NUVEEN INSURED CALIFORNIA PREMIUM INCOME MUNICIPAL FUND 2 IN
Form N-30D
November 07, 2002

Annual Report August 31, 2002

Nuveen
Municipal Closed-End
Exchange-Traded
Funds

CALIFORNIA
NPC
NCL
NCU
NAC
NVX
NZH
NKL

Photo of: 2 men and child walking.

Photo of: 2 women talking to 2 children.

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

THE NUVEEN
INVESTOR
See Page 13

Logo: NUVEEN Investments

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Photo of: Timothy R. Schwertfeger

Chairman of the Board

Sidebar text:" I urge you to consider receiving future Fund reports and other information electronically ...see the inside front cover of this report for detailed instructions."

Dear
Shareholder

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

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

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

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

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger
Chairman of the Board

October 15, 2002

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

Portfolio Managers'
Comments

Portfolio managers Steve Krupa and Bill Fitzgerald discuss economic conditions, key investment strategies, and the recent performance of the Nuveen California Funds. Steve, who joined Nuveen in 1979, has managed NPC and NCL since 2001.

With 14 years of investment management experience at Nuveen, Bill assumed portfolio management responsibility for NCU in 1998, NAC in 1999, NVX and NZH upon their inceptions in 2001, and NKL upon its inception in March 2002.

WHAT WERE THE MAJOR DRIVERS OF THE U.S. ECONOMY AND THE MUNICIPAL MARKET DURING THIS REPORTING PERIOD?
The two major forces at work during the twelve months ended August 31, 2002, were continued weakness in the U.S. economy and the Federal Reserve's efforts to address this situation by lowering short-term interest rates and maintaining them at 40-year lows. The events of September 11, 2001, and the uncertain geopolitical climate that followed also have impacted the economy and the markets.

In the municipal market, the general economic environment of the past twelve months, including a sluggish recovery and lack of inflationary pressures, helped many bonds perform well. The first eight months of 2002 saw a continuation of the trend toward increased municipal issuance at the national level, with $219.6 billion in new supply, up 21% over January-August 2001. On the demand side, municipal bonds continued to be highly sought after by individual investors looking for diversification, tax-free income, and an alternative to a volatile stock market. Institutional investors, especially traditional purchasers such as property/ casualty insurance companies, have also been active buyers in the municipal market.

HOW WAS THE ECONOMIC AND MUNICIPAL ENVIRONMENT IN CALIFORNIA?
California's economy paralleled the national condition, and was characterized by a general slowdown, tepid recovery, and little job growth. As of August 2002, the state unemployment rate was 6.2%, up from 5.5% a year earlier and higher than the national average of 5.7%. In general, southern California has outperformed the northern part of the state over the past year, which continues to be hampered by the downturn in the technology industry.

Shortly after the closing date for this report, California approved its state budget for fiscal year 2003, which began July 1, 2002. The two-month delay in passage was caused by legislators' inability to reach agreement on ways to eliminate a $24 billion deficit, a product of last year's recession, this year's weak recovery and the poor performance of the equity markets. Through most of the 1990s, California's tech-heavy economy produced high levels of income tax revenue from the exercise of stock options, as well as capital gains taxes from the sale of appreciated investments. From a budgetary perspective, the state has had a difficult time adjusting to the changed equity market environment, as personal income tax revenue declined 24% during fiscal year 2002.

The budget for fiscal year 2003 was balanced through a combination of expense reductions, new debt issuance, and fund transfers. However, some concerns remain that the state's new budget could hurt local governments by cutting tax reimbursements to cities, counties and school districts. The current budget also left unresolved California's structural budget deficit, i.e., the state continues to spend significantly more than it is earning through recurring revenues. As a result, California faces an estimated $10 billion shortfall in fiscal year 2004. The state's ability to find new revenue sources will be an important factor in demonstrating to the market that California can make the necessary changes to close its structural budget imbalance.

During the first eight months of 2002, California issued $25.4 billion in new bonds, up more than 11% over the same period in 2001. Given the state's continued need to fund operating deficits, issuance is expected to remain heavy. Chief among the scheduled offerings is $11.8 billion in power bonds issued by

the Department of Water Resources. This issue, which represents the largest bond offering in municipal history, would reimburse California's general fund for the $6.6 billion the state spent to purchase power for investor-owned utilities during the 2001 power crisis. Also on the calendar is $4.5 billion in revenue bonds secured by the state's share of the proceeds from the master settlement agreement with the major tobacco companies. Following a Moody's downgrade in November 2001, credit ratings for state-issued general obligation debt have remained intact at A1/A+/AA. As of August 2002, Moody's, Standard & Poor's and Fitch all maintained a negative outlook for the state due to concerns about budget issues and near-term liquidity.

HOW DID THESE NUVEEN CALIFORNIA FUNDS PERFORM OVER THE PAST TWELVE MONTHS?
During the twelve months ended August 31, 2002, the Fed's policy of maintaining short-term interest rates at relatively low levels, combined with generally favorable market conditions, created a positive total return environment for municipal bonds and bond funds. Individual results for the Nuveen California Funds, as well as for relevant indexes, are presented in the accompanying table.

	MARKET YIELD		TOTAL RETURN ON NAV	LEHMAN TOTAL RETURN1	LIPPER AVERAGE2
	8/31/02	TAXABLE-EQUIVALENT3	1 YEAR ENDED 8/31/02	1 YEAR ENDED 8/31/02	1 YEAR ENDED 8/31/02
NPC	5.49%	8.65%	6.47%	5.62%	5.32%
NCL	5.80%	9.13%	6.29%	5.62%	5.32%
NCU	6.04%	9.51%	7.48%	5.61%	5.51%
NAC	6.06%	9.54%	6.75%	5.61%	5.51%
NVX	6.13%	9.65%	3.90%	5.61%	5.51%
NZH	6.17%	9.72%	NA	-	-
NKL	6.08%	9.57%	NA	-	-

Past performance is not predictive of future results.

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

In a market characterized by rising bond values, funds with longer durations4 typically would be expected to outperform funds and indexes with shorter durations. As of August 31, 2002, the durations of the seven Nuveen California Funds in this report ranged from 7.25 to 12.55, with six of the seven showing durations greater than the 8.49 average duration of the unleveraged Lehman Brothers California Tax-Exempt Bond Index.

In addition to duration, the relative performance of these Funds also was influenced by factors such as credit quality, portfolio trading activity, call exposure, and price movement of individual holdings. NVX's underperformance, for example, was due in part to this portfolio's holding of airline-backed Los Angeles International Airport bonds, which accounted for about 1.6% of the Fund's net assets at the beginning of this fiscal year. The value of these bonds fell about 75% over the twelve months ended August 31, 2002, in part because of the decline in air travel over the past year.

On the other hand, NCU benefited as interest rates declined during the second half of the Fund's fiscal year. As bond prices rose in response to the declining rates, several of this Fund's holdings were priced to their call dates rather than their maturity dates. As a result, these bonds were priced to a significantly shorter portion of the yield curve, causing their prices to increase even more. One example was the Fund's holding of Riverside County Redevelopment Agency securities for the Jurupa Valley Project Area. The prices of these bonds increased to 104.05 from 101.79 during the reporting period, helping the Fund show strong total return performance for the year ended August 31, 2002.

HOW DID THE MARKET ENVIRONMENT AFFECT THE FUNDS' DIVIDENDS AND SHARE PRICES?
As the Fed continued to keep short-term interest rates relatively low, the dividend-paying capabilities of these Funds benefited from their use of leverage, a strategy that can potentially enhance the dividends

1 The total annual returns on common share net asset value for NPC and NCL are compared with the total annual return of the Lehman Brothers California Insured Tax-Exempt Bond Index, an unleveraged index comprising a broad range of insured California municipal bonds, while the annual returns of the non-insured Funds are compared with the annual return of the Lehman California Tax-Exempt Bond Index, an unleveraged index comprising a broad range of investment-grade California municipal bonds. Results for the Lehman indexes do not reflect any expenses.

2 The total returns of NPC and NCL are compared with the average annualized return of the 9 funds in the Lipper California Insured Municipal Debt Funds category, while the total returns of the non-insured Funds are compared with the return of the 21 funds in the Lipper California Municipal Debt Funds category. Fund and Lipper returns assume reinvestment of dividends.

3 The taxable-equivalent yield represents the yield that must be earned on a taxable investment in order to equal the yield of the Nuveen Fund on an after-tax basis. The taxable-equivalent yield is based on the Fund's market yield on the indicated date and a combined federal and state income tax rate of 36.5%.

4 Duration is a measure of a Fund's NAV volatility in reaction to interest rate movements. Fund duration, also known as leverage-adjusted duration, takes into account the leveraging process for a Fund and therefore is generally longer than the duration of the actual portfolio of individual bonds that make up the Fund. References to duration in this commentary are intended to indicate Fund duration unless otherwise noted.

paid to common shareholders. This is due to the fact that the extent of this benefit is tied in part to the short-term rates the Funds pay their MuniPreferred(R) shareholders. Low short-term rates, such as those currently in effect, can enable the Funds to reduce the amount of income they pay preferred shareholders, which can leave more earnings to support common share dividends.

During the fiscal year ended August 31, 2002, steady or falling short-term interest rates enabled us to implement three dividend increases in NCL and NCU, two in NPC and NAC, and one in NVX. Among the newer Funds, NZH maintained stable, attractive dividends during this period, while NKL, which was introduced in March 2002, declared its first monthly dividend in May.

Given the volatility of the equity markets over past year, investors seem to have continued to evaluate their asset allocation plans. We believe many made slow, but significant, shifts to bonds and bond funds to take better advantage of the balance offered by fixed-income investments. Over this period, the share prices of the Nuveen Funds covered in this report remained relatively stable or exhibited modest declines. As of August 31, 2002, all of these Funds were trading at modest discounts to their common share net asset values (see charts on individual Performance Overview pages).

WHAT KEY STRATEGIES WERE USED TO MANAGE THE NUVEEN CALIFORNIA FUNDS DURING THE FISCAL YEAR ENDED AUGUST 31, 2002?

Looking first at the insured Funds, we believed NPC and NCL were well positioned structurally to take advantage of the interest rate environment of the past twelve months. Our strategic focus continued to be on increasing call protection and finding undervalued bonds. Specifically, we purchased tax-backed bonds issued to finance infrastructure improvements in various areas of the state and to support future growth and development of communities in all regions.

In the non-insured Funds, our focus was on shifting the maturity structure of these Funds from long to long/intermediate by selling bonds in the 20- to 25-year part of the yield curve and replacing them with bonds in the 15- to 20-year range. Essentially, our strategy involved positioning the portfolios more defensively in anticipation of potential changes in the interest rate environment. We believed that bonds in the 15- to 20-year part of the yield curve offered greater opportunities for price appreciation and would perform well if and when interest rates rose. Our recent purchases were primarily AAA insured bonds offering higher coupons, as we believe these issues will provide better downside protection in the event of a decline in bond prices. We also made some strategic investments in non-rated assessment district bonds with maturities of 20 years, primarily housing project issues, to provide enhanced yield and diversification. Overall, we believed the Funds were adequately weighted in the healthcare and multifamily housing sectors, which helped Fund performance over the past twelve months. During this time, we made no new investments in the transportation sector, while avoiding general obligation bonds due to budget uncertainties.

As a result of the yield curve positioning of the non-insured Funds, as well as market moves affecting both types of Funds, the durations of the Nuveen California Funds generally shortened over the past six months. We believed this would help make our portfolios less sensitive to interest rate changes while still providing yields and returns that were competitive with longer duration funds.

In the current market environment, we believed that maintaining strong credit quality remains a key requirement for all of the Funds. As of August 31, 2002, each of the non-insured Funds continued to offer excellent credit quality, with allocations of bonds rated AAA/U.S. guaranteed and AA ranging

from 60% to 84%. All of these non-insured Funds also had a portion of their assets invested in BBB and non-rated bonds, which can serve to enhance the Funds' income streams. The insured Funds are 100% invested in insured and/or U.S. guaranteed securities, which means that credit quality is not an issue.

In March 2002, we introduced the Nuveen Insured California Dividend Advantage Municipal Fund (NKL). This Fund is now fully invested and, in our opinion, performing well for shareholders. As mentioned earlier, NKL declared its first dividend on schedule in May 2002, and we believe the Fund's holdings place it in an excellent position to pay attractive, dependable dividends on a monthly basis

going forward. In assembling NKL, the majority of our purchases were 30-year bonds, with a focus on income. In keeping with our outlook, we are now working to reposition this Fund more defensively by systematically selling longer bonds and buying those in the 15- to 20-year range.

WHAT IS YOUR OUTLOOK FOR THE MUNICIPAL MARKET IN GENERAL AND THE NUVEEN CALIFORNIA FUNDS IN PARTICULAR?

In general, our outlook for the fixed-income markets over the next twelve months remains positive. We believe the U.S. economy is headed for an eventual recovery, but one that could be slower to arrive and offer a slower rate of growth than some are currently predicting. We also expect inflation and interest rates to remain relatively low over the near term, while new municipal volume should continue to be strong. Currently, national issuance is on pace to exceed the record of $292 billion set in 1993. Demand for tax-exempt municipal bonds should remain solid, as investors look for ways to rebalance their portfolios and reduce risk. One item that will bear watching, however, is any increase in budgetary pressure at the city and county levels that could potentially result in credit rating downgrades, among bonds issued by these entities.

