12/01/16<br>(Alternative Minimum Tax) - MBIA Insured |  | 4/11 at 102  |
| 6,000  | California Department of Water Resources, Power Supply<br>Revenue Bonds, Series 2002A, 5.125%, 5/01/18   |  | 5/12 at 101  |
| 3,000  | Los Angeles Department of Water and Power, California,<br>Power System Revenue Bonds, Series 2001A-1,<br>5.250%, 7/01/21 - FSA Insured   |  | 7/11 at 100  |
| 5,000  | Los Angeles Department of Water and Power, California,<br>Power System Revenue Bonds, Series 2003A-2,<br>5.000%, 7/01/30 - MBIA Insured  |  | 7/13 at 100  |
| 6,000  | Northern California Power Agency, Revenue Refunding<br>Bonds, Hydroelectric Project 1, Series 1998A,<br>5.200%, 7/01/32 - MBIA Insured   |  | 7/08 at 101  |
| 3,000  | Sacramento Municipal Utility District, California, Electric<br>Revenue Bonds, Series 2001N, 5.000%, 8/15/28 -<br>MBIA Insured  |  | 8/11 at 100  |
| 5,630  | Southern California Public Power Authority, Subordinate<br>Revenue Refunding Bonds, Transmission Project, Series 2002A,<br>4.750%, 7/01/19 - FSA Insured   |  | 7/12 at 100  |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION(1)  | OPTIONAL C<br>PROVISIO |
|---------------------------|---|------------------------|
|                           | WATER AND SEWER - 18.3%   |                        |
| \$ 3,000                  | California Department of Water Resources, Water System<br>Revenue Bonds, Central Valley Project, Series 2002X,<br>5.150%, 12/01/23 - FGIC Insured                                 | 12/12 at 100           |
| 6,100                     | East Bay Municipal Utility District, Alameda and Contra<br>Costa Counties, California, Water System Subordinated<br>Revenue Bonds, Series 2001, 5.000%, 6/01/26 -<br>MBIA Insured | 6/11 at 100            |

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|            |  |              |
|------------|--|--------------|
| 9,000      | Eastern Municipal Water District, California, Water and Sewer Revenue Certificates of Participation, Series 2001B, 5.000%, 7/01/30 - FGIC Insured                  | 7/11 at 100  |
| 4,500      | Los Angeles County Sanitation Districts Financing Authority, California, Capital Projects Revenue Bonds, Senior Lien, Series 2003A, 5.000%, 10/01/23 - FSA Insured | 10/13 at 100 |
| 4,500      | Southern California Metropolitan Water District, Water Revenue Bonds, Series 1997A, 5.000%, 7/01/30 - MBIA Insured   | 1/08 at 101  |
| 12,000     | Orange County Sanitation District, California, Certificates of Participation, Series 2003, 5.000%, 2/01/33 - FGIC Insured  | 8/13 at 100  |
| 2,000      | Pico Rivera Water Authority, California, Revenue Refunding Bonds, Water System Project, Series 1999A, 5.500%, 5/01/19 - MBIA Insured                               | No Opt. C    |
| <hr/>      |  |              |
| \$ 331,365 | Total Long-Term Investments (cost \$325,776,796) - 148.0%  |              |
| <hr/>      |  |              |

SHORT-TERM INVESTMENTS - 0.9%

|       |  |  |
|-------|--|--|
| 2,100 | Stockton, California, Health Facilities Revenue Bonds, Dameron Hospital Association, Variable Rate Demand Obligations, Series 2002A, 0.750%, 12/01/32+ |  |
|-------|--|--|

|          |   |
|----------|---|
| \$ 2,100 | Total Short-Term Investments (cost \$2,100,000) |
|----------|---|

Total Investments (cost \$327,876,796) - 148.9%

Other Assets Less Liabilities - 4.1%

Preferred Shares, at Liquidation Value - (53.0)%

Net Assets Applicable to Common Shares - 100%

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

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.

\* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of

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

\*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

N/R Investment is not rated.

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

+ 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 Insured California Tax-Free Advantage Municipal Fund (NKX)  
 Portfolio of  
 INVESTMENTS August 31, 2003

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1)  | OPTIONAL C PROVISIO |
|------------------------|---|---------------------|
| -----                  |   |                     |
|                        | CONSUMER STAPLES - 2.4%   |                     |
| \$ 2,000               | Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Revenue Bonds, Series 2003A-2, 7.900%, 6/01/42 | 6/13 at 100         |
| -----                  |   |                     |
|                        | HEALTHCARE - 13.1%  |                     |
| 2,700                  | California Health Facilities Financing Authority, Revenue Bonds, Cedars-Sinai Medical Center, Series 1999A, 6.250%, 12/01/34                | 12/09 at 101        |
| 1,500                  | California Health Facilities Financing Authority, Revenue Bonds, USCF - Stanford Health Care, 1998 Series A, 5.000%, 11/15/31 - FSA Insured | 11/08 at 101        |
| 1,235                  | California Health Facilities Financing Authority, Revenue Bonds, Adventist Health System/West, Series 2003A: 5.000%, 3/01/25                | 3/13 at 100         |
| 1,500                  | 5.000%, 3/01/28   | 3/13 at 100         |
| 1,800                  | California Infrastructure and Economic Development Bank, Revenue Bonds, Kaiser Hospital Assistance I-LLC, Series 2001A, 5.550%, 8/01/31     | 8/11 at 102         |
| 2,000                  | California Statewide Community Development Authority, Hospital Revenue Bonds, Monterey Peninsula Hospital,                                  | 6/13 at 100         |

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Series 2003B, 5.250%, 6/01/23 - FSA Insured

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|                       |  |              |
|-----------------------|--|--------------|
| LONG-TERM CARE - 3.6% |  |              |
| 1,000                 | ABAG Finance Authority for Nonprofit Corporations,<br>California, Insured Senior Living Revenue Bonds, Odd Fellows<br>Home of California, Series 2003A, 5.200%, 11/15/22                     | 11/12 at 100 |
| 2,000                 | California Health Facilities Financing Authority, Revenue<br>Bonds, Northern California Retired Officers Community<br>Corporation - Paradise Valley Estates, Series 2002,<br>5.250%, 1/01/26 | 1/13 at 100  |

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|                                |  |             |
|--------------------------------|--|-------------|
| TAX OBLIGATION/GENERAL - 42.5% |  |             |
| 1,000                          | Berryessa Union School District, Santa Clara County,<br>California, General Obligation Bonds, Series 2003C,<br>5.000%, 8/01/21 - FSA Insured               | 8/12 at 100 |
| 2,000                          | Butte-Glenn Community College District, Butte and Glenn<br>Counties, California, General Obligation Bonds, Series 2002A,<br>5.000%, 8/01/26 - MBIA Insured | 8/12 at 101 |
| 2,250                          | State of California, General Obligation Bonds,<br>Series 2003, 5.250%, 2/01/33   | 2/13 at 100 |
|                                | State of California, General Obligation Refunding Bonds,<br>Series 2002:   |             |
| 1,500                          | 5.000%, 2/01/12  | No Opt. C   |
| 3,750                          | 5.000%, 4/01/27 - AMBAC Insured  | 4/12 at 100 |
| 3,000                          | 5.250%, 4/01/30 - XLCA Insured   | 4/12 at 100 |
| 450                            | Fremont Unified School District, Alameda County, California,<br>General Obligation Bonds, Series 2002A, 5.000%, 8/01/25 -<br>FSA Insured                   | 8/12 at 101 |
| 2,000                          | City of Los Angeles, California, General Obligation Bonds,<br>Series 2002A, 5.000%, 9/01/22 - MBIA Insured   | 9/12 at 100 |
| 10,750                         | Los Angeles Unified School District, Los Angeles County,<br>California, General Obligation Bonds, Series 2003A,<br>5.000%, 7/01/22 - FSA Insured           | 7/13 at 100 |
| 3,000                          | San Diego Unified School District, California, General<br>Obligation Bonds, Election of 1998, Series 2000B,<br>5.125%, 7/01/22 - MBIA Insured              | 7/10 at 100 |
| 3,855                          | San Rafael City High School District, Marin County, California,<br>General Obligation Bonds, Series 2003A, 5.000%, 8/01/28 -<br>FSA Insured                | 8/12 at 100 |
| 905                            | San Rafael Elementary School District, Marin County,<br>California, General Obligation Bonds, Series 2003C,<br>5.000%, 8/01/28 - MBIA Insured              | 8/12 at 100 |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION(1)   | OPTIONAL C<br>PROVISIO |
|---------------------------|--|------------------------|
|                           | TAX OBLIGATION/LIMITED - 56.3%   |                        |
| \$ 2,025                  | Burbank Public Financing Authority, California, Revenue Refunding Bonds, Golden State Redevelopment Project, Series 2003A, 5.250%, 12/01/22 - AMBAC Insured                            | 12/13 at 100           |
| 4,000                     | California State Public Works Board, Lease Revenue Bonds, Department of General Services, Capital East End, Series 2002A, 5.000%, 12/01/27 - AMBAC Insured                             | 12/12 at 100           |
| 600                       | Irvine Assessment District, California, Limited Obligation Improvement Bonds, Assessment District 00-18, Group 3, Series 2003, 5.550%, 9/02/26   | 3/04 at 103            |
| 5,540                     | Irvine Public Facilities and Infrastructure Authority, California, Assessment Revenue Bonds, Series 2003C, 5.000%, 9/02/21 - AMBAC Insured   | 9/03 at 103            |
| 9,840                     | City of Los Angeles, California, Certificates of Participation, Municipal Improvement Corporation, Series 2003AW, 5.000%, 6/01/33 - AMBAC Insured                                      | 6/13 at 100            |
| 1,770                     | Los Angeles Unified School District, Los Angeles County, California, Certificates of Participation, Series 2002C, Administration Building Project II, 5.000%, 10/01/27 - AMBAC Insured | 10/12 at 100           |
| 1,500                     | Los Osos Community Services Wastewater Assessment District No. 1, California, Improvement Bonds, Series 2002, 5.000%, 9/02/33 - MBIA Insured   | 9/10 at 103            |
| 1,165                     | Poway, California, Housing Revenue Bonds, Poinsettia Mobile Home Park Project, Series 2003, 5.000%, 5/01/23  | 5/13 at 102            |
| 3,350                     | Puerto Rico Municipal Finance Agency, General Obligation Bonds, 2002 Series A, 5.250%, 8/01/20 - FSA Insured   | 8/12 at 100            |
|                           | San Buenaventura, California, Certificates of Participation, Golf Course Financing Project, Series 2002D:  |                        |
| 3,000                     | 5.000%, 2/01/27 - AMBAC Insured  | 2/12 at 100            |
| 3,300                     | 5.000%, 2/01/32 - AMBAC Insured  | 2/12 at 100            |
| 2,405                     | San Diego Redevelopment Agency, California, Subordinate Lien Tax Allocation Bonds, Centre City Project, Series 2003A, 5.000%, 9/01/28 - MBIA Insured                                   | 9/11 at 101            |
| 1,200                     | San Diego Redevelopment Agency, California, Subordinate Tax Increment and Parking Revenue Bonds, Centre City Project, Series 2003B, 5.250%, 9/01/26                                    | 9/09 at 101            |
| 1,220                     | San Jose Redevelopment Agency, California, Tax Allocation Bonds, Merged Area Redevelopment Project, Series 2002, 5.000%, 8/01/32 - MBIA Insured  | 8/10 at 101            |
| 2,770                     | City of San Jose Financing Authority, California, Lease Revenue Bonds, Civic Center Project, Series 2002B Refunding,   | 6/12 at 100            |