Most of these Funds continue to offer excellent levels of call protection through 2002 and 2003, with call exposure ranging from 0% in NKL to 19% in NPC. NPC, which reaches its 10-year anniversary in November 2002, faces a slightly higher level of potential calls during this period, as the Fund works its way through the phase of its life cycle often associated with increased call exposure. In this Fund, as well as in NCL and NCU, which are approaching their 10-year anniversaries in 2003, we have been proactive in selling callable bonds and reinvesting the proceeds further out on the yield curve to enhance total return potential and support the Funds' dividends. The number of actual calls experienced by these Funds will depend largely on market interest rates over this time. In general, we believe the call exposure of these Funds is very manageable, and we foresee no problems in working through it.

In coming months, we plan to remain focused on strategies that add value for our shareholders, provide support for the Funds' dividends, and fully utilize Nuveen's experience and research expertise. Specific areas of concentration will include enhancing portfolio call protection, managing interest rate volatility through the purchase of bonds in the 15- to 20-year part of the yield curve, and taking advantage of additional opportunities to position our portfolios more defensively. The heavy issuance anticipated in the California market should enhance our ability to find such opportunities. In addition, as energy markets in California continue to stabilize, we expect there to be no significant impact on the portfolios' holdings as a result of the 2001 power crisis. Overall, we believe the Nuveen California Funds are well positioned for the market environment ahead. In our opinion, they continue to represent an important element of investors' long-range financial programs, providing dependable tax-free income, diversification, and balance in uncertain times.

Nuveen Insured California Premium Income Municipal Fund, Inc.

Performance
Overview As of August 31, 2002

NPC

Pie Chart:
CREDIT QUALITY
Insured 82%

U.S. Guaranteed	18%

PORTFOLIO STATISTICS

Share Price	$15.85
Common Share Net Asset Value	$16.17
Market Yield	5.49%
Taxable-Equivalent Yield (Federal Income Tax Rate)1	7.84%
Taxable-Equivalent Yield (Federal and State Income Tax Rate)1	8.65%
Net Assets Applicable to Common Shares ($000)	$104,137
Average Effective Maturity (Years)	20.46
Leverage-Adjusted Duration	9.05

ANNUALIZED TOTAL RETURN (Inception 11/92)

	ON SHARE PRICE	ON NAV
1-Year	6.73%	6.47%
5-Year	7.65%	6.70%
Since Inception	6.42%	7.15%

TOP FIVE SECTORS (as a % of total investments)

Tax Obligation/General	25%
U.S. Guaranteed	18%
Tax Obligation/Limited	15%
Water and Sewer	14%
Education and Civic Organizations	7%

Bar chart:
2001-2002 Monthly Tax-Free Dividends Per Share

9/1/01	0.0705
10/01	0.0705
11/01	0.0705
12/01	0.0715
1/02	0.0715
2/02	0.0715
3/02	0.0725

4/02	0.0725
5/02	0.0725
6/02	0.0725
7/02	0.0725
8/31/02	0.0725

Line chart:
Share Price Performance
Weekly Closing Price
Past performance is not predictive of future results.

9/1/01	15.42
	15.57
	15
	15.25
	15.45
	15.2
	15.2
	15.6
	15.87
	15.9
	15.91
	15.71
	15.95
	15.9
	15.5
	15.79
	15.5
	15.5
	15.7
	15.69
	15.85
	15.9
	16
	15.84
	15.95
	15.9
	15.75
	15.25
	14.84
	14.78
	14.83
	14.95
	15.1
	15.23
	15.35
	15.5
	15.49
	15.44
	15.51
	15.77
	15.5
	15.54
	15.6
	16.05
	16.09
	15.95
	15.75
	16.05
	16.05
	16

	16.2
8/31/02	15.85

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

Nuveen Insured California Premium Income Municipal Fund 2, Inc.

Performance
Overview As of August 31, 2002

NCL

Pie Chart:
CREDIT QUALITY

Insured	88%
Insured and U.S. Guaranteed	9%
U.S. Guaranteed	3%

PORTFOLIO STATISTICS

Share Price	$14.80
Common Share Net Asset Value	$15.08
Market Yield	5.80%
Taxable-Equivalent Yield (Federal Income Tax Rate)1	8.29%
Taxable-Equivalent Yield (Federal and State Income Tax Rate)1	9.13%
Net Assets Applicable to Common Shares ($000)	$190,870
Average Effective Maturity (Years)	17.39
Leverage-Adjusted Duration	7.25

ANNUALIZED TOTAL RETURN (Inception 3/93)

	ON SHARE PRICE	ON NAV
1-Year	5.57%	6.29%
5-Year	7.70%	7.14%
Since Inception	5.71%	6.46%

TOP FIVE SECTORS (as a % of total investments)	
Tax Obligation/Limited	36%
U.S. Guaranteed	12%
Tax Obligation/General	11%
Utilities	9%
Water and Sewer	8%

Bar Chart:
2001-2002 Monthly Tax-Free Dividends Per Share

9/01	0.067
10/01	0.067
11/01	0.067
12/01	0.0685
1/02	0.0685
2/02	0.0685
3/02	0.07
4/02	0.07
5/02	0.07
6/02	0.0715
7/02	0.0715
8/02	0.0715

Line Chart:
Share Price Performance
Weekly Closing Price
Past performance is not predictive of future results.

9/1/01	14.83
	14.84
	14.2
	14.47
	15
	14.73
	14.94
	14.88
	15.24
	15.47
	15.16
	14.92
	14.84
	14.7
	14.66
	14.36
	14.62
	14.51
	14.45
	14.77
	14.7
	14.71
	14.87
	14.71
	14.87
	14.85
	14.85

	14.21
	14.05
	13.9
	14.09
	14.08
	14.25
	14.45
	14.7
	14.6
	14.7
	14.66
	14.7
	14.85
	14.74
	14.75
	14.93
	15.23
	15.37
	15.47
	15.23
	15.3
	15.32
	15.16
	14.98
8/31/02	14.8

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Nuveen California Premium Income Municipal Fund

Performance
Overview As of August 31, 2002

NCU

Pie Chart:
CREDITQUALITY

AAA/U.S. Guaranteed	65%
AA	9%
A	4%
BBB	11%
NR	8%
Other	3%

PORTFOLIO STATISTICS

Share Price	$14.00
Common Share Net Asset Value	$14.42

Market Yield	6.04%
Taxable-Equivalent Yield (Federal Income Tax Rate)1	8.63%
Taxable-Equivalent Yield (Federal and State Income Tax Rate)1	9.51%
Net Assets Applicable to Common Shares ($000)	$83,249
Average Effective Maturity (Years)	17.27
Leverage-Adjusted Duration	10.89

ANNUALIZED TOTAL RETURN (Inception 6/93)

	ON SHARE PRICE	ON NAV
1-Year	4.84%	7.48%
5-Year	7.29%	7.12%
Since Inception	5.29%	6.21%

TOP FIVE SECTORS (as a % of total investments)

Tax Obligation/Limited	33%
Healthcare	12%
Housing/Multifamily	11%
U.S. Guaranteed	9%
Tax Obligation/General	8%

Bar Chart:
2001-2002 Monthly Tax-Free Dividends Per Share

9/01	0.066
10/01	0.066
11/01	0.066
12/01	0.0675
1/02	0.0675
2/02	0.0675
3/02	0.069
4/02	0.069
5/02	0.069
6/02	0.0705
7/02	0.0705
8/02	0.0705

Line Chart:
Share Price Performance
Weekly Closing Price
Past performance is not predictive of future results.

9/1/01	13.81

	13.77
	13.44
	13.53
	13.87
	14.04
	14.03
	13.86
	14.05
	14.39
	14.14
	14.18
	13.95
	13.84
	13.63
	13.34
	13.38
	13.51
	13.58
	13.69
	13.72
	13.82
	14.01
	14
	13.96
	13.98
	13.75
	13.6
	13.25
	13.12
	13.27
	13.3
	13.37
	13.39
	13.68
	13.7
	13.88
	13.5
	13.8
	14
	13.9
	13.9
	13.83
	14
	14.13
	14.1
	14.09
	14.15
	14.17
	14.2
	13.85
8/31/02	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 calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 36.5%.

Nuveen California Dividend Advantage Municipal Fund

Performance
Overview As of August 31, 2002

NAC

Pie Chart:
CREDIT QUALITY

AAA/U.S. Guaranteed	54%
AA	6%
A	17%
BBB	16%
NR	7%

PORTFOLIO STATISTICS

Share Price	$14.55
Common Share Net Asset Value	$15.24
Market Yield	6.06%
Taxable-Equivalent Yield (Federal Income Tax Rate)1	8.66%
Taxable-Equivalent Yield (Federal and State Income Tax Rate)1	9.54%
Net Assets Applicable to Common Shares ($000)	$356,821
Average Effective Maturity (Years)	21.11
Leverage-Adjusted Duration	11.25

ANNUALIZED TOTAL RETURN (Inception 5/99)

	ON SHARE PRICE	ON NAV
1-Year	3.67%	6.75%
Since Inception	5.14%	8.06%

TOP FIVE SECTORS (as a % of total investments)

Tax Obligation/Limited	26%
Transportation	16%
Healthcare	11%
Housing/Multifamily	10%
Tax Obligation/General	9%

Bar Chart:
2001-2002 Monthly Tax-Free Dividends Per Share

9/01	0.0705
10/01	0.0705
11/01	0.0705
12/01	0.0705
1/02	0.0705
2/02	0.0705
3/02	0.0725
4/02	0.0725
5/02	0.0725
6/02	0.0735
7/02	0.0735
8/02	0.0735

Line Chart:
Share Price Performance
Weekly Closing Price
Past performance is not predictive of future results.

9/1/01	14.66
	14.74
	14.25
	14.24
	14.97
	14.68
	14.75
	14.89
	14.98
	15.15
	15.1
	15.15
	14.66
	14.44
	14.02
	14.05
	14.4
	14.27
	14.32
	14.34
	14.25
	14.59
	14.73
	14.49
	14.38
	14.3
	14.25
	13.93
	13.58
	13.72
	13.85
	14.1
	13.94
	14.18
	14.56
	14.55
	14.58
	14.29
	14.37
	14.48
	14.24
	14.11
	14.44

	14.58
	14.85
	14.63
	14.74
	14.77
	14.8
	14.65
	14.42
8/31/02	14.55

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

Nuveen California Dividend Advantage Municipal Fund 2

Performance
Overview As of August 31, 2002

NVX

Pie Chart:
CREDIT QUALITY

AAA/U.S. Guaranteed	79%
AA	4%
A	10%
BBB	4%
NR	3%

PORTFOLIO STATISTICS

Share Price	$14.28
Common Share Net Asset Value	$14.79
Market Yield	6.13%
Taxable-Equivalent Yield (Federal Income Tax Rate)1	8.76%
Taxable-Equivalent Yield (Federal and State Income Tax Rate)1	9.65%
Net Assets Applicable to Common Shares ($000)	$218,814
Average Effective Maturity (Years)	24.47
Leverage-Adjusted Duration	12.07

ANNUALIZED TOTAL RETURN (Inception 3/01)

	ON SHARE PRICE	ON NAV

1-Year	-0.27%	3.90%
Since Inception	2.18%	8.09%

TOP FIVE SECTORS (as a % of total investments)

Tax Obligation/Limited	28%
Tax Obligation/General	20%
Healthcare	13%
Utilities	10%
Education and Civic Organizations	9%

Bar Chart:
2001-2002 Monthly Tax-Free Dividends Per Share

9/01	0.072
10/01	0.072
11/01	0.072
12/01	0.072
1/02	0.072
2/02	0.072
3/02	0.073
4/02	0.073
5/02	0.073
6/02	0.073
7/02	0.073
8/02	0.073

Line Chart:
Share Price Performance
Weekly Closing Price
Past performance is not predictive of future results.

9/1/01	15.07
	15.04
	14.41
	15.07
	15.2
	15
	14.95
	14.74
	15.14
	15.1
	15.1
	14.76
	14.89
	14.75
	14.44
	13.97
	13.75
	14.02
	14.37
	14.49
	14.46

	14.48
	14.52
	14.37
	14.45
	14.39
	14.1
	13.79
	13.64
	13.91
	13.69
	13.77
	13.93
	13.95
	14
	14.25
	13.85
	14.14
	14.24
	14.05
	13.91
	13.81
	14.15
	14.14
	14.49
	14.42
	14.32
	14.27
	14.44
	14.54
	14.35
8/31/02	14.28

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

Nuveen California Dividend Advantage Municipal Fund 3

Performance
Overview As of August 31, 2002

NZH

Pie Chart:
CREDIT QUALITY

AAA/U.S. Guaranteed	75%
AA	9%
A	11%
BBB	4%
NR	1%

PORTFOLIO STATISTICS

Share Price	$14.00
Common Share Net Asset Value	$14.33
Market Yield	6.17%
Taxable-Equivalent Yield (Federal Income Tax Rate)1	8.81%
Taxable-Equivalent Yield (Federal and State Income Tax Rate)1	9.72%
Net Assets Applicable to Common Shares ($000)	$345,470
Average Effective Maturity (Years)	26.06
Leverage-Adjusted Duration	12.55

CUMULATIVE TOTAL RETURN (Inception 9/01)

	ON SHARE PRICE	ON NAV
Since Inception	-1.68%	5.32%

TOP FIVE SECTORS (as a % of total investments)

Tax Obligation/Limited	34%
Tax Obligation/General	20%
Water and Sewer	11%
Healthcare	9%
Education and Civic Organizations	8%

Bar Chart:
2001-2002 Monthly Tax-Free Dividends Per Share

11/01	0.072
12/01	0.072
1/02	0.072
2/02	0.072
3/02	0.072
4/02	0.072
5/02	0.072
6/02	0.072
7/02	0.072
8/02	0.072

Line Chart:
Share Price Performance
Weekly Closing Price
Past performance is not predictive of future results.

9/28/01	15.05
	15.03
	15.02
	15.01

	15.01
	14.83
	14.95
	14.84
	14.29
	14.5
	14.42
	14.33
	13.78
	13.14
	13.87
	14.06
	14.16
	14.07
	14.15
	14.4
	13.97
	14.15
	13.95
	13.95
	13.85
	13.1
	13.49
	13.65
	13.5
	13.82
	13.6
	13.75
	13.75
	13.84
	13.6
	13.76
	13.66
	13.51
	13.65
	13.58
	13.95
	13.9
	14.05
	13.93
	14
	13.98
	13.91
	13.79
8/31/02	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 calculated using the current market yield and a federal income tax rate of 30%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 36.5%.

Nuveen Insured California Dividend Advantage Municipal Fund

Performance
Overview As of August 31, 2002

NKL

Pie Chart:
CREDIT QUALITY
Insured 100%

PORTFOLIO STATISTICS

Share Price	$15.00
Common Share Net Asset Value	$15.14
Market Yield	6.08%
Taxable-Equivalent Yield (Federal Income Tax Rate)1	8.69%
Taxable-Equivalent Yield (Federal and State Income Tax Rate)1	9.57%
Net Assets Applicable to Common Shares ($000)	$231,062
Average Effective Maturity (Years)	24.92
Leverage-Adjusted Duration	12.01

CUMULATIVE TOTAL RETURN (Inception 3/02)

	ON SHARE PRICE	ON NAV
Since Inception	2.05%	7.84%

TOP FIVE SECTORS (as a % of total investments)

Tax Obligation/Limited	32%
Tax Obligation/General	27%
Utilities	16%
Water and Sewer	10%
Education and Civic Organizations	7%

Bar Chart:
2002 Monthly Tax-Free Dividends Per Share
5/02 0.076
6/02 0.076
7/02 0.076
8/02 0.076

Line Chart:
Share Price Performance
Weekly Closing Price
Past performance is not predictive of future results.
3/28/02 15.15

	15
	15.05
	15.05
	15
	15.05
	15.11
	15.08
	15.05
	15.05
	15
	14.9
	14.84
	14.99
	14.95
	15.22
	15.05
	14.9
	15.1
	15.01
	15.18
	15.1
8/31/02	15

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

V2

THE NUVEEN
INVESTOR

Photo of: Child standing on chair.

NOW'S THE TIME - MAKE THE MOST OF YOUR FINANCIAL ADVISOR

From the daily ups and downs of the stock market to atypically low interest rates - and everything in between - it's hard to know how to invest your money these days. It's all the more frustrating if you're a do-it-yourself investor.

According to research conducted for the Forum for Investor Advice, almost half of do-it-yourself investors said being able to access an advisor's investment knowledge would be a primary reason for seeking advice.*

Today more than ever, investors may want to consider using a financial advisor. Investing is too important and often too complicated to go it alone. Many investors need a professional who is not only knowledgeable, but someone who understands their unique goals, time horizon and risk tolerance.

If you have an advisor or are looking to get established with one, consider these six ways to make the most of what he or she has to offer.

- Education. Your advisor can help you understand asset classes, products and financial terms - and the pros and cons of different investment types.

- Research. How is the investment managed? What are the tax consequences? Are investment fundamentals in place? Let the professionals use their time, connections and expertise to do the homework.

- Information. In survey after survey, "information" is what investors say they need most from their financial advisors. Account statements, annual reports, prospectuses - even your advisor's web site - are excellent sources of information about your investments and financial news and trends.

- Recommendations. Beyond information and analysis, your advisor can offer advice, suggestions and insight culled from years of working through a variety of market conditions.

'(continued on page 17)

* The Study was conducted in December of 2000 by Market Facts and analyzed by New York based Neuwirth Research.

Volume TWO 2002
INSIDE

13 Now's the Time -- Make the Most of Your Financial Advisor

14 Why Professional Management Makes Sense with Municipal Bond Investing

15 Today's Investing Waters Are Deep and Turbulent. Some Are Uncharted. Be Sure You're Prepared to...NAVIGATE THE CURRENTS

16 Investing Math

17 Did You Know...?

18 Fund Reports Available Online

18 ETFConnect: The Source for All Exchange-Traded Funds

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V2

WHY PROFESSIONAL MANAGEMENT MAKES SENSE WITH MUNICIPAL BOND INVESTING

Municipal bonds, the fourth largest capital market in the United States, have become increasingly popular with individual investors. Federal Reserve Board data shows that individuals owned more than a third, or $582.3 billion, of the $1.7 trillion of municipal bonds outstanding on December 31, 2001.

Municipal bonds might be even more popular with individual investors if investing were simple and straightforward. But it isn't. The fact that municipal bonds are complex keeps many retail investors at bay. However, with professional management, the complexities of municipal bonds may be alleviated.

WHAT MAKES MUNICIPAL BONDS SO COMPLICATED?
For starters, the municipal bond market is one of the most fragmented and inefficient of U.S. financial markets. More than 1.5 million issues from 50,000 issuers trade in an institutionally dominated, negotiated market with no central exchange.

This context poses several difficulties for retail investors. First and foremost, current information on municipal bonds, industry conditions and market dynamics isn't readily available to non-professionals. Most information circulates through professional channels among institutional investors, making research all but impossible for individuals.

Professional portfolio managers buy in volume, while retail investors tend to be interested in smaller trades, or "odd lots" that sell for less than $25,000 or $50,000. This means individuals seldom obtain the best prices. Individual investors further lament that markups to cover a dealer's bond-selling costs are both prohibitive and non-standardized.

If an individual investor is persistent and confident enough to take the plunge into municipals, he or she might be forced to adhere to a buy-and-hold strategy of bonds with different maturities, or what is commonly called a laddered portfolio. However, bond calls can disturb laddering strategies and force reinvestment decisions at inopportune times.

WHAT'S AN INDIVIDUAL INVESTOR TO DO?
Because of the municipal market's inefficiencies and intricacies, an individual investor may want to rely on a major market participant when considering municipal bonds. If an individual investor is considering a municipal bond investment they may want to look at Nuveen's municipal closed-end exchange-traded funds. Nuveen has over 100 years experience in the municipal bond market and as an influential market leader, it has the ability to negotiate some of the best possible prices. Continuous evaluation and monitoring of the market allows Nuveen to identify investment opportunities and capitalize on market dynamics such as "riding down the yield curve." Simply put, Nuveen buys bonds and sells them before maturity or call date to try to capture any potential gains.

For more information about how professional management of municipal bonds can be used to meet your investing goals, talk with your financial advisor.

Photo of: Child with net for fishing.
Photo of: Man fishing.

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V2

TODAY'S INVESTING WATERS ARE DEEP AND TURBULENT. SOME ARE UNCHARTED. BE SURE YOU'RE PREPARED TO... NAVIGATE THE CURRENTS

INDIVIDUALS WHO INVESTED IN STOCKS IN THE 1990S GOT SPOILED. THEY CAME TO EXPECT DOUBLE-DIGIT ANNUAL RETURNS. EVEN FOR THAT BRIEF FOUR-MONTH PERIOD BETWEEN JULY AND OCTOBER 1998, WHEN THE MARKET DROPPED MORE THAN 15%, INVESTORS WHO STAYED THE COURSE WERE REWARDED WITH A 50% GAIN IN THE MARKET OVER THE NEXT EIGHT MONTHS, AS REPRESENTED BY THE RETURNS OF THE S&P 500.

BUT THEN CAME TECHNOLOGY WOES AND THE VIRTUAL DISAPPEARANCE OF ONCE-PROMISING DOT-COMS. OUR FINANCIAL BUBBLE BURST. SINCE THEN, A SLUGGISH ECONOMY, TERRORIST ATTACKS AND CORPORATE FRAUD HAVE TAKEN THEIR TOLL. RECENT STOCK MARKET LOSSES HAVE LEFT MOST INVESTORS WONDERING HOW TO NAVIGATE THROUGH ROUGH INVESTING WATERS. DESPITE STORMY CONDITIONS, YOU CAN STILL REACH YOUR FINANCIAL GOALS. IT'S A MATTER OF FOLLOWING SEVERAL TIME-HONORED INVESTING PRINCIPLES....

DIVERSIFY BY ASSET CLASS AND SECTOR.

By investing across asset classes, market capitalizations and economic sectors, you balance risk and reward, growth and income. Stocks and fixed-income investments - and different industries - react differently in different economic environments.

INVEST IN REAL ESTATE FOR GREATER DIVERSIFICATION.

Real estate has a low correlation to other asset classes, and over time, investors have benefited from continuous, steady growth.1

INVEST IN QUALITY.

The best-performing portfolios tend to be weighted with funds, bonds and stocks of companies that have true financial strength and proven records of growth and profitability.

CONSIDER DOLLAR-COST AVERAGING.

Instead of waiting and trying to buy a stock at its lowest price, invest a consistent amount of money on a regular basis, regardless of the price. Your average cost per share may be less than the average price per share. Dollar cost averaging does not ensure a profit or protect against loss in a declining market. Because such a plan involves continuous investment, investors should consider their financial ability to continue purchases through periods of low price levels.

EXPECT MARKET FLUCTUATIONS.

Intra-day movements up or down 100 points are becoming more the norm than the exception. Keep those shifts of 100+ points in perspective. A 100-point move represents about a 1% movement in the Dow Jones Industrial Average at its current level.

AVOID FREQUENT TRADING.

With day-to-day market fluctuations, it's tempting to jump from investment to investment to try to avoid losses.

TAKE A LONG-TERM VIEW.

Successful navigation through investing waters has more to do with time than timing. There have been 13 bear markets since 1929, averaging three to 41 months and plummeting an average 39% each time. Nine of those bear markets occurred between 1970 and 2000. Yet Bloomberg Financial Reports notes that, over the same 30-year period, the stock market rose over 15-fold.1 Base your performance expectations on long-term trends rather than short-term swings.

The key to navigating tempestuous financial waters is to keep your sights set on reaching your long-term goals. Let your financial advisor and common sense be your guide as you review your portfolio and chart your course for financial success.

1 Past performance is not an indication of future results.

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V2

INVESTING MATH

These hypothetical examples are for illustrative purposes only and are not intended to represent the performance of any Nuveen investment.

Q: Investor A gets a 10% return in Year One on his investment of $1000 and loses 5% in Year Two. Investor B loses 5% in Year One on her investment of $1000 and earns 10% in Year Two. Who comes out ahead?

A: They tie. Investor A has $1100 at the end of Year One and $1045 after Year Two. Investor B has $950 at the end of Year One and $1045 after Year Two.

True or False?
By investing $100 per month for 30 years, you could end up with more than $100,000.

True, as long as your investment compounds at 6% interest per year or more.*

$100 per month for	Total Investment	Compound Yield at 6% interest/year
1 year	$ 1,200	$ 1,234
5 years	$ 6,000	$ 6,977
10 years	$ 12,000	$ 16,388
15 years	$ 18,000	$ 29,082
20 years	$ 24,000	$ 46,204
25 years	$ 30,000	$ 69,299
30 years	$ 36,000	$ 100,452

Q: When is 6% really 8.5%...and 5% really 3.5%?

A: When 6% is earned on a tax-free investment, such as a municipal bond fund, and the 5% is the yield on a taxable investment in the 30% tax bracket. You can determine the equivalent yield a taxable investment would have to pay for you to net the same amount after tax, compared to the yield on a tax-exempt investment. Use the formula: E = B -: (1-T). B is the tax-exempt yield, T is your personal income tax bracket, and E is the taxable equivalent yield.

True or False?
It will take 24 years for you to double your money if you put your money in a savings account or other investment paying 3%.

True, this is commonly known as the Rule of 72. All you need to do is take the number 72 and divide it by the interest rate you receive. The answer will be the number of years it takes to double your money.

Interest Rate %	Years to Double Your Money
1%	72.0
3%	24.0
5%	14.4
7%	10.3
9%	8.0

* This investment assumes that all interest is reinvested and compounded on a monthly basis.

Photo of: 2 people on sailboat.
Photo of: Child with toy sailboat.

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16

V2

(continued from page 13)

o Perspective. When the market or a particular investment is down, it's great to have a financial advisor to remind you of your long-term goals, discourage panic and suggest alternatives.

o Assessment. Your advisor can help you monitor and evaluate how well your

portfolio and individual investments are performing vis-a-vis your goals.

One last thought: communication is vital. Your advisor will be able to best meet your needs when you provide information about yourself and what you want from your investments. Give your advisor as much information as you expect to get.

ADVISOR CHECKLIST

When you meet with your financial advisor, you'll want to be prepared to talk about...

- Adjusting (or setting) financial goals.
- Evaluating (or developing) your investment strategy, so it's aligned to achieve your short- and long- term goals.
- Any major life events, such as marriage, birth of a child or disability of a spouse.
- Rebalancing your portfolio.
- Investing for retirement.
- Minimizing your tax liability.
- Bringing your estate plan up to date.
- Other financial issues, such as life insurance, credit card debt or mortgage information.

DID YOU KNOW...?