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5.000%, 6/01/32 - AMBAC Insured

|       |  |              |
|-------|--|--------------|
| 2,390 | Solano County, California, Certificates of Participation, Series 2002, 5.250%, 11/01/24 - MBIA Insured | 11/12 at 100 |
|-------|--|--------------|

-----  
 TRANSPORTATION - 21.9%

|       |   |             |
|-------|---|-------------|
| 5,480 | Bay Area Government Association, California, BART SFO Extension Airport Premium Fare Revenue Bonds, Series 2002A, 5.000%, 8/01/26 - AMBAC Insured | 8/12 at 100 |
|-------|---|-------------|

|       |   |             |
|-------|---|-------------|
| 2,000 | Foothill-Eastern Transportation Corridor Agency, California, Toll Road Revenue Bonds, Series 1995A, 5.000%, 1/01/35 | 1/10 at 100 |
|-------|---|-------------|

|       |  |             |
|-------|--|-------------|
| 3,135 | San Francisco City and County Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series, Issue 16B, 5.000%, 5/01/24 - FSA Insured | 5/08 at 101 |
|-------|--|-------------|

|       |   |             |
|-------|---|-------------|
| 1,300 | San Francisco City and County Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series, Issue 26B, 5.000%, 5/01/25 - FGIC Insured | 5/10 at 101 |
|-------|---|-------------|

|       |   |             |
|-------|---|-------------|
| 6,000 | San Francisco City and County Airports Commission, California, Revenue Bonds, San Francisco International Airport, Second Series, Issue 29B, 5.125%, 5/01/19 - FGIC Insured | 5/13 at 100 |
|-------|---|-------------|

-----  
 UTILITIES - 3.9%

|       |  |             |
|-------|--|-------------|
| 3,055 | Los Angeles Department of Water and Power, California, Power System Revenue Bonds, Series 2001A-1, 5.250%, 7/01/22 - FSA Insured | 7/11 at 100 |
|-------|--|-------------|

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Nuveen Insured California Tax-Free Advantage Municipal Fund (NKX) (continued)  
 Portfolio of INVESTMENTS August 31, 2003

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION(1)   | OPTIONAL C<br>PROVISIO |
|---------------------------|--|------------------------|
| -----                     |  |                        |
| WATER AND SEWER - 8.6%    |  |                        |
| \$ 1,495                  | Southern California Metropolitan Water District, Water Revenue Bonds, Series 1997A, 5.000%, 7/01/30 - MBIA Insured                             | 1/08 at 101            |
| 3,000                     | San Diego Public Facilities Financing Authority, California, Subordinate Lien Water Revenue Bonds, Series 2002: 5.000%, 8/01/22 - MBIA Insured | 8/12 at 100            |
| 2,500                     | 5.000%, 8/01/23 - MBIA Insured   | 8/12 at 100            |

\$ 124,235 Total Long-Term Investments (cost \$125,138,384) - 152.3%

-----  
 Other Assets Less Liabilities - 3.2%

-----  
 Preferred Shares, at Liquidation Value - (55.5)%

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

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

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.

\* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

\*\* Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

N/R Investment is not rated.

See accompanying notes to financial statements.

Statement of  
 ASSETS AND LIABILITIES August 31, 2003

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

-----  
 ASSETS  
 Investments, at market value (cost \$143,352,848,

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|   |               |               |
|---|---------------|---------------|
| \$267,897,010, \$120,449,908 and<br>\$509,460,322, respectively)  | \$152,791,340 | \$283,737,849 |
| Cash  | 349,460       | 390,793       |
| Receivables:  |               |               |
| Interest  | 2,121,224     | 4,082,793     |
| Investments sold  | --            | 13,083,700    |
| Other assets  | 10,598        | 30,864        |
| -----   |               |               |
| Total assets  | 155,272,622   | 301,325,999   |
| -----   |               |               |
| LIABILITIES   |               |               |
| Payable for investments purchased   | 9,684,494     | 20,891,454    |
| Accrued expenses:   |               |               |
| Management fees   | 79,806        | 152,258       |
| Other   | 79,179        | 93,354        |
| Preferred share dividends payable   | 2,160         | 8,273         |
| -----   |               |               |
| Total liabilities   | 9,845,639     | 21,145,339    |
| -----   |               |               |
| Preferred shares, at liquidation value  | 45,000,000    | 95,000,000    |
| -----   |               |               |
| Net assets applicable to Common shares  | \$100,426,983 | \$185,180,660 |
| =====   |               |               |
| Common shares outstanding   | 6,441,830     | 12,681,101    |
| =====   |               |               |
| Net asset value per Common share outstanding<br>(net assets applicable to Common<br>shares, divided by Common shares outstanding) | \$ 15.59      | \$ 14.60      |
| =====   |               |               |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:  |               |               |
| -----   |               |               |
| Common shares, \$.01 par value per share  | \$ 64,418     | \$ 126,811    |
| Paid-in surplus   | 89,139,083    | 175,681,008   |
| Undistributed (Over-distribution of) net<br>investment income   | 1,458,167     | 2,165,243     |
| Accumulated net realized gain (loss) from investments   | 326,823       | (8,633,241)   |
| Net unrealized appreciation (depreciation)<br>of investments  | 9,438,492     | 15,840,839    |
| -----   |               |               |
| Net assets applicable to Common shares  | \$100,426,983 | \$185,180,660 |
| =====   |               |               |
| Authorized shares:  |               |               |
| Common  | 200,000,000   | 200,000,000   |
| Preferred   | 1,000,000     | 1,000,000     |
| =====   |               |               |

See accompanying notes to financial statements.

|  |               |               |
|--|---------------|---------------|
| -----  |               |               |
| ASSETS   |               |               |
| Investments, at market value (cost \$311,202,914,<br>\$523,832,394, \$327,876,796 and<br>\$125,138,384, respectively)                | \$311,140,260 | \$514,723,236 |
| Cash   | 627,484       | 5,338,943     |
| Receivables:   |               |               |
| Interest   | 4,371,552     | 7,591,997     |
| Investments sold   | 7,353,735     | --            |
| Other assets   | 22,333        | 7,737         |
| -----  |               |               |
| Total assets   | 323,515,364   | 527,661,913   |
| -----  |               |               |
| LIABILITIES  |               |               |
| Payable for investments purchased  | 3,629,077     | 9,568,446     |
| Accrued expenses:  |               |               |
| Management fees  | 96,612        | 150,053       |
| Other  | 55,266        | 102,540       |
| Preferred share dividends payable  | 12,052        | 11,541        |
| -----  |               |               |
| Total liabilities  | 3,793,007     | 9,832,580     |
| -----  |               |               |
| Preferred shares, at liquidation value   | 110,000,000   | 187,000,000   |
| -----  |               |               |
| Net assets applicable to Common shares   | \$209,722,357 | \$330,829,333 |
| =====  |               |               |
| Common shares outstanding  | 14,790,660    | 24,112,833    |
| =====  |               |               |
| Net asset value per Common share outstanding<br>(net assets applicable to Common<br>shares, divided by Common<br>shares outstanding) | \$ 14.18      | \$ 13.72      |
| =====  |               |               |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:   |               |               |
| -----  |               |               |
| Common shares, \$.01 par value per share   | \$ 147,907    | \$ 241,128    |
| Paid-in surplus  | 210,031,314   | 342,482,133   |
| Undistributed (Over-distribution of) net<br>investment income  | 1,819,993     | 1,609,827     |
| Accumulated net realized gain (loss) from investments  | (2,214,203)   | (4,394,597)   |
| Net unrealized appreciation (depreciation)<br>of investments   | (62,654)      | (9,109,158)   |
| -----  |               |               |
| Net assets applicable to Common shares   | \$209,722,357 | \$330,829,333 |
| =====  |               |               |
| Authorized shares:   |               |               |
| Common   | Unlimited     | Unlimited     |
| Preferred  | Unlimited     | Unlimited     |
| =====  |               |               |

See accompanying notes to financial statements.

|  | INSURED<br>CALIFORNIA<br>PREMIUM INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM INCOME 2<br>(NCL) |
|--|--|--|
| -----  |  |  |
| INVESTMENT INCOME  | \$ 7,615,602                                     | \$14,813,026                                       |
| -----  |  |  |
| EXPENSES   |  |  |
| Management fees  | 967,370  | 1,838,182  |
| Preferred shares - auction fees  | 112,687  | 237,896  |
| Preferred shares - dividend disbursing agent fees  | 10,000   | 20,000   |
| Shareholders' servicing agent fees and expenses  | 15,250   | 23,511   |
| Custodian's fees and expenses  | 40,483   | 68,721   |
| Directors'/Trustees' fees and expenses   | 1,958  | 3,320  |
| Professional fees  | 12,842   | 16,810   |
| Shareholders' reports - printing and mailing expenses  | 12,917   | 23,910   |
| Stock exchange listing fees  | 11,434   | 16,035   |
| Investor relations expense   | 9,987  | 19,389   |
| Portfolio insurance expense  | 11,139   | 4,553  |
| Other expenses   | 14,739   | 20,081   |
| -----  |  |  |
| Total expenses before custodian fee credit and expense reimbursement                               | 1,220,806  | 2,292,408  |
| Custodian fee credit   | (10,033)   | (8,295)  |
| Expense reimbursement  | --   | --   |
| -----  |  |  |
| Net expenses   | 1,210,773  | 2,284,113  |
| -----  |  |  |
| Net investment income  | 6,404,829  | 12,528,913   |
| -----  |  |  |
| REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS   |  |  |
| Net realized gain (loss) from investments  | 524,720  | (166,188)  |
| Change in net unrealized appreciation<br>(depreciation) of investments                             | (3,552,084)                                      | (6,281,308)  |
| -----  |  |  |
| Net gain (loss) from investments   | (3,027,364)                                      | (6,447,496)  |
| -----  |  |  |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS  |  |  |
| From net investment income   | (382,478)  | (863,570)  |
| From accumulated net realized gains from investments   | (42,365)   | --   |
| -----  |  |  |
| Decrease in net assets applicable to Common shares<br>from distributions to Preferred shareholders | (424,843)  | (863,570)  |
| -----  |  |  |
| Net increase in net assets applicable to Common shares<br>from operations                          | \$ 2,952,622                                     | \$ 5,217,847                                       |
| =====  |  |  |

See accompanying notes to financial statements.