- The Forum for Investment Advice reports that a Dow Jones Industrial Average decline of 15% or more typically occurs about once very two years.
- According to the Federal Deposit Insurance Corp., investors lost $114 million from May 1999 to May 2002 because they went over the FDIC's $100,000-per-depositor insurance limit, or because they deposited their money unknowingly in uninsured banks. Check your institution's coverage amounts at www2.fdic.gov/edie.
- Financial experts suggest that you have no more than 25 % of your 401(k) assets in company stock.
- The municipal bond market trades $9.5 billion worth of bonds on an average day.
- According to US News and World Report, the average age of retirement in industrialized countries is 59.2 years in France, 60.5 in Germany, 60.6 in Italy, 62.3 in Canada, 62.7 in the United Kingdom, 63.6 in the USA and 66.5 in Japan.
- Banks frequently use different methods to calculate interest. To compare how much money you'll earn at different banks, ask for each account's "annual percentage yield." Only APYs are calculated the same way from bank to bank.

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17

V2

LOOK AHEAD...

FUND REPORTS AVAILABLE ONLINE

2 ILLUSTRATIONS OF: INVESTORDELIVERY.COM WEBSITE.

Nuveen Fund information is now available online. Once you register, you'll receive an e-mail notice with a link to your Fund's reports and other information just as soon as it is ready. Registering takes only a few minutes.

If you receive statements from a brokerage firm or financial advisor, go to www.investordelivery.com. Enter your personal 13-character enrollment number imprinted on the address sheet of this report near your name. From the options on the follow-up page, select the New Enrollment-Create screen. Once there, enter your e-mail address and a personal, four-digit PIN. Hit the Submit button. Confirm the information you entered is correct, then hit Submit again.

If you receive statements directly from Nuveen, go to www.nuveen.com. Select the Access Your Account tab, then select E-Report Enrollment. Finally, click on the Enrollment Page. Once there, you'll need to provide your social security number and e-mail address. Click on Enroll.

After registering, you should receive a confirming e-mail within 24 hours. If not, repeat these steps to ensure all information is accurate. You can use this same process if you need to change your registration information or want to cancel Internet viewing. The e-mail address you provide is strictly confidential and will only be used to notify you of shareholder information.

The information in this newsletter should not be construed as specific tax or investment advice. Contact your advisor for information about your particular situation.

ETFCONNECT:
THE SOURCE FOR ALL EXCHANGE-TRADED FUNDS

Last fall, Nuveen launched ETFConnect, the industry's first website featuring all-encompassing information on exchanged-traded funds. Whatever you're looking for in the world of Index ETFs or Closed-End Exchange-Traded Funds - prices, NAVs, dividend information, performance histories, new developments - this is the place. Highlights include Quick Facts sheets for more than 500 funds, a multi-fund search capability, website links, a list of fund sponsors, tools for portfolio tracking, and a continually updated education center. Check out www.etfconnect.com.

ILLUSTRATION OF: ETFCONNECT WEBSITE.

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

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, and Nuveen Insured California Dividend Advantage Municipal Fund as of August 31, 2002, 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 these 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, 2002, 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 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, and Nuveen Insured California Dividend Advantage Municipal Fund at August 31, 2002, 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.

/s/ Ernst & Young LLP

Chicago, Illinois
October 11, 2002

Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC)
Portfolio of
Investments August 31, 2002

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	EDUCATION AND CIVIC ORGANIZATIONS - 10.0%	
$ 2,000	California Educational Facilities Authority, Revenue Bonds (Santa Clara University), Series 1996, 5.750%, 9/01/26	9/06 at 102
6,620	California Educational Facilities Authority, Revenue Bonds (Loyola Marymount University), Series 2001A Refunding, 0.000%, 10/01/35	No Opt. C
5,000	California Educational Facilities Authority, Student Loan Revenue Bonds (California Loan Program), Series 2001A, 5.400%, 3/01/21 (Alternative Minimum Tax)	3/08 at 102
2,000	The Regents of the University of California, Multiple Purpose Projects Revenue Bonds, 2002 Series O, 5.125%, 9/01/31	9/10 at 101
	HEALTHCARE - 9.4%	
3,000	California Health Facilities Financing Authority, Insured Revenue Bonds (Sutter Health), Series 1998A, 5.375%, 8/15/30	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	8/09 at 101
4,800	The Regents of the University of California, Hospital Revenue Bonds (University of California Davis Medical Center), Series 1996, 5.750%, 7/01/24	7/06 at 101
	HOUSING/MULTIFAMILY - 8.4%	
1,000	ABAG Financing Authority for Nonprofit Corporations, California, Multifamily Housing Revenue Bonds (Civic Center Drive Apartments Project), 1999 Series A, 5.800%, 9/01/20 (Alternative Minimum Tax)	9/09 at 100
3,650	California Housing Finance Agency, Multi-Unit Rental Housing Revenue Bonds, Series 1992A-II, 6.625%, 2/01/24 (Alternative Minimum Tax)	2/03 at 102
3,900	City of Los Angeles, California, Tax-Exempt Mortgage Revenue Refunding Bonds (FHA-Insured Mortgage Loans - Section 8 Assisted Projects), Series 1993A, 6.300%, 1/01/25	1/03 at 102

	HOUSING/SINGLE FAMILY - 4.3%	
1,310	California Housing Finance Agency, Single Family Mortgage Bonds II, 1997 Series A-1, 6.000%, 8/01/20 (Alternative Minimum Tax)	2/07 at 102
3,000	California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 1998Q, 5.050%, 8/01/17	8/08 at 101
	TAX OBLIGATION/GENERAL - 31.8%	
	State of California, Various Purpose General Obligation Bonds:	
7,995	5.750%, 3/01/22	3/10 at 101
2,000	5.750%, 3/01/27	3/10 at 101
2,000	State of California, Veterans General Obligation Bonds, 2001 Series BZ, 5.375%, 12/01/24 (Alternative Minimum Tax)	6/07 at 101
1,225	Fresno Unified School District, Fresno County, California, 1998 General Obligation Refunding Bonds, Series A, 6.550%, 8/01/20	2/13 at 103
2,500	Fresno Unified School District, Fresno County, California, General Obligation Bonds (Election of 2001), Series 2001A, 5.125%, 8/01/26	8/09 at 102
2,000	Los Angeles Unified School District, California, General Obligation Bonds, 1997 Series A, 5.000%, 7/01/21	7/08 at 102
500	Los Angeles Unified School District, California, General Obligation Bonds (Election of 1997), Series 2000D, 5.375%, 7/01/25	7/10 at 100

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	TAX OBLIGATION/GENERAL (continued)	
$ 3,000	Pomona Unified School District, California, General Obligation Refunding Bonds, Series 1997-A, 6.500%, 8/01/19	8/11 at 103
	San Diego Unified School District, San Diego County, California, General Obligation Bonds (Election of 1998), Series 2001C:	
1,335	5.000%, 7/01/21	7/11 at 102
3,500	5.000%, 7/01/22	7/11 at 102
4,895	5.000%, 7/01/23	7/11 at 102
	TAX OBLIGATION/LIMITED - 21.9%	
2,000	State Public Works Board of the State of California, Department of Health Services, Lease Revenue Bonds (Richmond Laboratory Project), 1999 Series A, 5.750%, 11/01/24	11/09 at 101

5,000	City of El Monte, California, Certificates of Participation (Department of Public Services Facility Phase II), Senior Lien Series 2001, 5.250%, 1/01/34	1/11 at 100
2,135	City of San Buenaventura, California, 1993 Refunding Certificates of Participation (Capital Improvements Project), 5.500%, 1/01/17	1/03 at 100
3,890	Santa Clara County Financing Authority, California, Lease Revenue Bonds (VMC Facility Replacement Project), 1994 Series A, 5.000%, 11/15/22	11/07 at 102
6,500	Tustin Unified School District, Orange County, California, Special Tax Bonds (Community Facilities District No. 97-1), 2002 Series A, 5.000%, 9/01/32	9/12 at 100
2,805	Yucaipa-Calimesa Joint Union School District, San Bernardino County, California, General Obligation Bonds, Series 2001A Refunding, 5.000%, 10/01/31	10/11 at 100
	U.S. GUARANTEED - 26.3%	
6,000	Huntington Park Redevelopment Agency, California, Single Family Residential Mortgage Revenue Refunding Bonds, 1986 Series A, 8.000%, 12/01/19	No Opt. C
5,135	Community Redevelopment Agency of the City of Palmdale, California, Single Family Mortgage Revenue Bonds, Series 1986A Restructured, 8.000%, 3/01/16 (Alternative Minimum Tax)	No Opt. C
6,220	County of Riverside, California, Single Family Mortgage Revenue Bonds (GNMA Mortgage-Backed Securities Program), Issue 1987A, 9.000%, 5/01/21 (Alternative Minimum Tax)	No Opt. C
1,485	City of San Jose, California, Single Family Mortgage Revenue Bonds, 1985 Series A, 9.500%, 10/01/13	No Opt. C
	UTILITIES - 7.9%	
4,000	California Pollution Control Financing Authority, Pollution Control Revenue Bonds (Southern California Edison Company), 1992 Series B, 6.400%, 12/01/24 (Alternative Minimum Tax)	12/02 at 102
4,000	City of Chula Vista, California, Industrial Development Revenue Bonds (San Diego Gas and Electric Company), 1992 Series A, 6.400%, 12/01/27 (Alternative Minimum Tax)	12/02 at 102
	WATER AND SEWER - 21.0%	
7,000	City of Los Angeles, California, Wastewater System Revenue Bonds, Series 1993D, 4.700%, 11/01/19	11/03 at 102
3,400	Public Facilities Financing Authority of the City of San Diego, California, Sewer Revenue Bonds, Series 1997A, 5.250%, 5/15/22	5/07 at 101

2,150	Santa Clara Valley Water District, California, Water Utility System Revenue Bonds, Series 2000A, 5.125%, 6/01/31	6/10 at 100
5,000	Wheeler Ridge-Maricopa Water Storage District, Kern County, California, 1996 Water Refunding Bonds, 5.700%, 11/01/15	11/06 at 102
3,425	City of Woodland, Yolo County, California, Certificates of Participation (1992 Wastewater System Refunding Project), 5.500%, 3/01/18	3/03 at 100
$ 138,875	Total Investments (cost $133,980,783) - 141.0%	

Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC) (
Portfolio of Investments August 31, 2002

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	SHORT-TERM INVESTMENTS - 4.8%	
$ 5,000	Irvine Ranch Water District, California, Variable Rate Demand Bonds, Consolidated Series 105, 140, 240 and 250, 1.750%, 1/01/21+	
	Other Assets Less Liabilities - (2.6)%	
	Preferred Shares, at Liquidation Value - (43.2)%	
	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.

* 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.

\+ 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, 2002

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	EDUCATION AND CIVIC ORGANIZATIONS - 10.5%	
	California Educational Facilities Authority, Revenue Bonds (Santa Clara University), Series 1996:	
$ 2,400	5.750%, 9/01/21	9/06 at 102
3,000	5.750%, 9/01/26	9/06 at 102
2,000	California Educational Facilities Authority, Revenue Bonds (University of the Pacific), Series 2000, 5.875%, 11/01/20	11/10 at 100
	California Educational Facilities Authority, Revenue Bonds (Loyola Marymount University), Series 2001A Refunding:	
6,615	0.000%, 10/01/33	No Opt. C
6,615	0.000%, 10/01/34	No Opt. C
5,000	California Educational Facilities Authority, Student Loan Revenue Bonds (California Loan Program), Series 2001A, 5.400%, 3/01/21 (Alternative Minimum Tax)	3/08 at 102
	California Infrastructure and Economic Development Bank, Revenue Bonds (Asian Art Museum of San Francisco Project), Series 2000:	
1,295	5.500%, 6/01/19	6/10 at 101
1,000	5.500%, 6/01/20	6/10 at 101
1,900	The Regents of the University of California, University of California Housing System Revenue Bonds, Series A, 5.500%, 11/01/18	11/03 at 102
	HEALTHCARE - 5.2%	
1,450	California Health Facilities Financing Authority, Insured Health Facility Refunding Revenue Bonds (Mark Twain St. Joseph's Healthcare), 1996 Series A, 6.000%, 7/01/19	7/06 at 102
5,000	California Health Facilities Financing Authority, Insured Health Facility Refunding Revenue Bonds (Catholic Healthcare West), 1996 Series A, 6.000%, 7/01/25	7/06 at 102
2,500	City of Oakland, California, Insured Revenue Bonds (1800 Harrison Foundation - Kaiser Permanente), Series 1999A, 6.000%, 1/01/29	1/10 at 100

	HOUSING/MULTIFAMILY - 9.2%	
	ABAG Financing Authority for Nonprofit Corporations, California, Multifamily Housing Revenue Bonds (Civic Center Drive Apartments Project), 1999 Series A:	
4,000	5.800%, 9/01/20 (Alternative Minimum Tax)	9/09 at 100
1,370	5.875%, 3/01/32 (Alternative Minimum Tax)	9/09 at 100
3,785	Community Redevelopment Agency of the City of Los Angeles, California, Multifamily Housing Revenue Refunding Bonds (Angelus Plaza Project), 1995 Series A, 7.400%, 6/15/10	6/05 at 105
7,400	Housing Authority of the County of Santa Cruz, California, Tax-Exempt Multifamily Housing Revenue Refunding Bonds (GNMA Collateralized - Meadowview Apartments), Series 1993A, 6.125%, 5/20/28	5/03 at 102
	HOUSING/SINGLE FAMILY - 2.4%	
3,910	California Housing Finance Agency, Single Family Mortgage Bonds II, 1997 Series C-2, 5.625%, 8/01/20 (Alternative Minimum Tax)	8/07 at 101
565	California Housing Finance Agency, Home Mortgage Revenue Bonds, 1996 Series E, 6.150%, 8/01/25 (Alternative Minimum Tax)	2/06 at 102
	TAX OBLIGATION/GENERAL - 16.5%	
1,460	ABC Unified School District, Los Angeles County, California, General Obligation Bonds (Election of 1997), Series B, 5.750%, 8/01/16	8/10 at 101
485	State of California, Veterans General Obligation Welfare Bonds, Series 1997BH, 5.500%, 12/01/24 (Alternative Minimum Tax)	12/03 at 102

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	TAX OBLIGATION/GENERAL (continued)	
	State of California, Various Purpose General Obligation Bonds:	
$ 7,995	5.750%, 3/01/22	3/10 at 101
2,500	5.500%, 9/01/24	9/09 at 101
2,000	5.750%, 3/01/27	3/10 at 101
3,000	State of California, Veterans General Obligation Bonds, 2001 Series BZ, 5.375%, 12/01/24 (Alternative Minimum Tax)	6/07 at 101

2,575	Calipatria Unified School District, Imperial County, California, General Obligation Bonds, 1996 Series A, 5.625%, 8/01/13	8/06 at 102
	Fresno Unified School District, Fresno County, California, General Obligation Bonds (Election of 1995), Series 2001F:	
1,065	5.125%, 8/01/21	8/09 at 102
1,160	5.125%, 8/01/22	8/09 at 102
1,220	5.125%, 8/01/23	8/09 at 102
1,500	Hacienda La Puente Unified School District, Los Angeles County, California, General Obligation Bonds (Election of 2000), Series A, 5.250%, 8/01/25	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	8/09 at 100
1,125	San Diego Unified School District, California, 1999 General Obligation Bonds (Election of 1998), Series A, 0.000%, 7/01/21	No Opt. C
2,500	San Francisco Community College District, California, General Obligation Bonds, 2002 Series A, 5.000%, 6/15/26	6/10 at 102
	TAX OBLIGATION/LIMITED - 52.7%	
	Anaheim Public Financing Authority, California, Subordinate Lease Revenue Bonds (Anaheim Public Improvements Project), 1997 Series C:	
5,130	0.000%, 9/01/18	No Opt. C
8,000	0.000%, 9/01/21	No Opt. C
1,800	California Public School District Financing Authority, Lease Revenue Bonds (Southern Kern Unified School District Projects), Series 1996B, 5.800%, 9/01/16	9/06 at 102
5,250	State Public Works Board of the State of California, Department of Corrections, Lease Revenue Bonds (California Substance Abuse Treatment Facility and State Prison at Corcoran II), 1996 Series A, 5.250%, 1/01/21	1/06 at 100
3,450	State Public Works Board of the State of California, Department of Health Services, Lease Revenue Bonds (Richmond Laboratory Project), 1999 Series A, 5.750%, 11/01/24	11/09 at 101
5,000	Community Redevelopment Agency of the City of Compton, California, Refunding Tax Allocation Bonds (Compton Redevelopment Project), Series 1995A (Project Tax Revenues, Subventions and Housing Tax Revenues), 6.500%, 8/01/13	8/05 at 102
4,000	County of Contra Costa, California, Certificates of Participation (Merrithew Memorial Hospital Replacement Project), Refunding Series 1997, 5.500%, 11/01/22	11/07 at 102
6,000	City of El Monte, California, Certificates of Participation (Department of Public Services Facility Phase II), Senior Lien Series 2001, 5.000%, 1/01/21	1/11 at 100
3,000	Galt Schools Joint Powers Authority, Sacramento County, California, 1997 Refunding Revenue Bonds (High School and Elementary School Facilities), Series A, 5.875%, 11/01/24	11/07 at 102

5,000	Kern County Board of Education, California, Refunding Certificates of Participation, 1998 Series A, 5.200%, 5/01/28	5/08 at 102
5,000	La Quinta Redevelopment Agency, California, Project Area No. 1 Tax Allocation Bonds, Series 1998 Refunding, 5.200%, 9/01/28	9/07 at 102
3,865	Los Angeles County Metropolitan Transportation Authority, California, Proposition C Sales Tax Revenue Bonds, Second Senior Lien Series 2000A, 5.250%, 7/01/30	7/10 at 101
1,980	Menifee Union School District, Riverside County, California, Certificates of Participation (1996 School Project), 6.125%, 9/01/24	9/06 at 102
2,690	Norwalk Community Facilities Financing Authority, Los Angeles County, California, Tax Allocation Refunding Revenue Bonds, 1995 Series A, 6.000%, 9/01/15	9/05 at 102

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	TAX OBLIGATION/LIMITED (continued)	
$ 2,000	Poway Redevelopment Agency, California, Tax Allocation Refunding Bonds (Paguay Redevelopment Project), Series 2000, 5.750%, 6/15/33	12/10 at 102
9,000	City of Redlands, California, Certificates of Participation (1993 Refunding of 1986 and 1987 Projects), 5.800%, 9/01/17	9/03 at 102
5,000	City of San Bernardino Joint Powers Financing Authority, California, Refunding Certificates of Participation (Police Station - South Valle Refundings and 201 Building Projects), 5.500%, 9/01/20	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	7/09 at 101
1,930	Santa Margarita/Dana Point Authority, Orange County, California, Revenue Bonds (1994 Improvement Districts Nos. 1, 2, 2A and 8 General Obligation Bond Refinancing), Series A, 7.250%, 8/01/05	No Opt. C
	South Orange County Public Financing Authority, California, Special Tax Revenue Bonds (Foothill Area), 1994 Series C:	
3,000	8.000%, 8/15/08	No Opt. C
6,830	8.000%, 8/15/09	No Opt. C
3,770	Redevelopment Agency of the City of Suisun, County of Solano, California, 1993 Tax Allocation Refunding Bonds (Suisun City Redevelopment Project), 5.900%, 10/01/23	10/03 at 102
5,450	City of Visalia Public Financing Authority, California, Refunding Certificates of Participation (Motor Vehicle License Fee Enhancement), Series 1996A, 5.375%, 12/01/26	12/06 at 102

	TRANSPORTATION - 8.9%	
6,500	Foothill/Eastern Transportation Corridor Agency, California, Toll Road Refunding Revenue Bonds, Series 1999, 0.000%, 1/15/18	1/10 at 65
3,000	Foothill/Eastern Transportation Corridor Agency, California, Toll Road Revenue Bonds, Series 1995A, 5.000%, 1/01/35	1/10 at 100
2,000	Airports Commission of the City and County of San Francisco, California, San Francisco International Airport, Second Series Revenue Bonds, Issue 15A, 5.000%, 5/01/28 (Alternative Minimum Tax)	1/08 at 102
5,000	Airports Commission of the City and County of San Francisco, California, San Francisco International Airport, Second Series Revenue Refunding Bonds, Issue 27A, 5.250%, 5/01/31 (Alternative Minimum Tax)	5/11 at 100
3,750	San Jose, California, Airport Revenue Bonds, Series 1993, 5.700%, 3/01/18 (Alternative Minimum Tax)	3/03 at 102
	U.S. GUARANTEED - 18.4%	
3,525	County of Alameda Public Facilities Corporation, California, Certificates of Participation (1991 Financing Project), 6.000%, 9/01/21 (Pre-refunded to 9/01/06)	9/06 at 102
4,485	County of Alameda, California, 1993 Refunding Certificates of Participation (Santa Rita Jail Project), 5.700%, 12/01/14 (Pre-refunded to 12/01/03)	12/03 at 102
3,000	Central Unified School District, Fresno County, California, General Obligation Bonds (Election of 1992), 5.625%, 3/01/18 (Pre-refunded to 3/01/03)	3/03 at 102
3,000	Escondido Union High School District, San Diego County, California, General Obligation Bonds (Election of 1996), 5.700%, 11/01/10	11/06 at 102
4,320	County of Riverside, California, Single Family Mortgage Revenue Bonds (GNMA Mortgage-Backed Securities Program), Issue 1987B, 8.625%, 5/01/16 (Alternative Minimum Tax)	No Opt. C
1,850	Sacramento City Unified School District, Sacramento County, California, General Obligation Bonds, Series 2000A, 5.750%, 7/01/18 (Pre-refunded to 7/01/09)	7/09 at 102
9,000	Airports Commission of the City and County of San Francisco, California, San Francisco International Airport, Second Series Revenue Bonds, Issue 8B, 6.100%, 5/01/20 (Pre-refunded to 5/01/04)	5/04 at 101
1,515	City of Torrance, California, Hospital Revenue Bonds (Little Company of Mary Hospital), 1985 Series A, 7.100%, 12/01/15 (Pre-refunded to 12/01/05)	12/05 at 100

Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL)
Portfolio of Investments August 31, 2002

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	UTILITIES - 13.1%	
$ 3,740	California Pollution Control Financing Authority, Pollution Control Revenue Refunding Bonds (Southern California Edison Company), Series 1999B, 5.450%, 9/01/29	9/09 at 101
3,215	Modesto Irrigation District Financing Authority, California, Refunding Revenue Bonds, Series A, 6.000%, 10/01/15	10/06 at 102
3,000	Puerto Rico Electric Power Authority, Power Revenue Bonds, 2002 Series II, 5.125%, 7/01/26	7/12 at 101
1,790	Sacramento City Financing Authority, California, Capital Improvement Revenue Bonds (Solid Waste and Redevelopment Projects), Series 1999, 5.800%, 12/01/19	12/09 at 102
3,500	Sacramento Municipal Utility District, California, Electric Revenue Bonds, 1996 Series J, 5.600%, 8/15/24	8/06 at 102
1,950	Salinas Valley Solid Waste Authority, California, Revenue Bonds, Series 2002, 5.250%, 8/01/27 (Alternative Minimum Tax)	8/12 at 100
6,650	Turlock Irrigation District, California, Revenue Bonds, Series 1992A Refunding, 5.750%, 1/01/18	1/03 at 100
	WATER AND SEWER - 11.6%	
3,530	Castaic Lake Water Agency, California, Refunding Revenue Certificates of Participation (Water System Improvement Projects), Series 1994A, 8.000%, 8/01/04	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	8/04 at 102
2,775	Pomona Public Financing Authority, California, 1999 Revenue Bonds (Water Facilities Project), Series AC, 5.500%, 5/01/29	5/09 at 101
1,000	Sacramento County Sanitation Districts Financing Authority, California, Revenue Bonds (Sacramento Regional County Sanitation District), Series 2000A, 5.500%, 12/01/20	12/10 at 101
2,900	City and County of San Francisco, California, Sewer Revenue Refunding Bonds, Series 1992, 5.500%, 10/01/15	10/02 at 102
2,000	South San Joaquin Irrigation District, San Joaquin County, California, 1993 Refunding Revenue Certificates of Participation (1987 and 1992 Project), 5.500%, 1/01/15	1/03 at 102
5,410	City of Tulare, California, 1996 Sewer Revenue Bonds, 5.750%, 11/15/21	11/06 at 102

$ 286,165	Total Investments (cost $261,295,318) - 148.5%
	Other Assets Less Liabilities - 1.3%
	Preferred Shares, at Liquidation Value - (49.8)%
	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.

* 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.

See accompanying notes to financial statements.

Nuveen California Premium Income Municipal Fund (NCU)
Portfolio of
Investments August 31, 2002

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	CONSUMER STAPLES - 4.7%	
$ 4,000	California Statewide Financing Authority, Tobacco Settlement Asset-Backed Bonds (Pooled Tobacco Securitization Program), Series 2002A, 5.625%, 5/01/29	5/12 at 100
	HEALTHCARE - 20.1%	
5,150	California Health Facilities Financing Authority, Hospital Revenue Bonds (Downey Community Hospital), Series 1993, 5.750%, 5/15/15	5/03 at 102
8,100	California Statewide Communities Development Authority, Revenue Refunding Bonds (Sherman Oaks Project), Series 1998A, 5.000%, 8/01/22	No Opt. C
1,185	California Statewide Communities Development Authority, Hospital Revenue Certificates of Participation (Cedars-Sinai	2/03 at 102

	Medical Center), Series 1992, 6.500%, 8/01/15	
2,000	City of Loma Linda, California, Hospital Revenue Bonds (Loma Linda University Medical Center Project), Series 1993-A, 6.000%, 12/01/06	12/03 at 102
	HOUSING/MULTIFAMILY - 16.7%	
2,000	California Statewide Communities Development Authority, Apartment Development Revenue Refunding Bonds (Irvine Apartment Communities, L.P.), Series 1998A, 5.250%, 5/15/25 (Mandatory put 5/15/13)	7/08 at 101
6,785	Community Redevelopment Agency of the City of Los Angeles, California, Multifamily Housing Revenue Refunding Bonds (Angelus Plaza Project), 1995 Series A, 7.400%, 6/15/10	6/05 at 105
3,865	City of Stanton, California, Multifamily Housing Revenue Bonds (Continental Gardens Apartments), Series 1997, 5.625%, 8/01/29 (Alternative Minimum Tax) (Mandatory put 8/01/09)	8/07 at 102
	HOUSING/SINGLE FAMILY - 9.5%	
2,450	California Housing Finance Agency, Single Family Mortgage Bonds II, 1997 Series A-1, 6.000%, 8/01/20 (Alternative Minimum Tax)	2/07 at 102
1,000	California Housing Finance Agency, Home Mortgage Revenue Bonds, 1994 Series A, 6.550%, 8/01/26	8/04 at 102
1,000	California Housing Finance Agency, Home Mortgage Revenue Bonds, 1994 Series F-3, 6.100%, 8/01/15 (Alternative Minimum Tax)	8/05 at 102
2,000	California Housing Finance Agency, Home Mortgage Revenue Bonds, 1997 Series B, 6.000%, 8/01/16 (Alternative Minimum Tax)	2/07 at 102
980	California Rural Home Mortgage Financing Authority, Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program), 1996 Series C, 7.500%, 8/01/27 (Alternative Minimum Tax)	No Opt. C
	TAX OBLIGATION/GENERAL - 12.8%	
4,000	State of California, General Obligation Veterans Welfare Bonds, Series BR, 5.300%, 12/01/29 (Alternative Minimum Tax)	6/04 at 101
3,000	Pomona Unified School District, California, General Obligation Refunding Bonds, Series 1997-A, 6.150%, 8/01/15	8/11 at 103
3,000	San Diego Unified School District, California, 2000 General Obligation Bonds (Election of 1998), Series B, 5.125%, 7/01/22	7/10 at 100