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|  | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) |
|--|--|--|
| -----  |  |  |
| INVESTMENT INCOME  | \$16,405,530                                   | \$ 26,085,990                                  |
| -----  |  |  |
| EXPENSES   |  |  |
| Management fees  | 2,104,950                                      | 3,378,318                                      |
| Preferred shares - auction fees  | 258,982  | 454,477  |
| Preferred shares - dividend disbursing agent fees  | 20,000   | 20,000   |
| Shareholders' servicing agent fees and expenses  | 5,089  | 6,796  |
| Custodian's fees and expenses  | 105,464  | 142,483  |
| Directors'/Trustees' fees and expenses   | 4,524  | 6,886  |
| Professional fees  | 15,996   | 24,378   |
| Shareholders' reports - printing and mailing expenses  | 23,555   | 43,123   |
| Stock exchange listing fees  | 1,605  | 2,656  |
| Investor relations expense   | 32,450   | 47,308   |
| Portfolio insurance expense  | --   | --   |
| Other expenses   | 19,942   | 23,544   |
| -----  |  |  |
| Total expenses before custodian fee credit and expense reimbursement                               | 2,592,557                                      | 4,149,969                                      |
| Custodian fee credit   | (9,293)  | (22,782)                                       |
| Expense reimbursement  | (983,334)                                      | (1,597,406)                                    |
| -----  |  |  |
| Net expenses   | 1,599,930                                      | 2,529,781                                      |
| -----  |  |  |
| Net investment income  | 14,805,600                                     | 23,556,209                                     |
| -----  |  |  |
| REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS   |  |  |
| Net realized gain (loss) from investments  | (1,481,214)                                    | 2,071,600                                      |
| Change in net unrealized appreciation<br>(depreciation) of investments                             | (7,762,388)                                    | (17,764,997)                                   |
| -----  |  |  |
| Net gain (loss) from investments   | (9,243,602)                                    | (15,693,397)                                   |
| -----  |  |  |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS  |  |  |
| From net investment income   | (1,015,700)                                    | (1,834,161)                                    |
| From accumulated net realized gains from investments   | (49,489)                                       | --   |
| -----  |  |  |
| Decrease in net assets applicable to Common shares<br>from distributions to Preferred shareholders | (1,065,189)                                    | (1,834,161)                                    |
| -----  |  |  |
| Net increase in net assets applicable to Common shares<br>from operations                          | \$ 4,496,809                                   | \$ 6,028,651                                   |
| =====  |  |  |

\* For the period November 22, 2002 (commencement of operations) through August 31, 2003.

See accompanying notes to financial statements.

Statement of  
CHANGES IN NET ASSETS

|   | INSURED CALIFORNIA<br>PREMIUM INCOME (NPC) |                       | INSURED CALIFORNIA<br>PREMIUM INCOME 2 (NCL) |                       |
|---|--|-----------------------|--|-----------------------|
|   | YEAR ENDED<br>8/31/03                      | YEAR ENDED<br>8/31/02 | YEAR ENDED<br>8/31/03                        | YEAR ENDED<br>8/31/02 |
| <b>OPERATIONS</b>   |  |                       |  |                       |
| Net investment income   | \$ 6,404,829                               | \$ 6,729,063          | \$ 12,528,913                                | \$ 12,715,913         |
| Net realized gain (loss)<br>from investments  | 524,720                                    | 2,870,032             | (166,188)                                    | 92,188                |
| Change in net unrealized<br>appreciation (depreciation)<br>of investments                                   | (3,552,084)                                | (2,620,683)           | (6,281,308)                                  | (194,500)             |
| <b>Distributions to Preferred Shareholders:</b>   |  |                       |  |                       |
| From net investment income  | (382,478)                                  | (578,229)             | (863,570)                                    | (1,211,400)           |
| From accumulated net realized<br>gains from investments   | (42,365)                                   | --                    | --   | --                    |
| <b>Net increase in net assets<br/>applicable to Common shares<br/>from operations</b>                       |  |                       |  |                       |
|   | 2,952,622                                  | 6,400,183             | 5,217,847                                    | 11,402,101            |
| <b>DISTRIBUTIONS TO COMMON SHAREHOLDERS</b>   |  |                       |  |                       |
| From net investment income  | (6,218,425)                                | (5,538,554)           | (11,323,762)                                 | (10,503,800)          |
| From accumulated net realized<br>gains from investments   | (490,993)                                  | --                    | --   | --                    |
| <b>Decrease in net assets applicable to<br/>Common shares from distributions<br/>to Common shareholders</b> |  |                       |  |                       |
|   | (6,709,418)                                | (5,538,554)           | (11,323,762)                                 | (10,503,800)          |
| <b>CAPITAL SHARE TRANSACTIONS</b>   |  |                       |  |                       |
| <b>Common shares:</b>   |  |                       |  |                       |
| Net proceeds from sale of shares  | --   | --                    | --   | --                    |
| Net proceeds from shares issued<br>to shareholders due to<br>reinvestment of distributions                  | 47,136                                     | 207,189               | 416,645                                      | 338,600               |
| Preferred shares offering costs   | --   | --                    | --   | --                    |
| <b>Net increase in net assets applicable<br/>to Common shares from capital<br/>share transactions</b>       |  |                       |  |                       |
|   | 47,136                                     | 207,189               | 416,645                                      | 338,600               |
| <b>Net increase (decrease) in net assets<br/>applicable to Common shares</b>                                |  |                       |  |                       |
|   | (3,709,660)                                | 1,068,818             | (5,689,270)                                  | 1,236,901             |
| <b>Net assets applicable to<br/>Common shares at the<br/>beginning of period</b>                            |  |                       |  |                       |
|   | 104,136,643                                | 103,067,825           | 190,869,930                                  | 189,633,000           |
| <b>Net assets applicable to Common<br/>shares at the end of period</b>                                      |  |                       |  |                       |
|   | \$100,426,983                              | \$104,136,643         | \$185,180,660                                | \$190,869,901         |
| <b>Undistributed (Over-distribution of)<br/>net investment income at<br/>the end of period</b>              |  |                       |  |                       |
|   | \$ 1,458,167                               | \$ 1,830,679          | \$ 2,165,243                                 | \$ 1,761,500          |

See accompanying notes to financial statements.

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Statement of  
CHANGES IN NET ASSETS (continued)

|  | CALIFORNIA<br>DIVIDEND ADVANTAGE (NAC) |                       | CALIFORNIA<br>DIVIDEND ADVANTAGE 2 (NVX) |                       |
|--|--|-----------------------|--|-----------------------|
|  | YEAR ENDED<br>8/31/03                  | YEAR ENDED<br>8/31/02 | YEAR ENDED<br>8/31/03                    | YEAR ENDED<br>8/31/02 |
| <b>OPERATIONS</b>  |  |                       |  |                       |
| Net investment income  | \$ 24,749,658                          | \$ 24,981,916         | \$ 14,805,600                            | \$ 15,663,500         |
| Net realized gain (loss)   |  |                       |  |                       |
| from investments   | 1,584,946                              | 3,991,908             | (1,481,214)                              | 351,100               |
| Change in net unrealized<br>appreciation (depreciation)<br>of investments                          | (12,671,586)                           | (3,853,349)           | (7,762,388)                              | (6,268,100)           |
| Distributions to Preferred Shareholders:   |  |                       |  |                       |
| From net investment income   | (1,616,891)                            | (2,424,510)           | (1,015,700)                              | (1,578,700)           |
| From accumulated net realized<br>gains from investments  | --                                     | --                    | (49,489)                                 | --                    |
| Net increase in net assets<br>applicable to Common shares<br>from operations                       | 12,046,127                             | 22,695,965            | 4,496,809                                | 8,167,800             |
| <b>DISTRIBUTIONS TO COMMON SHAREHOLDERS</b>  |  |                       |  |                       |
| From net investment income   | (21,948,762)                           | (20,156,545)          | (13,178,729)                             | (12,867,300)          |
| From accumulated net realized gains<br>from investments  | --                                     | --                    | (430,161)                                | --                    |
| Decrease in net assets applicable to<br>Common shares from distributions to<br>Common shareholders | (21,948,762)                           | (20,156,545)          | (13,608,890)                             | (12,867,300)          |
| <b>CAPITAL SHARE TRANSACTIONS</b>  |  |                       |  |                       |
| Common shares:   |  |                       |  |                       |
| Net proceeds from sale of shares   | --                                     | --                    | (1,664)                                  | --                    |
| Net proceeds from shares issued<br>to shareholders due to<br>reinvestment of distributions         | --                                     | 84,644                | --                                       | 73,400                |
| Preferred shares offering costs  | --                                     | --                    | 21,719                                   | --                    |
| Net increase in net assets applicable<br>to Common shares from capital<br>share transactions       | --                                     | 84,644                | 20,055                                   | 73,400                |
| Net increase (decrease) in net assets<br>applicable to Common shares                               | (9,902,635)                            | 2,624,064             | (9,092,026)                              | (4,626,000)           |
| Net assets applicable to   |  |                       |  |                       |

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|   |               |               |               |             |
|---|---------------|---------------|---------------|-------------|
| Common shares at the beginning of period  | 356,821,134   | 354,197,070   | 218,814,383   | 223,440,3   |
| Net assets applicable to Common shares at the end of period                     | \$346,918,499 | \$356,821,134 | \$209,722,357 | \$218,814,3 |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 4,145,773  | \$ 2,840,186  | \$ 1,819,993  | \$ 1,221,0  |

See accompanying notes to financial statements.

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|  | INSURED<br>DIVIDEND A |
|--|-----------------------|
|  | YEAR ENDED<br>8/31/03 |
| OPERATIONS   |                       |
| Net investment income  | \$ 15,106,899         |
| Net realized gain (loss) from investments  | 2,233,096             |
| Change in net unrealized appreciation (depreciation) of investments                          | (9,779,462)           |
| Distributions to Preferred Shareholders:   |                       |
| From net investment income   | (1,085,060)           |
| From accumulated net realized gains from investments   | (87,519)              |
| Net increase in net assets applicable to Common shares from operations                       | 6,387,954             |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS   |                       |
| From net investment income   | (13,916,900)          |
| From accumulated net realized gains from investments   | (784,735)             |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (14,701,635)          |
| CAPITAL SHARE TRANSACTIONS   |                       |
| Common shares:   |                       |
| Net proceeds from sale of shares   | 9,614                 |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions         | --                    |
| Preferred shares offering costs  | (7,636)               |

|  |               |
|--|---------------|
| Net increase in net assets applicable to Common shares from capital share transactions | 1,978         |
| Net increase (decrease) in net assets applicable to Common shares                      | (8,311,703)   |
| Net assets applicable to Common shares at the beginning of period                      | 231,062,211   |
| Net assets applicable to Common shares at the end of period                            | \$222,750,508 |
| Undistributed (Over-distribution of) net investment income at the end of period        | \$ 236,194    |

See accompanying notes to financial statements.

Notes to  
FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The California Funds (the "Funds") covered in this report and their corresponding Common share stock exchange symbols are Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC), Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL), Nuveen California Premium Income Municipal Fund (NCU), Nuveen California Dividend Advantage Municipal Fund (NAC), Nuveen California Dividend Advantage Municipal Fund 2 (NVX), Nuveen California Dividend Advantage Municipal Fund 3 (NZH), Nuveen Insured California Dividend Advantage Municipal Fund (NKL) and Nuveen Insured California Tax-Free Advantage Municipal Fund (NKX). Common shares of Insured California Premium Income (NPC), Insured California Premium Income 2 (NCL) and California Dividend Advantage (NAC) are traded on the New York Stock Exchange while Common shares of California Premium Income (NCU), California Dividend Advantage 2 (NVX), California Dividend Advantage 3 (NZH), Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX) are traded on the American Stock Exchange. The Funds are registered under the Investment Company Act of 1940, as amended, as closed-end management investment companies.

Prior to the commencement of operations of California Dividend Advantage 3 (NZH), Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX), each Fund had no operations other than those related to organizational matters, the initial capital contribution of \$100,275 per Fund by Nuveen Advisory Corp. (the "Adviser"), a wholly owned subsidiary of Nuveen Investments, Inc. (formerly, The John Nuveen Company), and the recording of the organization expenses (\$11,500 per Fund) and their reimbursement by Nuveen Investments, LLC (formerly, Nuveen Investments), also a wholly owned subsidiary of Nuveen Investments, Inc.

Each Fund seeks to provide current income exempt from both regular federal and

California state income taxes, and in the case of Insured California Tax-Free Advantage (NKX) the alternative minimum tax applicable to individuals, by investing primarily in a diversified portfolio of municipal obligations issued by state and local government authorities within the state of California.

The following is a summary of significant accounting policies followed by the Funds in the preparation of their financial statements in accordance with 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, evaluations of anticipated cash flows or collateral and general market conditions. If it is determined that market prices for a security are unavailable or inappropriate, the Board of Directors/Trustees of the Funds, or its designee, may establish a fair value for the security. Temporary investments in securities that have variable rate and demand features qualifying them as short-term securities are valued at amortized cost, which approximates market value.

#### Securities Transactions

Securities transactions are recorded on a trade date basis. Realized gains and losses from such transactions are determined on the specific identification method. Securities purchased or sold on a when-issued or delayed delivery basis may have extended settlement periods. The securities so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when-issued and delayed delivery purchase commitments. At August 31, 2003, Insured California Premium Income (NPC), Insured California Premium Income 2 (NCL), California Premium Income (NCU), California Dividend Advantage (NAC), California Dividend Advantage 2 (NVX), California Dividend Advantage 3 (NZH) and Insured California Dividend Advantage (NKL) had outstanding when-issued and delayed delivery purchase commitments of \$9,684,494, \$20,891,454, \$1,574,025, \$9,236,901, \$3,629,077, \$9,568,446, and \$6,897,184, respectively. There were no such outstanding purchase commitments in Insured California Tax-Free Advantage (NKX).

#### Investment Income

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

#### 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, and in the case of Insured California Tax-Free Advantage (NKX) the alternative minimum tax applicable to individuals, to retain such tax-exempt status when distributed to shareholders of the Funds. All monthly tax-exempt income dividends paid during the fiscal year ended August 31, 2003, have been designated Exempt Interest Dividends.

Dividends and Distributions to Common Shareholders

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

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

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 on each Series may change every seven days, as set pursuant to a dutch auction process by the auction agent, and is payable at or near the end of each rate period. The number of Preferred shares outstanding, by series and in total, for each Fund is as follows:

|                   | INSURED CALIFORNIA PREMIUM INCOME (NPC) | INSURED CALIFORNIA PREMIUM INCOME 2 (NCL) | CALIFORNIA PREMIUM INCOME (NCU) | CA<br>A |
|-------------------|---|---|---------------------------------|---------|
| Number of shares: |   |   |                                 |         |
| Series M          | --                                      | --  | 1,720                           |         |
| Series T          | 1,800                                   | 1,900                                     | --                              |         |
| Series TH         | --                                      | 1,900                                     | --                              |         |
| Series F          | --                                      | --  | --                              |         |
| Total             | 1,800                                   | 3,800                                     | 1,720                           |         |

|                   | CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX) | CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH) | INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL) | CA<br>A |
|-------------------|---------------------------------------|---------------------------------------|---|---------|
| Number of shares: |                                       |                                       |   |         |
| Series M          | 2,200                                 | 3,740                                 | --  |         |
| Series T          | --                                    | --                                    | 2,360                                       |         |
| Series TH         | --                                    | 3,740                                 | --  |         |
| Series F          | 2,200                                 | --                                    | 2,360                                       |         |

|       |       |       |       |
|-------|-------|-------|-------|
| Total | 4,400 | 7,480 | 4,720 |
|-------|-------|-------|-------|

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Effective January 17, 2003, Insured California Tax-Free Advantage (NKX) issued 1,800 Series TH, \$25,000 stated value Preferred shares.

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Notes to  
FINANCIAL STATEMENTS (continued)

Insurance

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

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

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

Derivative Financial Instruments

The Funds may invest 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 fiscal year ended August 31, 2003.

Custodian Fee Credit

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

Offering Costs

Nuveen Investments, LLC has agreed to pay all Common share offering costs (other than the sales load) that exceed \$.03 per Common share for California Dividend Advantage 3 (NZH), Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX). California Dividend Advantage 3's (NZH), Insured California Dividend Advantage's (NKL) and Insured California Tax-Free Advantage's (NKX) share of Common share offering costs (\$551,264, \$447,886 and \$176,250, respectively) were recorded as a reduction of the proceeds from the sale of Common shares.

Costs incurred by California Dividend Advantage 3 (NZH), Insured California Dividend Advantage (NKL) and Insured California Tax-Free Advantage (NKX) in connection with their offering of Preferred shares (\$2,137,378, \$1,370,824 and \$1,044,953, respectively) were recorded as a reduction to paid-in surplus.

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 applicable to Common shares from operations during the reporting period. Actual results may differ from those estimates.

2. FUND SHARES

Transactions in Common and Preferred shares were as follows:

|  | INSURED CALIFORNIA<br>PREMIUM INCOME (NPC) |                       | INSURED CALIFORNIA<br>PREMIUM INCOME 2 (NCL) |                       | CALIFORNIA<br>PREMIUM INCOME |
|--|--|-----------------------|--|-----------------------|------------------------------|
|  | YEAR ENDED<br>8/31/03                      | YEAR ENDED<br>8/31/02 | YEAR ENDED<br>8/31/03                        | YEAR ENDED<br>8/31/02 | YEAR ENDED<br>8/31/03        |
| -----  |  |                       |  |                       |                              |
| Common shares:   |  |                       |  |                       |                              |
| Shares sold  | --   | --                    | --   | --                    | --                           |
| Shares issued to shareholders<br>due to reinvestment<br>of distributions | 2,919                                      | 13,079                | 27,169                                       | 22,774                | --                           |
|  | 2,919                                      | 13,079                | 27,169                                       | 22,774                | --                           |
| =====  |  |                       |  |                       |                              |
| Preferred shares sold  | --   | --                    | --   | --                    | --                           |

|  | CALIFORNIA DIVIDEND<br>ADVANTAGE (NAC) |                       | CALIFORNIA DIVIDEND<br>ADVANTAGE 2 (NVX) |                       | CALIFORNIA D<br>ADVANTAGE 3 |
|--|--|-----------------------|--|-----------------------|-----------------------------|
|  | YEAR ENDED<br>8/31/03                  | YEAR ENDED<br>8/31/02 | YEAR ENDED<br>8/31/03                    | YEAR ENDED<br>8/31/02 | YEAR ENDED<br>8/31/03       |
| Common shares:   |  |                       |  |                       |                             |
| Shares sold  | --                                     | --                    | --                                       | --                    | --                          |
| Shares issued to shareholders<br>due to reinvestment<br>of distributions | --                                     | 5,665                 | --                                       | 3,644                 | --                          |
|  | --                                     | 5,665                 | --                                       | 3,644                 | --                          |
| Preferred shares sold  | --                                     | --                    | --                                       | --                    | --                          |

|  | INSURED<br>CALIFORNIA DIVIDEND<br>ADVANTAGE (NKL) |  | INSU<br>CALIFORNIA<br>ADVANTAG |
|--|---|--|--------------------------------|
|  | YEAR ENDED<br>8/31/03                             | FOR THE<br>PERIOD 3/27/02<br>(COMMENCEMENT<br>OF OPERATIONS)<br>THROUGH<br>8/31/02 | PERIO<br>(CO<br>OF             |
| Common shares:   |   |  |                                |
| Shares sold  | --  | 15,250,000   |                                |
| Shares issued to shareholders<br>due to reinvestment<br>of distributions | --  | 2,759  |                                |
|  | --  | 15,252,759   |                                |
| Preferred shares sold  | --  | 4,720  |                                |