	TAX OBLIGATION/LIMITED - 49.8%	
4,500	Bonita Canyon Public Facilities Financing Authority, California, Community Facilities District No. 98-1 Special Tax Bonds, Series 1998, 5.375%, 9/01/28	9/02 at 103
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	11/09 at 101
2,400	City of Carlsbad, Assessment District No. 96-1, California, Limited Obligation Improvement Bonds (Rancho Carillo), 5.500%, 9/02/28	9/02 at 101

Nuveen California Premium Income Municipal Fund (NCU) (continued)
Portfolio of Investments August 31, 2002

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	TAX OBLIGATION/LIMITED (continued)	
$ 1,000	Carson Redevelopment Agency, California, Refunding Tax Allocation Bonds (Redevelopment Project Area No. 2), Series 1993, 5.875%, 10/01/09	10/03 at 102
600	Dinuba Financing Authority, California, Lease Revenue Refunding Bonds, Public Works Issue 2002, 5.100%, 8/01/32	8/12 at 102
3,500	City of Livermore Redevelopment Agency, California, Tax Allocation Revenue Bonds (Livermore Redevelopment Project Area), Series 2001A, 5.000%, 8/01/26	8/11 at 100
2,160	Community Redevelopment Financing Authority of the Community Redevelopment Agency of the City of Los Angeles, California, Grand Central Square Multifamily Housing Bonds, 1993 Series A, 5.750%, 12/01/13 (Alternative Minimum Tax)	6/03 at 102
1,000	City of Poway, Community Facilities District No. 88-1, California, Special Tax Refunding Bonds (Parkway Business Centre), Series 1998, 6.500%, 8/15/09	8/08 at 102
1,205	Puerto Rico Highway and Transportation Authority, Transportation Revenue Bonds, Series D, 5.375%, 7/01/36	7/12 at 100
5,000	Redevelopment Agency for the County of Riverside, California, 2001 Tax Allocation Bonds (Jurupa Valley Project Area), 5.150%, 10/01/21	10/11 at 102
6,200	Sacramento City Financing Authority, California, Lease Revenue Refunding Bonds, Series 1993B, 5.400%, 11/01/20	No Opt. C
	San Marcos Public Facilities Authority, California, Refunding Revenue 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	County of Santa Barbara, California, Certificates of Participation, Series 2001, 5.250%, 12/01/19	12/11 at 102
2,000	City of 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 - 6.1%	
2,750	Airports Commission of the City and County of San Francisco, California, San Francisco International Airport, Second Series Revenue Bonds, Issue 5, 6.500%, 5/01/24 (Alternative Minimum Tax)	5/04 at 102
2,000	Airports Commission of the City and County of San Francisco, California, San Francisco International Airport, Second Series Revenue Bonds, Issue 10A, 5.700%, 5/01/26 (Alternative Minimum Tax)	5/06 at 102
	U.S. GUARANTEED - 12.5%	
3,200	State Public Works Board of the State of California, The Trustees of the California State University, Lease Revenue Bonds (Various California State University Projects), 1994 Series A, 6.375%, 10/01/14 (Pre-refunded to 10/01/04)	10/04 at 102
3,500	Commonwealth of Puerto Rico, Public Improvement General Obligation Bonds of 2000, 5.750%, 7/01/21 (Pre-refunded to 7/01/10)	7/10 at 100
2,475	City of Torrance, California, Hospital Revenue Bonds (Little Company of Mary Hospital), 1985 Series A, 7.100%, 12/01/15 (Pre-refunded to 12/01/05)	12/05 at 100
	UTILITIES - 10.8%	
1,000	California Pollution Control Financing Authority, Pollution Control Revenue Bonds (Southern California Edison Company), 1992 Series B, 6.400%, 12/01/24 (Alternative Minimum Tax)	12/02 at 102
3,000	Merced Irrigation District, California, 2001 Electric System Refunding Revenue Bonds (Electric System Project), 6.500%, 9/01/22	9/05 at 102
4,580	Sacramento Municipal Utility District, California, Electric Revenue Bonds, 2002 Series Q Refunding, 5.250%, 8/15/20	8/12 at 100

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO

	WATER AND SEWER - 6.5%	
$ 5,000	Culver City, California, Wastewater Facilities Refunding Revenue Bonds, 1999 Series A, 5.700%, 9/01/29	9/09 at 102
$ 118,055	Total Investments (cost $118,120,494) - 149.5%	
	SHORT-TERM INVESTMENTS - 1.8%	
$ 1,500	California Statewide Communities Development Authority, Certificates of Participation (Northern California Retired Officers Community), Variable Rate Demand Obligations, 1.750%, 6/01/26+	
	Other Assets Less Liabilities - 0.4%	
	Preferred Shares, at Liquidation Value - (51.7)%	
	Net Assets Applicable to Common Shares - 100%	

* 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.

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

N/R Investment is not rated.

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

See accompanying notes to financial statements.

Nuveen California Dividend Advantage Municipal Fund (NAC)
Portfolio of
Investments August 31, 2002

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	CONSUMER STAPLES - 4.5%	

$ 5,000	California Statewide Communities Development Authority, Certificates of Participation (Pride Industries and Pride One, Inc), 7.250%, 11/01/29	11/09 at 102
	Tobacco Securitization Authority of Northern California, Tobacco 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
4,485	Tobacco Securitization Authority of Southern California, Tobacco Settlement Asset-Backed Bonds (San Diego County Tobacco Asset Securitization Corporation), Senior Series 2001A, 5.250%, 6/01/27	6/12 at 100
	EDUCATION AND CIVIC ORGANIZATIONS - 9.4%	
3,000	Long Beach Bond Financing Authority, California, Lease Revenue Refunding Bonds (The Aquarium of the South Pacific), 5.500%, 11/01/17	11/11 at 100
700	The Regents of the University of California, Certificates of Participation (San Diego Campus and Sacramento Projects), 2002 Series A, 5.250%, 1/01/22	1/10 at 101
6,000	The Regents of the University of California, Multiple Purpose Projects Revenue Bonds, Series K, 5.000%, 9/01/12	9/08 at 101
	The Regents of the University of California, Multiple Purpose Projects Revenue Bonds, 2002 Series O:	
10,770	5.000%, 9/01/20	9/10 at 101
11,305	5.000%, 9/01/21	9/10 at 101
	HEALTHCARE - 15.7%	
8,400	California Health Facilities Financing Authority, Kaiser Permanente Revenue Bonds, 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
6,000	California Statewide Communities Development Authority, Revenue Refunding Bonds (Sherman Oaks Project), Series 1998A, 5.000%, 8/01/22	No Opt. C
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	City of Duarte, California, Certificates of Participation (City of Hope National Medical Center), Series 1999A, 5.250%, 4/01/31	4/09 at 101
4,000	City of Upland, California, Certificates of Participation (San Antonio Community Hospital), 1993 Series,	1/04 at 102

	5.250%, 1/01/08	
2,500	City of Whittier, California, Health Facility Revenue Bonds (Presbyterian Intercommunity Hospital), Series 2002, 5.600%, 6/01/22	6/12 at 101
	HOUSING/MULTIFAMILY - 14.8%	
15,000	California Statewide Communities Development Authority, Apartment Development Revenue Refunding Bonds (Irvine Apartment Communities, L.P.), Series 1998A, 4.900%, 5/15/25 (Mandatory put 5/15/08)	7/08 at 101
10,000	California Statewide Communities Development Authority, Multifamily Housing Refunding Bonds (Archstone Pelican Point Apartments - Archstone Communities Trust), Issue 1999H, 5.300%, 6/01/29 (Mandatory put 6/01/08)	No Opt. C
5,250	California Statewide Communities Development Authority, Housing Revenue Bonds (GNMA Collateralized - Crowne Pointe Project Refunding), 2002 Series F, 6.750%, 8/20/37	8/12 at 105
5,000	County of Contra Costa, California, Multifamily Housing Revenue Bonds (Delta View Apartments), Series 1999C, 6.750%, 12/01/30 (Alternative Minimum Tax)	6/09 at 102

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	HOUSING/MULTIFAMILY (continued)	
$ 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 - 2.2%	
36,040	California Housing Finance Agency, Single Family Mortgage Bonds II, 1999 Series D2, 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, Inc), 5.800%, 5/15/29	5/09 at 101
	TAX OBLIGATION/GENERAL - 12.9%	

6,435	State of California, General Obligation Bonds, Series 2002 Refunding, 6.000%, 4/01/16	No Opt. C
	Contra Costa Community College District, California, General Obligation Bonds, Series 2002:	
3,000	4.900%, 8/01/20	8/12 at 100
3,000	5.000%, 8/01/23	8/12 at 100
18,500	Los Angeles Unified School District, California, General Obligation Bonds (Election of 1997), 1999 Series C, 5.250%, 7/01/24	7/09 at 101
10,845	Los Angeles Unified School District, California, General Obligation Bonds (Election of 1997), 2002 Series E, 5.000%, 7/01/19	7/12 at 100
1,750	Oakland Unified School District, Alameda County, California, General Obligation Bonds, Series 2001, 5.125%, 8/01/21	8/08 at 101
	TAX OBLIGATION/LIMITED - 38.4%	
8,665	Bonita Canyon Public Facilities Financing Authority, California, Community Facilities District No. 98-1 Special Tax Bonds, Series 1998, 5.375%, 9/01/28	9/02 at 103
	Brentwood Infrastructure Financing Authority, Contra Costa County, California, Capital Improvement Revenue Bonds, Series 2001:	
1,110	5.375%, 11/01/18	11/11 at 100
1,165	5.375%, 11/01/19	11/11 at 100
2,000	Brentwood Infrastructure Financing Authority, California, Infrastructure Revenue Refunding Bonds, Series 2002A, 5.125%, 9/02/24	9/12 at 100
3,515	Dinuba Redevelopment Agency, California, Tax Allocation Bonds (Redevelopment Project 2 Refunding), Series 2001, 4.875%, 9/01/21	9/11 at 102
3,490	City of Fontana, California, Community Facilities District No. 2 Senior Special Tax Refunding Bonds (Village of Heritage), 1998 Series A, 5.250%, 9/01/17	9/08 at 102
3,980	Garden Grove, California, Certificates of Participation (Financing Project), Series 2002A, 5.500%, 3/01/22	3/12 at 101
4,250	Mira Loma Area of Jurupa Community Services District, California, 1998 Special Tax Bonds (Community Facilities District No. 1), 4.750%, 9/01/24 (Optional put 9/01/10)	9/08 at 102
5,500	Los Angeles County, California, Certificates of Participation (1998 Disney Parking Refunding Project), 4.750%, 3/01/23	9/08 at 101
5,000	Los Angeles County Metropolitan Transportation Authority, California, Proposition C Sales Tax Revenue Bonds, Second Senior Series 1998A Refunding, 5.000%, 7/01/23	7/08 at 101
10,000	Los Angeles County Public Works Financing Authority, California, Revenue Bonds (Los Angeles County Regional	10/07 at 101

	Park and Open Space District), Series 1997A, 5.000%, 10/01/16	
9,200	Norco Redevelopment Agency, California, Project Area No. 1 Tax Allocation Bonds, Series 2001 Refunding, 5.000%, 3/01/19	3/11 at 102
4,670	City of Oakland Joint Powers Financing Authority, California, Lease Revenue Refunding Bonds (Oakland Convention Centers), Series 2001, 5.500%, 10/01/14	No Opt. C
4,000	Orange County Local Transportation Authority, California, Measure M Sales Tax Revenue Refunding Bonds, Limited Tax Bonds, Second Senior Series 1997A, 5.700%, 2/15/08	No Opt. C

Nuveen California Dividend Advantage Municipal Fund (NAC) (continued)
Portfolio of Investments August 31, 2002

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	TAX OBLIGATION/LIMITED (continued)	
$ 5,600	City of Palm Springs Financing Authority, California, Lease Revenue Refunding Bonds (Convention Center Project), Series 2001A, 5.000%, 11/01/22	11/11 at 101
8,100	Poway Redevelopment Agency, California, Tax Allocation Refunding Bonds (Paguay Redevelopment Project), Series 2000, 5.750%, 6/15/33	12/10 at 102
6,500	Puerto Rico Highway and Transportation Authority, Transportation Revenue Bonds, Series D, 5.375%, 7/01/36	7/12 at 100
2,000	Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, Series 2001A, 5.500%, 8/01/19	8/11 at 100
10,215	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
2,500	City of Sacramento Financing Authority, California, Lease Revenue Bonds, Series 1993A Refunding, 5.400%, 11/01/20	No Opt. C
	City and County of San Francisco, California, Certificates of Participation (30 Van Ness Avenue Property), Series 2001A:	
1,205	4.600%, 9/01/18	9/09 at 101
1,260	4.700%, 9/01/19	9/09 at 101
1,340	4.750%, 9/01/20	9/09 at 101
1,400	4.800%, 9/01/21	9/09 at 101
25,060	Redevelopment Agency of the City of San Jose, California, Tax Allocation Bonds (Merged Area Redevelopment Project), Series 1998, 5.250%, 8/01/29	8/08 at 102
	TRANSPORTATION - 23.8%	