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Purchases and sales (including maturities) of investments in long-term municipal securities during the fiscal year ended August 31, 2003, 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) |
|----------------------|---|---|--|
| Purchases            | \$45,146,980  | \$67,879,363  | \$31,185,950                             |
| Sales and maturities | 37,137,174  | 61,374,564  | 29,676,129                               |

|                      | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) | INSURED<br>CALIFORNIA<br>DIVIDEND<br>ADVANTAGE<br>(NKL) |
|----------------------|--|--|---|
| Purchases            | \$133,727,841                                  | \$271,458,501                                  | \$246,398,251   |
| Sales and maturities | 128,490,031                                    | 252,516,190                                    | 257,393,182   |

\* For the period November 22, 2002 (commencement of operations) through August 31, 2003.

4. INCOME TAX INFORMATION

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

At August 31, 2003, the cost of investments 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) |
|---------------------|---|---|--|
| Cost of investments | \$143,098,832                                       | \$267,710,329   | \$120,406,029                            |

|                     | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) | INSURED<br>CALIFORNIA<br>DIVIDEND<br>ADVANTAGE<br>(NKL) |
|---------------------|--|--|---|
| Cost of investments | \$311,183,341                                  | \$523,827,527                                  | \$327,983,022   |

Gross unrealized appreciation and gross unrealized depreciation of investments at August 31, 2003, were as follows:

|  | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME 2<br>(NCL) | CALIFORNIA<br>PREMIUM<br>INCOME<br>(NCU) |
|--|---|---|--|
| Gross unrealized:  |   |   |  |
| Appreciation   | \$9,807,588   | \$16,223,814  | \$ 3,583,789                             |
| Depreciation   | (115,080)   | (196,294)   | (2,717,936)                              |
| Net unrealized appreciation (depreciation)<br>of investments | \$9,692,508   | \$16,027,520  | \$ 865,853                               |

|  | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) | INSURED<br>CALIFORNIA<br>DIVIDEND<br>ADVANTAGE<br>(NKL) |
|--|--|--|---|
| Gross unrealized:  |  |  |   |
| Appreciation   | \$ 5,112,566                                   | \$ 2,173,027                                   | \$ 5,396,639  |
| Depreciation   | (5,155,647)                                    | (11,277,318)                                   | (1,627,067)   |
| Net unrealized appreciation (depreciation)<br>of investments | \$ (43,081)                                    | \$ (9,104,291)                                 | \$ 3,769,572  |

The tax components of undistributed net investment income and net realized gains at August 31, 2003, 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) |
|---|---|---|--|
| Undistributed net tax-exempt income       | \$1,636,577   | \$2,950,611   | \$1,313,927                              |
| Undistributed net ordinary income *       | 59,311  | --  | --                                       |
| Undistributed net long-term capital gains | 326,823   | --  | --                                       |

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

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|   | DIVIDEND<br>ADVANTAGE 2<br>(NVX) | DIVIDEND<br>ADVANTAGE 3<br>(NZH) | DIVIDEND<br>ADVANTAGE<br>(NKL) |
|---|----------------------------------|----------------------------------|--------------------------------|
| Undistributed net tax-exempt income       | \$2,921,637                      | \$3,350,890                      | \$1,362,657                    |
| Undistributed net ordinary income *       | 131                              | 1,734                            | 1,783,045                      |
| Undistributed net long-term capital gains | --                               | --                               | 227,868                        |

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

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Notes to  
FINANCIAL STATEMENTS (continued)

The tax character of distributions paid during the fiscal years ended August 31, 2003 and August 31, 2002, was designated for purposes of the dividends paid deduction as follows:

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

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

| 2002   | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME<br>(NPC) | INSURED<br>CALIFORNIA<br>PREMIUM<br>INCOME 2<br>(NCL) | CALIFORNIA<br>PREMIUM<br>INCOME<br>(NCU) |
|--|---|---|--|
| Distributions from net tax-exempt income       | \$6,096,991   | \$11,644,088  | \$5,280,680                              |
| Distributions from net ordinary income *       | --  | --  | --                                       |
| Distributions from net long-term capital gains | --  | --  | --                                       |

|  | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) |
|--|--|--|
| 2002   |  |  |
| Distributions from net tax-exempt income       | \$14,436,589                                   | \$17,562,240                                   |
| Distributions from net ordinary income *       | --   | --   |
| Distributions from net long-term capital gains | --   | --   |

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

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At August 31, 2003, 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<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 3<br>(NZH) | CA<br>A |
|------------------|---|--|--|--|---------|
| 2004             | \$4,345,091   | \$2,089,738                              | \$ --  | \$ --  |         |
| 2005             | 1,283,948   | 1,049,994                                | --   | --   |         |
| 2006             | --  | --                                       | --   | --   |         |
| 2007             | --  | --                                       | --   | --   |         |
| 2008             | --  | --                                       | --   | --   |         |
| 2009             | 2,185,870   | --                                       | 1,959,092                                    | --   |         |
| 2010             | 440,510   | --                                       | --   | --   |         |
| 2011             | --  | --                                       | --   | 4,394,597                                      |         |
| Total            | \$8,255,419   | \$3,139,732                              | \$1,959,092                                  | \$4,394,597                                    |         |

The following Funds have elected to defer net realized losses from investments incurred from November 1, 2002 through August 31, 2003 ("post-October losses") in accordance with Federal income tax regulations. The following post-October losses are treated as having arisen in the following fiscal year:

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

5. 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 (including net assets attributable to Preferred shares) of each Fund as follows:

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

Under California Dividend Advantage's (NAC), California Dividend Advantage 2's (NVX), California Dividend Advantage 3's (NZH), Insured California Dividend Advantage's (NKL) and Insured California Tax-Free Advantage (NKX) 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 (including net assets attributable to Preferred shares) of each Fund as follows:

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

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.

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

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

\* From the commencement of operations.

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

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

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

\* From the commencement of operations.

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

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

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

2006 .30

\* From the commencement of operations.

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

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

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

\* From the commencement of operations.

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

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

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

\* From the commencement of operations.

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

6. SUBSEQUENT EVENT - DISTRIBUTIONS TO COMMON SHAREHOLDERS

The Funds declared Common share dividend distributions from their tax-exempt net investment income which were paid on October 1, 2003, to shareholders of record on September 15, 2003, 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) |
|--|---|---|--|
|--|---|---|--|

|                    |          |          |          |
|--------------------|----------|----------|----------|
| Dividend per share | \$ .0760 | \$ .0760 | \$ .0730 |
|--------------------|----------|----------|----------|

|  | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NVX) | CALIFORNIA<br>DIVIDEND<br>ADVANTAGE 3<br>(NZH) | INSURED<br>CALIFORNIA<br>DIVIDEND<br>ADVANTAGE<br>(NKL) |
|--|--|--|---|
|--|--|--|---|

|                    |          |          |          |
|--------------------|----------|----------|----------|
| Dividend per share | \$ .0760 | \$ .0720 | \$ .0760 |
|--------------------|----------|----------|----------|

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Financial  
HIGHLIGHTS

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Financial  
HIGHLIGHTS

Selected data for a Common share outstanding throughout each period:

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

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INSURED CALIFORNIA  
PREMIUM INCOME (NPC)

Year Ended 8/31:

|      |         |        |          |          |          |    |
|------|---------|--------|----------|----------|----------|----|
| 2003 | \$16.17 | \$ .99 | \$ (.45) | \$ (.06) | \$ (.01) | \$ |
| 2002 | 16.04   | 1.05   | .03      | (.09)    | --       | 1  |
| 2001 | 15.08   | 1.04   | .99      | (.21)    | --       | 1  |
| 2000 | 14.81   | 1.09   | .30      | (.24)    | --       | 1  |
| 1999 | 16.31   | 1.09   | (1.56)   | (.20)    | --       | (  |

INSURED CALIFORNIA  
PREMIUM INCOME 2 (NCL)

Year Ended 8/31:

|      |       |      |        |       |    |   |
|------|-------|------|--------|-------|----|---|
| 2003 | 15.08 | .99  | (.51)  | (.07) | -- |   |
| 2002 | 15.01 | 1.02 | (.02)  | (.10) | -- |   |
| 2001 | 14.09 | 1.01 | .91    | (.22) | -- | 1 |
| 2000 | 13.70 | 1.02 | .41    | (.24) | -- | 1 |
| 1999 | 14.82 | 1.01 | (1.14) | (.21) | -- | ( |

CALIFORNIA PREMIUM  
INCOME (NCU)

Year Ended 8/31:

|      |       |      |        |       |    |   |
|------|-------|------|--------|-------|----|---|
| 2003 | 14.42 | .96  | (.78)  | (.07) | -- |   |
| 2002 | 14.22 | .99  | .13    | (.10) | -- | 1 |
| 2001 | 13.34 | 1.00 | .90    | (.23) | -- | 1 |
| 2000 | 13.19 | 1.03 | .14    | (.23) | -- |   |
| 1999 | 14.30 | 1.00 | (1.13) | (.21) | -- | ( |

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

INSURED CALIFORNIA  
PREMIUM INCOME (NPC)

Year Ended 8/31:

|      |      |         |           |       |        |
|------|------|---------|-----------|-------|--------|
| 2003 | \$-- | \$15.59 | \$15.0700 | 1.55% | 2.82%  |
| 2002 | --   | 16.17   | 15.8500   | 6.73  | 6.47   |
| 2001 | --   | 16.04   | 15.6900   | 14.12 | 12.43  |
| 2000 | --   | 15.08   | 14.5625   | .84   | 8.34   |
| 1999 | --   | 14.81   | 15.3750   | 1.62  | (4.35) |

INSURED CALIFORNIA  
PREMIUM INCOME 2 (NCL)

Year Ended 8/31:

|      |    |       |         |       |        |
|------|----|-------|---------|-------|--------|
| 2003 | -- | 14.60 | 14.3200 | 2.69  | 2.71   |
| 2002 | -- | 15.08 | 14.8000 | 5.57  | 6.29   |
| 2001 | -- | 15.01 | 14.8300 | 11.99 | 12.45  |
| 2000 | -- | 14.09 | 14.0000 | 3.58  | 9.21   |
| 1999 | -- | 13.70 | 14.3750 | 2.27  | (2.50) |

CALIFORNIA PREMIUM  
INCOME (NCU)

| Year Ended 8/31: |    |       |         |       |        |
|------------------|----|-------|---------|-------|--------|
| 2003             | -- | 13.66 | 13.0200 | (.91) | .69    |
| 2002             | -- | 14.42 | 14.0000 | 4.84  | 7.48   |
| 2001             | -- | 14.22 | 14.1700 | 12.84 | 12.92  |
| 2000             | -- | 13.34 | 13.3125 | 5.93  | 7.63   |
| 1999             | -- | 13.19 | 13.3750 | .81   | (2.57) |

Ratios/Supplemental Data

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

INSURED CALIFORNIA  
PREMIUM INCOME (NPC)

| Year Ended 8/31: |           |       |       |       |
|------------------|-----------|-------|-------|-------|
| 2003             | \$100,427 | 1.17% | 6.13% | 1.16% |
| 2002             | 104,137   | 1.21  | 6.65  | 1.19  |
| 2001             | 103,068   | 1.22  | 6.77  | 1.21  |
| 2000             | 96,903    | 1.25  | 7.65  | 1.24  |
| 1999             | 95,091    | 1.22  | 6.81  | 1.22  |

INSURED CALIFORNIA  
PREMIUM INCOME 2 (NCL)

| Year Ended 8/31: |         |      |      |      |
|------------------|---------|------|------|------|
| 2003             | 185,181 | 1.20 | 6.53 | 1.19 |
| 2002             | 190,870 | 1.23 | 6.83 | 1.22 |
| 2001             | 189,633 | 1.24 | 7.01 | 1.24 |
| 2000             | 177,977 | 1.28 | 7.65 | 1.26 |
| 1999             | 172,833 | 1.24 | 6.86 | 1.24 |

CALIFORNIA PREMIUM  
INCOME (NCU)

| Year Ended 8/31: |        |      |      |      |
|------------------|--------|------|------|------|
| 2003             | 78,859 | 1.24 | 6.72 | 1.24 |
| 2002             | 83,249 | 1.27 | 7.07 | 1.26 |
| 2001             | 82,067 | 1.32 | 7.36 | 1.30 |
| 2000             | 76,878 | 1.38 | 8.09 | 1.36 |
| 1999             | 75,877 | 1.30 | 7.08 | 1.30 |

Preferred Shares at End of Period

Aggregate      Liquidation

|  | Amount<br>Outstanding<br>(000) | and Market<br>Value<br>Per Share | Asset<br>Coverage<br>Per Share |
|--|--------------------------------|----------------------------------|--------------------------------|
| =====  |                                |                                  |                                |
| INSURED CALIFORNIA<br>PREMIUM INCOME (NPC)   |                                |                                  |                                |
| -----  |                                |                                  |                                |
| Year Ended 8/31:                             |                                |                                  |                                |
| 2003   | \$45,000                       | \$25,000                         | \$80,793                       |
| 2002   | 45,000                         | 25,000                           | 82,854                         |
| 2001   | 45,000                         | 25,000                           | 82,260                         |
| 2000   | 45,000                         | 25,000                           | 78,835                         |
| 1999   | 45,000                         | 25,000                           | 77,828                         |
|  |                                |                                  |                                |
| INSURED CALIFORNIA<br>PREMIUM INCOME 2 (NCL) |                                |                                  |                                |
| -----  |                                |                                  |                                |
| Year Ended 8/31:                             |                                |                                  |                                |
| 2003   | 95,000                         | 25,000                           | 73,732                         |
| 2002   | 95,000                         | 25,000                           | 75,229                         |
| 2001   | 95,000                         | 25,000                           | 74,903                         |
| 2000   | 95,000                         | 25,000                           | 71,836                         |
| 1999   | 95,000                         | 25,000                           | 70,482                         |
|  |                                |                                  |                                |
| CALIFORNIA PREMIUM<br>INCOME (NCU)           |                                |                                  |                                |
| -----  |                                |                                  |                                |
| Year Ended 8/31:                             |                                |                                  |                                |
| 2003   | 43,000                         | 25,000                           | 70,848                         |
| 2002   | 43,000                         | 25,000                           | 73,400                         |
| 2001   | 43,000                         | 25,000                           | 72,714                         |
| 2000   | 43,000                         | 25,000                           | 69,696                         |
| 1999   | 43,000                         | 25,000                           | 69,115                         |
| =====  |                                |                                  |                                |

- \* 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 Common Share Net Asset Value is the combination of reinvested dividend income, reinvested capital gains distributions, if any, and changes in Common Share 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.

See accompanying notes to financial statements.

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Financial HIGHLIGHTS (continued)

Selected data for a Common share outstanding throughout each period:

Investment Operations

|  | Beginning<br>Common<br>Share<br>Net Asset<br>Value | Net<br>Investment<br>Income | Net<br>Realized/<br>Unrealized<br>Investment<br>Gain (Loss) | Distributions<br>from Net<br>Investment<br>Income to<br>Preferred<br>Share-<br>holders+ | Distributions<br>from<br>Capital<br>Gains to<br>Preferred<br>Share-<br>holders+ | To |
|--|--|-----------------------------|---|---|---|----|
| CALIFORNIA DIVIDEND<br>ADVANTAGE (NAC)         |  |                             |   |   |   |    |
| Year Ended 8/31:                               |  |                             |   |   |   |    |
| 2003   | \$15.24  | \$1.06                      | \$ (.47)  | \$ (.07)  | \$ --   | \$ |
| 2002   | 15.13  | 1.07                        | --  | (.10)   | --  |    |
| 2001   | 13.82  | 1.07                        | 1.28  | (.23)   | --  | 2  |
| 2000   | 13.33  | 1.07                        | .52   | (.26)   | --  | 1  |
| 1999 (a)                                       | 14.33  | .20                         | (.92)   | (.03)   | --  | (  |
| CALIFORNIA DIVIDEND<br>ADVANTAGE 2 (NVX)       |  |                             |   |   |   |    |
| Year Ended 8/31:                               |  |                             |   |   |   |    |
| 2003   | 14.79  | 1.00                        | (.62)   | (.07)   | --  |    |
| 2002   | 15.11  | 1.06                        | (.40)   | (.11)   | --  |    |
| 2001 (b)                                       | 14.33  | .34                         | .90   | (.05)   | --  | 1  |
| CALIFORNIA DIVIDEND<br>ADVANTAGE 3 (NZH)       |  |                             |   |   |   |    |
| Year Ended 8/31:                               |  |                             |   |   |   |    |
| 2003   | 14.33  | .98                         | (.66)   | (.08)   | --  |    |
| 2002 (c)                                       | 14.33  | .83                         | .09   | (.08)   | --  |    |
| INSURED CALIFORNIA<br>DIVIDEND ADVANTAGE (NKL) |  |                             |   |   |   |    |
| Year Ended 8/31:                               |  |                             |   |   |   |    |
| 2003   | 15.14  | .99                         | (.49)   | (.07)   | (.01)   |    |
| 2002 (d)                                       | 14.33  | .34                         | .92   | (.03)   | --  | 1  |
| INSURED CALIFORNIA<br>TAX-FREE ADVANTAGE (NKX) |  |                             |   |   |   |    |
| Year Ended 8/31:                               |  |                             |   |   |   |    |
| 2003 (e)                                       | 14.33  | .64                         | (.33)   | (.04)   | --  |    |

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

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ADVANTAGE (NAC)

| Year Ended 8/31: |       |         |           |        |        |
|------------------|-------|---------|-----------|--------|--------|
| 2003             | \$ -- | \$14.82 | \$14.3000 | 4.79%  | 3.37%  |
| 2002             | --    | 15.24   | 14.5500   | 3.67   | 6.75   |
| 2001             | --    | 15.13   | 14.8900   | 15.06  | 15.85  |
| 2000             | --    | 13.82   | 13.7500   | (2.18) | 10.80  |
| 1999 (a)         | (.11) | 13.33   | 15.0000   | .96    | (5.99) |

CALIFORNIA DIVIDEND  
ADVANTAGE 2 (NVX)

| Year Ended 8/31: |       |       |         |       |      |
|------------------|-------|-------|---------|-------|------|
| 2003             | --    | 14.18 | 13.2400 | (.95) | 2.16 |
| 2002             | --    | 14.79 | 14.2800 | (.27) | 3.90 |
| 2001 (b)         | (.12) | 15.11 | 15.2100 | 3.40  | 7.55 |

CALIFORNIA DIVIDEND  
ADVANTAGE 3 (NZH)

| Year Ended 8/31: |       |       |         |        |      |
|------------------|-------|-------|---------|--------|------|
| 2003             | .01   | 13.72 | 12.7100 | (3.20) | 1.68 |
| 2002 (c)         | (.12) | 14.33 | 14.0000 | (1.68) | 5.32 |

INSURED CALIFORNIA  
DIVIDEND ADVANTAGE (NKL)

| Year Ended 8/31: |       |       |         |       |      |
|------------------|-------|-------|---------|-------|------|
| 2003             | --    | 14.60 | 14.0000 | (.35) | 2.70 |
| 2002 (d)         | (.12) | 15.14 | 15.0000 | 2.05  | 7.84 |