21,150	Foothill/Eastern Transportation Corridor Agency, California, Toll Road Refunding Revenue Bonds, Series 1999, 5.750%, 1/15/40	1/10 at 101
8,515	Harbor Department of the City of Los Angeles, California, Revenue Refunding Bonds, Series 2001B, 5.500%, 8/01/18 (Alternative Minimum Tax)	8/11 at 100
23,000	Port of Oakland, California, Revenue Bonds, 2000 Series K, 5.750%, 11/01/29 (Alternative Minimum Tax)	5/10 at 100
5,000	Airports Commission of the City and County of San Francisco, California, San Francisco International Airport, Second Series Revenue Bonds, Issue 13B, 5.625%, 5/01/21 (Alternative Minimum Tax)	5/06 at 101
23,275	Airports Commission of the City and County of San Francisco, California, San Francisco International Airport, Second Series Revenue Bonds, Issue 25, 5.750%, 5/01/30 (Alternative Minimum Tax)	5/10 at 101
	U.S. GUARANTEED - 2.8%	
3,600	Los Angeles Unified School District, California, General Obligation Bonds (Election of 1997), Series 2000D, 5.625%, 7/01/14 (Pre-refunded to 7/01/10)	7/10 at 100
5,000	Commonwealth of Puerto Rico, General Obligation Public Improvement Bonds of 2000, 5.750%, 7/01/16 (Pre-refunded to 7/01/10)	7/10 at 100
	UTILITIES - 9.1%	
7,000	Department of Water and Power of Los Angeles, California, Power System Revenue Bonds, 2001 Series A1, 5.250%, 7/01/21	7/11 at 100
8,370	Department of Water and Power of Los Angeles, California, Power System Revenue Refunding Bonds, Series 2001-A2, 5.375%, 7/01/19	7/11 at 100
10,000	Merced Irrigation District, California, 2001 Electric System Refunding Revenue Bonds (Electric System Project), 6.750%, 9/01/31	9/05 at 102
5,630	Southern California Public Power Authority, Transmission Project Revenue Bonds (Southern Transmission Project), 2002A Subordinate Refunding Series, 4.750%, 7/01/19	7/12 at 100

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	WATER AND SEWER - 11.1%	

$ 11,000	California Department of Water Resources, Central Valley Project Water System Revenue Bonds, Series 2001W, 5.250%, 12/01/22	12/11 at 100
14,000	Orange County Water District, California, Revenue Certificates of Participation, Series 1999A, 5.375%, 8/15/29	8/09 at 101
8,250	Pico Rivera Water Authority, California, Revenue Bonds, 2001 Series A, 6.250%, 12/01/32	12/11 at 102
5,115	Public Utilities Commission of the City and County of San Francisco, California, Water Revenue Bonds, Series 2002A, 5.000%, 11/01/18	11/12 at 100
$ 531,610	Total Investments (cost $500,216,112) - 147.1%	
	Other Assets Less Liabilities - 1.9%	
	Preferred Shares, at Liquidation Value - (49.0)%	
	Net Assets Applicable to Common Shares - 100%	

* 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.

Nuveen California Dividend Advantage Municipal Fund 2 (NVX)
Portfolio of
Investments August 31, 2002

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	CONSUMER STAPLES - 4.6%	
$ 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
3,000	Tobacco Securitization Authority of Northern California, Tobacco Settlement Asset-Backed Bonds, Series 2001A, 5.375%, 6/01/41	6/11 at 100

2,800	Tobacco Securitization Authority of Southern California, Tobacco Settlement Asset-Backed Bonds (San Diego County Tobacco Asset Securitization Corporation), Senior Series 2001A, 5.500%, 6/01/36	6/12 at 100
	EDUCATION AND CIVIC ORGANIZATIONS - 13.7%	
5,000	California Educational Facilities Authority, Revenue Bonds (Stanford University), Series Q, 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)	3/08 at 102
9,000	Long Beach Bond Financing Authority, California, Lease Revenue Refunding Bonds (The Aquarium of the South Pacific), 5.250%, 11/01/30	11/11 at 101
	HEALTHCARE - 14.2%	
5,000	California Health Facilities Financing Authority, Kaiser Permanente Revenue Bonds, 1993 Series C, 5.600%, 5/01/33	5/03 at 102
7,000	California Infrastructure and Economic Development Bank, Revenue Bonds (Kaiser Hospital Assistance I-LLC), Series 2001A, 5.550%, 8/01/31	8/11 at 102
6,000	California Statewide Communities Development Authority, Revenue Refunding Bonds (Sherman Oaks Project), Series 1998A, 5.000%, 8/01/22	No Opt. C
5,355	California Statewide Communities Development Authority, Kaiser Permanente Revenue Bonds, Series 2002E, 4.700%, 11/01/36 (Mandatory put 6/01/09)	No Opt. C
3,000	Central California Joint Powers Health Financing Authority, Certificates of Participation (Community Hospitals of Central California Obligated Group Project), Series 2000, 6.000%, 2/01/30	2/10 at 101
2,500	City of Torrance, California, Revenue Bonds (Torrance Memorial Medical Center), Series 2001A, 5.500%, 6/01/31	6/11 at 101
1,500	City of Whittier, California, Health Facility Revenue Bonds (Presbyterian Intercommunity Hospital), Series 2002, 5.600%, 6/01/22	6/12 at 101
	HOUSING/MULTIFAMILY - 7.0%	
5,962	California Statewide Communities Development Authority, Multifamily Housing Revenue Refunding Bonds (Claremont Village Apartments), Series 2001D, 5.500%, 6/01/31 (Alternative Minimum Tax) (Mandatory put 6/01/16)	6/11 at 102
3,500	California Statewide Communities Development Authority, Housing Revenue Bonds (GNMA Collateralized - Crowne	8/12 at 105

	Pointe Project Refunding), 2002 Series F, 6.750%, 8/20/37	
4,650	Redevelopment Agency of the City and County of San Francisco, California, Multifamily Housing Revenue Bonds (GNMA Collateralized - Kokoro Assisted Living Facility), 2001 Series A, 5.675%, 4/20/43	10/11 at 100
	HOUSING/SINGLE FAMILY - 2.8%	
5,865	California Rural Home Mortgage Financing Authority, Single Family Mortgage Revenue Bonds (Mortgage-Backed Securities Program), 2001 Series A, 5.650%, 12/01/31 (Alternative Minimum Tax)	6/11 at 102

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	TAX OBLIGATION/GENERAL - 30.3%	
$ 9,000	State of California, Veterans General Obligation Bonds, Series BV, 5.600%, 12/01/32	6/06 at 101
3,615	Colton Joint Unified School District, San Bernardino County, California, General Obligation Bonds, Series 2002A, 5.500%, 8/01/22	8/12 at 102
	Contra Costa Community College District, California, General Obligation Bonds, Series 2002:	
3,005	5.000%, 8/01/21	8/12 at 100
3,300	5.000%, 8/01/22	8/12 at 100
8,330	Los Angeles Unified School District, California, General Obligation Bonds (Election of 1997), Series 2000D, 5.375%, 7/01/25	7/10 at 100
10,840	Los Angeles Unified School District, California, General Obligation Bonds (Election of 1997), 2002 Series E, 5.000%, 7/01/19	7/12 at 100
14,190	City of San Jose, California, General Obligation Bonds (Libraries and Parks Projects), Series 2001, 5.125%, 9/01/31	9/11 at 100
4,050	City of Santa Rosa High School District, Sonoma County, California, General Obligation Bonds, Series 2001, 5.300%, 5/01/26	5/11 at 101
7,600	Southwestern Community College District, San Diego County, California, General Obligation Bonds, Series 2001, 5.375%, 8/01/25	8/11 at 101
	TAX OBLIGATION/LIMITED - 40.9%	
9,000	Anitoch Area Public Facilities Financing Authority, California,	8/11 at 100

	Special Tax Bonds (Community Facilities District No. 1989-1), Series 2001, 5.250%, 8/01/25	
4,000	Daly City Housing Development Finance Agency, California, Mobile Home Park Revenue Bonds (Franciscan Mobile Home Park), Series 2002A, 5.850%, 12/15/32	12/13 at 102
4,845	City of Encinitas Public Financing Authority, California, Lease Revenue Bonds (Acquisition Project), Series 2001A, 5.250%, 4/01/31	4/08 at 102
5,000	Industry Urban Development Agency, California, Tax Allocation Refunding Bonds (Civic, Recreational and Industrial Redevelopment Project No. 1), Series 2002, 5.500%, 5/01/19	5/07 at 101
8,000	Los Angeles County Metropolitan Transportation Authority, California, Proposition C Sales Tax Revenue Bonds, Second Senior Series 1998A Refunding, 5.000%, 7/01/23	7/08 at 101
3,300	Puerto Rico Highway and Transportation Authority, Transportation Revenue Bonds, Series D, 5.375%, 7/01/36	7/12 at 100
4,400	Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, 2002 Series E, 6.000%, 8/01/26	No Opt. C
9,000	Redevelopment Agency for the County of Riverside, California, 2001 Tax Allocation Bonds (Jurupa Valley Project Area), 5.250%, 10/01/35	10/11 at 102
	Santa Clara Valley Transportation Authority, California, Sales Tax Revenue Bonds, Series 2001A:	
16,090	5.000%, 6/01/25	6/11 at 100
15,345	5.000%, 6/01/26	6/11 at 100
3,045	Redevelopment Agency of the City of Yucaipa, California, Mobile Home Park Revenue Bonds (Rancho del Sol and Grandview), Series 2001A, 6.750%, 5/15/36	5/11 at 102
5,600	Community Facilities District No. 98-1, Chapman Heights, City of Yucaipa, County of San Bernardino, California, 1998 Special Tax Bonds, 6.000%, 9/01/28	9/09 at 102
	TRANSPORTATION - 6.2%	
5,500	California Statewide Communities Development Authority, Special Facility Revenue Bonds (United Air Lines, Inc. - Los Angeles International Airport Cargo Projects), Series 2001, 6.250%, 10/01/35 (Alternative Minimum Tax)	10/11 at 100
3,840	Sacramento-Yolo Port District, Counties of Sacramento and Yolo, California, Port Facilities Refunding and Improvement Revenue Bonds, Series 2001, 5.125%, 7/01/14	7/08 at 101

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	TRANSPORTATION (continued)	
$ 6,100	Airports Commission of the City and County of San Francisco, California, San Francisco International Airport, Second Series Revenue Bonds, Issue 26A, 5.250%, 5/01/30 (Alternative Minimum Tax)	5/10 at 101
2,000	Airports Commission of the City and County of San Francisco, California, San Francisco International Airport, Second Series Revenue Refunding Bonds, Issue 28A, 5.250%, 5/01/17 (Alternative Minimum Tax)	5/12 at 100
	UTILITIES - 14.9%	
5,000	California Pollution Control Financing Authority, Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company), 1996A Remarketed, 5.350%, 12/01/16 (Alternative Minimum Tax)	4/11 at 102
1,000	Merced Irrigation District, California, 2002 Revenue Certificates of Participation (Electric System Project), 6.500%, 9/01/34	9/05 at 103
26,000	Sacramento Municipal Utility District, California, Electric Revenue Bonds, Series 2001N, 5.000%, 8/15/28	8/11 at 100
	WATER AND SEWER - 9.5%	
15,000	East Bay Municipal Utility District, Alameda and Contra Costa Counties, California, Water System Subordinated Revenue Bonds, Series 2001, 5.000%, 6/01/26	6/11 at 100
5,375	Public Utilities Commission of the City and County of San Francisco, California, Water Revenue Bonds, Series 2002A, 5.000%, 11/01/19	11/12 at 100
$ 311,127	Total Investments (cost $307,649,507) - 144.1%	
	SHORT-TERM INVESTMENTS - 4.3%	
$ 9,500	California Health Facilities Financing Authority, Revenue Bonds (Adventist Health System West), Series 2002A, Variable Rate Demand Obligations, 1.750%, 9/01/25+	
	Other Assets Less Liabilities - 1.9%	
	Preferred Shares, at Liquidation Value - (50.3)%	
	Net Assets Applicable to Common Shares - 100%	

* 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.

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

See accompanying notes to financial statements.