INSURED CALIFORNIA  
TAX-FREE ADVANTAGE (NKX)

| Year Ended 8/31: |       |       |         |        |     |
|------------------|-------|-------|---------|--------|-----|
| 2003 (e)         | (.21) | 13.79 | 13.5600 | (5.79) | .34 |

Ratios/Supplemental Data

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

CALIFORNIA DIVIDEND  
ADVANTAGE (NAC)

| Year Ended 8/31: |           |       |       |      |   |
|------------------|-----------|-------|-------|------|---|
| 2003             | \$346,918 | 1.15% | 6.44% | .70% | 6 |
| 2002             | 356,821   | 1.18  | 6.76  | .72  | 7 |
| 2001             | 354,197   | 1.19  | 7.03  | .72  | 7 |
| 2000             | 323,326   | 1.24  | 7.93  | .75  | 8 |
| 1999 (a)         | 311,367   | .93*  | 5.06* | .55* | 5 |

CALIFORNIA DIVIDEND  
ADVANTAGE 2 (NVX)

Year Ended 8/31:

|          |         |       |       |      |   |
|----------|---------|-------|-------|------|---|
| 2003     | 209,722 | 1.18  | 6.30  | .73  | 6 |
| 2002     | 218,814 | 1.19  | 6.82  | .73  | 7 |
| 2001 (b) | 223,440 | 1.05* | 5.23* | .62* | 5 |

CALIFORNIA DIVIDEND  
ADVANTAGE 3 (NZH)

Year Ended 8/31:

|          |         |       |       |      |   |
|----------|---------|-------|-------|------|---|
| 2003     | 330,829 | 1.20  | 6.33  | .73  | 6 |
| 2002 (c) | 345,470 | 1.15* | 6.01* | .69* | 6 |

INSURED CALIFORNIA  
DIVIDEND ADVANTAGE (NKL)

Year Ended 8/31:

|          |         |       |       |      |   |
|----------|---------|-------|-------|------|---|
| 2003     | 222,751 | 1.18  | 6.00  | .72  | 6 |
| 2002 (d) | 231,062 | 1.10* | 4.98* | .60* | 5 |

INSURED CALIFORNIA  
TAX-FREE ADVANTAGE (NKX)

Year Ended 8/31:

|          |        |       |       |      |   |
|----------|--------|-------|-------|------|---|
| 2003 (e) | 81,141 | 1.14* | 5.25* | .67* | 5 |
|----------|--------|-------|-------|------|---|

Preferred Shares at End of Period

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

CALIFORNIA DIVIDEND  
ADVANTAGE (NAC)

Year Ended 8/31:

|          |           |          |          |
|----------|-----------|----------|----------|
| 2003     | \$175,000 | \$25,000 | \$74,560 |
| 2002     | 175,000   | 25,000   | 75,974   |
| 2001     | 175,000   | 25,000   | 75,600   |
| 2000     | 175,000   | 25,000   | 71,189   |
| 1999 (a) | 175,000   | 25,000   | 69,481   |

CALIFORNIA DIVIDEND  
ADVANTAGE 2 (NVX)

Year Ended 8/31:

|          |         |        |        |
|----------|---------|--------|--------|
| 2003     | 110,000 | 25,000 | 72,664 |
| 2002     | 110,000 | 25,000 | 74,731 |
| 2001 (b) | 110,000 | 25,000 | 75,782 |

CALIFORNIA DIVIDEND  
ADVANTAGE 3 (NZH)

Year Ended 8/31:

|      |         |        |        |
|------|---------|--------|--------|
| 2003 | 187,000 | 25,000 | 69,229 |
|------|---------|--------|--------|

|          |         |        |        |
|----------|---------|--------|--------|
| 2002 (c) | 187,000 | 25,000 | 71,186 |
|----------|---------|--------|--------|

INSURED CALIFORNIA  
DIVIDEND ADVANTAGE (NKL)

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

INSURED CALIFORNIA  
TAX-FREE ADVANTAGE (NKX)

|                  |        |        |        |
|------------------|--------|--------|--------|
| -----            |        |        |        |
| Year Ended 8/31: |        |        |        |
| 2003 (e)         | 45,000 | 25,000 | 70,078 |
| =====            |        |        |        |

- \* 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 Common Share Net Asset Value is the combination of reinvested dividend income, reinvested capital gains distributions, if any, and changes in Common Share 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 August 31, 2002.
- (d) For the period March 27, 2002 (commencement of operations) through August 31, 2002.
- (e) For the period November 22, 2002 (commencement of operations) through August 31, 2003.

See accompanying notes to financial statements.

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Directors/Trustees  
AND OFFICERS

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

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

DIRECTOR/TRUSTEE WHO IS AN INTERESTED PERSON OF THE FUNDS:

|  |  |      |   |
|--|--|------|---|
| Timothy R. Schwertfeger (1)<br>3/28/49<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Chairman of the<br>Board and<br>Director/Trustee | 1994 | Chairman and Director (since 1992) of Nuveen Investments, Inc. and Nuveen Investments, Inc. Director (since 1992) and Chairman of Nuveen Advisory Corp. and Nuveen Advisory Corp.; Chairman and Director of Nuveen Asset Management, Inc. of Institutional Capital Corporation Director (since 1999) of Rittenberg Inc.; Chairman of Nuveen Investments (since 2002). |
|--|--|------|---|

DIRECTORS/TRUSTEES WHO ARE NOT INTERESTED PERSONS OF THE FUNDS:

|  |                  |      |  |
|--|------------------|------|--|
| William E. Bennett<br>10/16/46<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Director/Trustee | 2001 | Private Investor; previously, President and Executive Officer, Draper & Kramer, a company that handles mortgage bond development, pension advisory and asset management (1995-1998). Prior to 1995, Vice President and Chief Credit Officer, First Chicago Corporation and its subsidiary, The First National Bank of Chicago. |
|--|------------------|------|--|

|  |                  |      |  |
|--|------------------|------|--|
| Robert P. Bremner<br>8/22/40<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Director/Trustee | 1997 | Private Investor and Management Consultant |
|--|------------------|------|--|

|  |                  |      |   |
|--|------------------|------|---|
| Lawrence H. Brown<br>7/29/34<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Director/Trustee | 1993 | Retired (since 1989) as Senior Vice President, Northern Trust Company; Director of Highland Park-Highwood (since 2002). |
|--|------------------|------|---|

|   |                  |      |  |
|---|------------------|------|--|
| Anne E. Impellizzeri<br>1/26/33<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Director/Trustee | 1994 | Retired, formerly, Executive Director of Manitoga/The Russel Wright Foundation; thereto, President and Chief Executive Officer, Blanton-Peale Institute (since 1994); Vice President, Metropolitan Life Insurance Company. |
|---|------------------|------|--|

|   |                  |      |   |
|---|------------------|------|---|
| Peter R. Sawers<br>4/3/33<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Director/Trustee | 1991 | Adjunct Professor of Business Administration, University of Dubuque, Iowa; formerly, Adjunct Professor, Lake Forest University; Management, Lake Forest, Illinois; Executive Director, Towers Perrin, a management consulting firm; Chairman, Analyst; Certified Management Consultant; Director, Executive Service Corporation, a not-for-profit organization. |
|---|------------------|------|---|

|   |                  |      |   |
|---|------------------|------|---|
| William J. Schneider<br>9/24/44<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Director/Trustee | 1997 | Senior Partner and Chief Operat<br>Miller-Valentine Group, Vice Pr<br>Miller-Valentine Realty, a cons<br>Chair, MiamiValley Hospital; Ch<br>Coalition; formerly, Member, Co<br>National City Bank, Dayton, Ohi<br>Council, Cleveland Federal Rese |
|---|------------------|------|---|

|   |                  |      |   |
|---|------------------|------|---|
| Judith M. Stockdale<br>12/29/47<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Director/Trustee | 1997 | Executive Director, Gaylord and<br>Foundation (since 1994); prior<br>Director, Great Lakes Protectio<br>to 1994). |
|---|------------------|------|---|

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

OFFICERS OF THE FUNDS:

|  |                                    |      |   |
|--|------------------------------------|------|---|
| Gifford R. Zimmerman<br>9/9/56<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Chief<br>Administrative<br>Officer | 1988 | Managing Director (since 2002),<br>and Associate General Counsel,<br>and Assistant General Counsel o<br>LLC; Managing Director (since 2<br>and Assistant Secretary, former<br>Nuveen Advisory Corp. and Nuvee<br>Corp.; Managing Director (since<br>Secretary and Associate General<br>President (since 2000), of Nuve<br>Assistant Secretary of Nuveen I<br>1994); Assistant Secretary of N<br>Company, LLC (since 2002); Vice<br>Assistant Secretary of Nuveen I<br>(since 2002); Managing Director<br>Counsel and Assistant Secretary<br>Management, Inc. (since May 200<br>Financial Analyst. |
|--|------------------------------------|------|---|

|   |  |      |  |
|---|--|------|--|
| Michael T. Atkinson<br>2/3/66<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President<br>and Assistant<br>Secretary | 2000 | Vice President (since 2002), fo<br>Vice President (since 2000), pr<br>Nuveen Investments, LLC. |
|---|--|------|--|

|   |                |      |  |
|---|----------------|------|--|
| Paul L. Brennan<br>11/10/66<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President | 1999 | Vice President (since 2002), fo<br>Vice President (since 1997), of<br>prior thereto, portfolio manage<br>Inc.; Chartered Financial Analy<br>Public Accountant. |
|---|----------------|------|--|

|   |                                 |      |   |
|---|---------------------------------|------|---|
| Peter H. D'Arrigo<br>11/28/67<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President<br>and Treasurer | 1999 | Vice President of Nuveen Invest<br>1999), prior thereto, Assistant<br>1997); Vice President and Treas<br>Investments, Inc. (since 1999);<br>Treasurer of Nuveen Advisory Co<br>Institutional Advisory Corp. (s<br>President and Treasurer of Nuve<br>Inc. (since 2002) and of Nuveen<br>Inc. (since 2002); Assistant Tr<br>Management Company, LLC (since<br>Financial Analyst. |
| Susan M. DeSanto<br>9/8/54<br>333 W. Wacker Drive<br>Chicago, IL 60606    | Vice President                  | 2001 | Vice President of Nuveen Adviso<br>previously, Vice President of V<br>Advisory Corp. (since 1998); Vi<br>Institutional Advisory Corp. (s<br>thereto, Assistant Vice Preside<br>Investment Advisory Corp. (sinc  |
| Jessica R. Droeger<br>9/24/64<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President<br>and Secretary | 2000 | Vice President (since 2002) and<br>Counsel (since 1998); formerly,<br>President (since 1998) of Nuvee<br>Vice President (since 2002) and<br>(since 1998), formerly Assistan<br>Nuveen Advisory Corp. and Nuvee<br>Advisory Corp.  |

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Directors/Trustees  
AND OFFICERS (continued)

| NAME, BIRTHDATE<br>AND ADDRESS  | POSITION(S) HELD<br>WITH THE FUNDS | YEAR FIRST<br>ELECTED OR<br>APPOINTED (3) | PRINCIPAL OCCUPATION(S)<br>DURING PAST 5 YEARS  |
|---|------------------------------------|---|---|
| OFFICERS OF THE FUNDS (CONTINUED):  |                                    |   |   |
| Lorna C. Ferguson<br>10/24/45<br>333 W. Wacker Drive<br>Chicago, IL 60606   | Vice President                     | 1998                                      | Vice President of Nuveen Invest<br>President (since 1998) of Nuvee<br>Nuveen Institutional Advisory C   |
| William M. Fitzgerald<br>3/2/64<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President                     | 1995                                      | Managing Director (since 2002)<br>LLC; Managing Director (since 2<br>President of Nuveen Advisory Co<br>Institutional Advisory Corp. (s<br>Director of Nuveen Asset Manage<br>Vice President of Nuveen Invest |

(since 2002); Chartered Financial

|   |  |      |   |
|---|--|------|---|
| Stephen D. Foy<br>5/31/54<br>333 W. Wacker Drive<br>Chicago, IL 60606   | Vice President<br>and Controller             | 1998 | Vice President (since 1993) and<br>(since 1998) of Nuveen Investme<br>President and Funds Controller<br>Investments, Inc.; Certified Pu   |
| J. Thomas Futrell<br>7/5/55<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President                               | 1988 | Vice President of Nuveen Adviso<br>Financial Analyst.   |
| Richard A. Huber<br>3/26/63<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President                               | 1997 | Vice President of Nuveen Instit<br>(since 1998) and Nuveen Advisor<br>prior thereto, Vice President a<br>Flagship Financial, Inc.   |
| Steven J. Krupa<br>8/21/57<br>333 W. Wacker Drive<br>Chicago, IL 60606  | Vice President                               | 1990 | Vice President of Nuveen Adviso   |
| David J. Lamb<br>3/22/63<br>333 W. Wacker Drive<br>Chicago, IL 60606    | Vice President                               | 2000 | Vice President (since 2000) of<br>LLC, previously Assistant Vice<br>1999); prior thereto, Associate<br>LLC; Certified Public Accountan  |
| Tina M. Lazar<br>8/27/61<br>333 W. Wacker Drive<br>Chicago, IL 60606    | Vice President                               | 2002 | Vice President (since 1999), pr<br>Vice President (since 1993) of   |
| Larry W. Martin<br>7/27/51<br>333 W. Wacker Drive<br>Chicago, IL 60606  | Vice President<br>and Assistant<br>Secretary | 1988 | Vice President, Assistant Secre<br>General Counsel of Nuveen Inves<br>President and Assistant Secreta<br>Corp. and Nuveen Institutional<br>Assistant Secretary of Nuveen I<br>and (since 1997) Nuveen Asset M<br>Vice President (since 2000), As<br>and Assistant General Counsel (R<br>Rittenhouse Asset Management, I<br>and Assistant Secretary of Nuve<br>Advisers Inc. (since 2002); Ass<br>of NWQ Investment Management Co<br>(since 2002). |

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

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OFFICERS OF THE FUNDS (CONTINUED):  
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|   |                |      |  |
|---|----------------|------|--|
| John V. Miller<br>4/10/67<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President | 2003 | Vice President (since 2003), pr<br>Vice President (since 1999), pr<br>analyst (since 1996) of Nuveen<br>Chartered Financial Analyst. |
|---|----------------|------|--|

|   |                |      |   |
|---|----------------|------|---|
| Edward F. Neild, IV<br>7/7/65<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President | 1996 | Managing Director (since 2002)<br>LLC; Managing Director (since 1<br>President (since 1996) of Nuvee<br>Nuveen Institutional Advisory C<br>Director of Nuveen Asset Manage<br>1999). Chartered Financial Anal |
|---|----------------|------|---|

|   |                |      |   |
|---|----------------|------|---|
| Thomas J. O'Shaughnessy<br>9/4/60<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President | 1999 | Vice President (since 2002), fo<br>Vice President (since 1998), of<br>prior thereto, portfolio manage |
|---|----------------|------|---|

|   |                |      |  |
|---|----------------|------|--|
| Thomas C. Spalding<br>7/31/51<br>333 W. Wacker Drive<br>Chicago, IL 60606 | Vice President | 1982 | Vice President of Nuveen Adviso<br>Institutional Advisory Corp.; C<br>Analyst. |
|---|----------------|------|--|

- (1) Mr. Schwertfeger is an "interested person" of the Funds, as defined in the Investment Company Act of 1940, because he is an officer and trustee of the Adviser.
- (2) Directors/Trustees serve a one-year term until his/her successor is elected. The year first elected or appointed represents the year in which the Directors/Trustees was first elected or appointed to any fund in the Nuveen Complex.
- (3) Officers serve a one-year term through July of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

Build Your Wealth  
AUTOMATICALLY

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

NUVEEN CLOSED-END EXCHANGE-TRADED FUNDS DIVIDEND REINVESTMENT PLAN

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

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

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

#### EASY AND CONVENIENT

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

#### HOW SHARES ARE PURCHASED

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. Dividends and distributions received to purchase shares in the open market will normally be invested shortly after the dividend payment date. No interest will be paid on 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.

INFORMATION

BOARD OF DIRECTORS/TRUSTEES

William E. Bennett  
Robert P. Bremner  
Lawrence H. Brown  
Anne E. Impellizzeri  
Peter R. Sawers  
William J. Schneider  
Timothy R. Schwertfeger  
Judith M. Stockdale

FUND MANAGER

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

CUSTODIAN

State Street Bank & Trust  
Boston, MA

TRANSFER AGENT AND  
SHAREHOLDER SERVICES

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

(800) 257-8787

LEGAL COUNSEL

Chapman and Cutler LLP  
Chicago, IL

INDEPENDENT AUDITORS

Ernst & Young LLP  
Chicago, IL

POLICY CHANGE

On November 14, 2002, the Board adopted a policy that allows each Fund, in addition to investments in municipal bonds, to invest up to 5% of its net assets (including assets attributable to preferred shares, if any) in tax-exempt or taxable fixed-income securities or equity securities for the purpose of acquiring control of an issuer whose municipal bonds (a) the Fund already owns and (b) have deteriorated or are expected shortly to deteriorate significantly in credit quality, provided Nuveen Advisory determines that such investment should enable the Fund to better maximize the value of its existing investment in such issuer. This policy is a non-fundamental policy of each Fund which means that it can be changed at any time by the Board of Directors without vote of the shareholders.

GLOSSARY OF TERMS USED IN THIS REPORT

Average Annual Total Return: This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return (including change in NAV and reinvested dividends) that would have been necessary on an annual basis to equal the investment's actual performance over the time period being considered.

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

**Leverage-Adjusted Duration:** Duration is a measure of a bond or bond fund's sensitivity to changes in interest rates. Generally, the longer a bond or fund's duration, the more the price of the bond or fund will change as interest rates change. Leverage-adjusted duration takes into account the leveraging process for a Fund and therefore is generally longer than the duration of the actual portfolio of individual bonds that make up the Fund.

**Market Yield (also known as Dividend Yield or Current Yield):** An investment's current annualized dividend divided by its current market price.

**Net Asset Value (NAV):** A fund's NAV is calculated by subtracting the liabilities of the fund from its total assets and then dividing the remainder by the number of shares outstanding. Fund NAVs are calculated at the end of each business day.

**Taxable-Equivalent Yield:** The yield necessary from a fully taxable investment to equal, on an after-tax basis, the yield of a municipal bond investment.

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Each Fund intends to repurchase shares of its own common or preferred stock in the future at such times and in such amounts as is deemed advisable. No shares were repurchased during the fiscal year ended August 31, 2003. Any future repurchases will be reported to shareholders in the next annual or semiannual report.

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Serving Investors  
FOR GENERATIONS

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

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

Managing \$90 billion in assets, Nuveen Investments offers access to a number of different asset classes and investing solutions through a variety of products. Nuveen Investments markets its capabilities under four distinct brands: Nuveen, a leader in tax-free investments; NWQ, a leader in value-style equities; Rittenhouse, a leader in growth-style equities; and Symphony, a leading institutional manager of market-neutral alternative investment portfolios.

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

Distributed by

NUVEEN INVESTMENTS, LLC | 333 West Wacker Drive | Chicago, Illinois 60606  
| [www.nuveen.com](http://www.nuveen.com)

ITEM 2. CODE OF ETHICS.

As of the end of the period covered by this report, the registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The registrant has posted such code of ethics on its website at [www.nuveen.com/etf](http://www.nuveen.com/etf).

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's board of directors has determined that the registrant has at least one "audit committee financial expert" (as defined in Item 3 of Form N-CSR) serving on its audit committee. The registrant's audit committee financial expert is William E. Bennett, who is "independent" for purposes of Item 3 of Form N-CSR.

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

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable at this time.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable at this time.

ITEM 6. [RESERVED]

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

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

ITEM 8. [RESERVED]

ITEM 9. CONTROLS AND PROCEDURES.

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

ITEM 10. EXHIBITS.

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

(a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable because posted on registrant's website at [www.nuveen.com/etf](http://www.nuveen.com/etf)

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

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

#### SIGNATURES

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

(Registrant) Nuveen Insured California Premium Income Municipal Fund 2, Inc.  
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By (Signature and Title)\* /s/ Jessica R. Droeger

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

Date: November 7, 2003  
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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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

-----  
Gifford R. Zimmerman  
Chief Administrative Officer  
(Principal Executive Officer)

Date: November 7, 2003  
-----

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

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

Date: November 7, 2003  
-----

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