Nuveen California Dividend Advantage Municipal Fund 3 (NZH)
Portfolio of
Investments August 31, 2002

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	CAPITAL GOODS - 1.4%	
$ 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
	CONSUMER STAPLES - 4.4%	
11,240	California County Tobacco Securitization Agency, Merced County, Tobacco Settlement Asset-Backed Bonds (Tobacco Funding Corporation), Series 2002A, 5.500%, 6/01/33	6/12 at 100
4,200	Tobacco Securitization Authority of Southern California, Tobacco Settlement Asset-Backed Bonds (San Diego County Tobacco Asset Securitization Corporation), Senior Series 2001A, 5.500%, 6/01/36	6/12 at 100
	EDUCATION AND CIVIC ORGANIZATIONS - 12.5%	
9,000	California Educational Facilities Authority, Student Loan Revenue Bonds (California Loan Program), Series 2001A, 5.400%, 3/01/21 (Alternative Minimum Tax)	3/08 at 102
5,000	San Diego State University Foundation, California, Auxiliary Organization Revenue Bonds, Series 2002A, 5.000%, 3/01/37	3/12 at 100
7,595	San Francisco State University Foundation Inc., California,	9/11 at 100

	Auxiliary Organization Revenue Bonds (Student Housing), Series 2001, 5.000%, 9/01/26	
2,990	The Regents of the University of California, Multiple Purpose Projects Revenue Bonds, Series K, 5.000%, 9/01/23	9/08 at 101
8,720	The Regents of the University of California, Multiple Purpose Projects Revenue Bonds, Series 2001M, 5.125%, 9/01/30	9/09 at 101
	The Regents of the University of California, Research Facilities Revenue Bonds, 2001 Series E:	
3,820	5.000%, 9/01/26	9/09 at 101
5,360	5.000%, 9/01/27	9/09 at 101
	HEALTHCARE - 13.0%	
6,650	California Health Facilities Financing Authority, Revenue Bonds (USCF - Stanford Healthcare), 1998 Series A, 5.000%, 11/15/31	11/08 at 101
	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
10,550	California Health Facilities Financing Authority, Kaiser Permanente Revenue Bonds, 1993 Series C, 5.600%, 5/01/33	5/03 at 102
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 State Communities Development Authority, Insured Mortgage Hospital Revenue Bonds (Mission Community Hospital), Series 2001, 5.375%, 11/01/21	11/09 at 102
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	City of Whittier, California, Health Facility Revenue Bonds (Presbyterian Intercommunity Hospital), Series 2002, 5.600%, 6/01/22	6/12 at 101

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	HOUSING/MULTIFAMILY - 4.2%	
$ 5,250	California Statewide Communities Development Authority, Housing Revenue Bonds (GNMA Collateralized - Crowne	8/12 at 105

	Pointe Project Refunding), 2002 Series F, 6.750%, 8/20/37	
3,610	Housing Authority of the County of San Bernardino, California, Multifamily Mortgage Revenue Bonds (GNMA Collateralized - 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
	HOUSING/SINGLE FAMILY - 2.3%	
3,000	California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 1998B, 5.150%, 2/01/18 (Alternative Minimum Tax)	2/08 at 101
25,325	California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2001T, 0.000%, 8/01/32 (Alternative Minimum Tax)	8/11 at 30
	LONG-TERM CARE - 0.8%	
	California Health Facilities Financing Authority, Insured Senior Living Revenue Bonds (Aldersly), 2002 Series A:	
1,500	5.125%, 3/01/22 (WI, settling 9/25/02)	3/12 at 101
1,315	5.250%, 3/01/32 (WI, settling 9/25/02)	3/12 at 101
	TAX OBLIGATION/GENERAL - 29.7%	
8,500	State of California, Veterans General Obligation Welfare Bonds, Series 1997BH, 5.500%, 12/01/18 (Alternative Minimum Tax)	12/03 at 102
7,165	State of California, Veterans General Obligation Bonds, Series BJ, 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	No Opt. C
15,000	State of California, Various Purpose General Obligation Bonds, Series 2001, 5.000%, 11/01/30	11/11 at 100
14,300	State of California, Veterans General Obligation Bonds, 2001 Series BZ, 5.350%, 12/01/21 (Alternative Minimum Tax)	6/07 at 101
5,000	Cupertino Union School District, Santa Clara County, California, General Obligation Bonds, Series 2001A, 4.750%, 8/01/26	8/11 at 100
15,135	Newport-Mesa Unified School District, Orange County, California, General Obligation Bonds (Election of 2000), Series 2001, 4.750%, 8/01/26	8/11 at 101
3,000	Pasadena Unified School District, Los Angeles County,	11/11 at 101

	California, General Obligation Bonds (Election of 1997), Series 2001C, 4.750%, 11/01/26	
3,000	Commonwealth of Puerto Rico, Public Improvement General Obligation Bonds, Refunding Series 2001, 5.000%, 7/01/24	7/11 at 100
5,000	Riverside Unified School District, Riverside County, California, General Obligation Bonds, Series 2002A, 5.000%, 2/01/27	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	7/11 at 102
4,000	San Diego Unified School District, San Diego County, California, General Obligation Bonds (Election of 1998), Series 2002D, 5.250%, 7/01/21 (WI, settling 9/12/02)	7/12 at 101
	TAX OBLIGATION/LIMITED - 50.5%	
4,000	Beaumont Financing Authority, California, Local Agency Revenue Bonds, Series 2002A, 6.750%, 9/01/25	9/12 at 102
	Brentwood Infrastructure Financing Authority, Contra Costa County, California, Capital Improvement Revenue Bonds, Series 2001:	
7,135	5.000%, 11/01/25	11/11 at 100
6,955	5.000%, 11/01/31	11/11 at 100
4,510	State Public Works Board of the State of California, Lease Revenue Bonds (Department of Mental Health, Hospital Addition), Series 2001A, 5.000%, 12/01/26	12/11 at 102

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	TAX OBLIGATION/LIMITED (continued)	
$ 15,000	State Public Works Board of the State of California, Lease Revenue Bonds (Department of General Services), Series 2002B, 5.000%, 3/01/27	3/12 at 100
1,270	Coalinga Public Financing Authority, California, Local Obligation Revenue Refunding Bonds, Senior Lien Series A, 6.000%, 9/15/18	No Opt. C
2,000	Daly City Housing Development Finance Agency, California, Mobile Home Park Revenue Bonds (Franciscan Mobile Home Park), Series 2002A, 5.800%, 12/15/25	12/13 at 102
6,755	Dinuba Redevelopment Agency, California, Tax Allocation Bonds (Redevelopment Project 2 Refunding), Series 2001, 5.000%, 9/01/31	9/11 at 102
1,000	Fullerton, California, Community Facilities District No. 001 Special Tax Bonds (Amerige Heights), Series 2002,	9/12 at 100

	6.100%, 9/01/22	
7,945	La Quinta Redevelopment Agency, California, Project Area No. 1 Tax Allocation Bonds, Series 2001, 5.100%, 9/01/31	9/11 at 102
5,425	Lodi, California, Certificates of Participation (Public Improvement Financing Project), Series 2002, 5.000%, 10/01/26	10/12 at 100
14,410	Los Angeles Unified School District, California, Certificates of Participation (Administration Building Project), Series 2001B, 5.000%, 10/01/31	10/11 at 100
13,515	Norco Redevelopment Agency, California, Project Area No. 1 Tax Allocation Bonds, Series 2001 Refunding, 5.125%, 3/01/30	3/11 at 102
4,520	Ontario Redevelopment Financing Authority, California, Lease Revenue Bonds (Capital Projects), Series 2001, 5.000%, 8/01/24	8/11 at 101
11,165	Palm Desert Financing Authority, California, Tax Allocation Revenue Bonds (Project Area No. 1), Series 2002 Refunding, 5.100%, 4/01/30	4/12 at 102
5,000	Pomona Public Financing Authority, California, Revenue Bonds (Merged Redevelopment Projects Refunding), Series 2001AD, 5.000%, 2/01/27	2/11 at 100
2,925	Pomona Valley Educational Joint Power Authority, California, Lease Revenue Bonds (Pomona Unified School District Financing), Series 2001, 4.875%, 8/01/26	8/09 at 102
6,500	Puerto Rico Highway and Transportation Authority, Transportation Revenue Bonds, Series D, 5.375%, 7/01/36	7/12 at 100
4,400	Puerto Rico Public Finance Corporation, Commonwealth Appropriation Bonds, 2002 Series E, 6.000%, 8/01/26	No Opt. C
2,385	City of San Buenaventura Public Facilities Financing Authority, California, 2001 Certificates of Participation, Series C, 4.750%, 2/01/24	2/11 at 101
14,505	City of San Diego Redevelopment Agency, California, Subordinate Tax Allocation Bonds (Centre City Redevelopment Project), Series 2001A, 5.000%, 9/01/26	9/11 at 101
5,805	City and County of San Francisco, California, Certificates of Participation (30 Van Ness Avenue Property), Series 2001A, 5.000%, 9/01/31	9/09 at 101
8,725	San Francisco Bay Area Rapid Transit District, California, Sales Tax Revenue Bonds, Series 2001, 5.000%, 7/01/26	7/11 at 100
10,000	San Diego Redevelopment Agency, California, Merged Area Redevelopment Project Tax Allocation Bonds, Series 2002, 5.000%, 8/01/27	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, Sales Tax Revenue Bonds, Series 2001A, 5.000%, 6/01/22	6/11 at 100

2,500	Yucaipa-Calimesa Joint Union School District, San Bernardino County, California, General Obligation Bonds, Series 2001A Refunding, 5.000%, 10/01/26	10/11 at 100

Nuveen California Dividend Advantage Municipal Fund 3 (NZH) (continue
Portfolio of Investments August 31, 2002

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	TRANSPORTATION - 5.7%	
$ 1,500	Port of Oakland, California, Refunding Revenue Bonds, 1997 Series I, 5.600%, 11/01/19	11/07 at 102
1,420	Airports Commission of the City and County of San Francisco, California, San Francisco International Airport, Second Series Revenue Bonds, Issue 23B, 5.125%, 5/01/30	5/09 at 101
6,000	Airports Commission of the City and County of San Francisco, California, San Francisco International Airport, Second Series Revenue Bonds, Issue 26B, 5.000%, 5/01/30	5/10 at 101
10,350	Airports Commission of the City and County of San Francisco, California, San Francisco International Airport, Second Series Revenue Refunding Bonds, Issue 27A, 5.250%, 5/01/26 (Alternative Minimum Tax)	5/11 at 100
	UTILITIES - 7.8%	
15,000	Anaheim Public Financing Authority, California, Revenue Bonds (Electric System Distribution Facilities), Series 2002A, 5.000%, 10/01/31	10/12 at 100
1,600	Merced Irrigation District, California, 2002 Revenue Certificates of Participation (Electric System Project), 6.500%, 9/01/34	9/05 at 103
7,790	Modesto Irrigation District, California, Certificates of Participation (Capital Improvements), Series 2001A, 5.000%, 7/01/31	1/12 at 100
2,250	Salinas Valley Solid Waste Authority, California, Revenue Bonds, Series 2002, 5.125%, 8/01/22 (Alternative Minimum Tax)	8/12 at 100
	WATER AND SEWER - 15.9%	
7,000	Carmichael Water District, Sacramento County, California, 1999 Water Revenue Certificates of Participation, 5.125%, 9/01/29	9/09 at 102
6,900	Contra Costa Water District, Contra Costa County, California, Water Revenue Refunding Bonds, Series K, 4.500%, 10/01/31	10/11 at 100

	Department of Water and Power of the City of Los Angeles, California, Waterworks Revenue Bonds, Series 2001A Refunding:	
18,000	5.125%, 7/01/41	7/11 at 100
12,000	5.125%, 7/01/41	7/11 at 100
7,000	The Metropolitan Water District of Southern California, Water Revenue Bonds, 1997 Authorization, Series A, 5.000%, 7/01/37	1/08 at 101
2,475	The Metropolitan Water District of Southern California, Water Revenue Refunding Bonds, 1998 Series A, 4.750%, 7/01/22	7/08 at 101
1,600	Sunnyvale Financing Authority, California, Water and Wastewater Revenue Bonds, Series 2001, 5.000%, 10/01/26	10/11 at 100
$ 524,065	Total Investments (cost $503,339,552) - 148.2%	
	SHORT-TERM INVESTMENTS - 2.3%	
$ 8,000	California Statewide Communities Development Authority, Certificates of Participation (Northern California Retired Officers Community), Variable Rate Demand Obligations, 1.750%, 6/01/26+	
	Other Assets Less Liabilities - 3.6%	
	Preferred Shares, at Liquidation Value - (54.1)%	
	Net Assets Applicable to Common Shares - 100%	

* 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.

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	EDUCATION AND CIVIC ORGANIZATIONS - 10.1%	
$ 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	Trustees of the California State University, Systemwide Revenue Bonds, Series 2002A, 5.125%, 11/01/26	11/12 at 100
9,000	The Regents of the University of California, Multiple Purpose Project Revenue Bonds, Series K, 5.300%, 9/01/30	9/08 at 101
	HEALTHCARE - 5.0%	
5,000	ABAG Financing Authority for Nonprofit Corporations, California, Insured Revenue Bonds (Sansum-Santa Barbara Medical Foundation Clinic), Series 2002A, 5.600%, 4/01/26	4/12 at 100
4,000	California Statewide Communities Development Authority, Revenue Refunding Bonds (Sherman Oaks Project), Series 1998A, 5.000%, 8/01/22	No Opt. C
2,145	California Statewide Communities Development Authority, Kaiser Permanente Revenue Bonds, Series 2002E, 4.700%, 11/01/36 (Mandatory put 6/01/09)	No Opt. C
	HOUSING/MULTIFAMILY - 0.9%	
1,905	City of Los Angeles, California, Multifamily Housing Revenue Bonds (GNMA Mortgage-Backed Securities Program - Park Plaza West Senior Apartments Project), Series 2001B, 5.300%, 1/20/21 (Alternative Minimum Tax)	7/11 at 102
	HOUSING/SINGLE FAMILY - 5.0%	
11,500	California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 1998E, 5.250%, 2/01/33 (Alternative Minimum Tax)	2/09 at 101
	TAX OBLIGATION/GENERAL - 41.4%	
5,920	Cajon Valley Union School District, San Diego County, California, General Obligation Bonds, Series 2002B, 5.125%, 8/01/32	8/10 at 102
9,000	State of California, General Obligation Bonds, Series 2002	2/12 at 100

	Refunding, 5.000%, 2/01/22	
1,500	Centinela Valley Union High School District, Los Angeles County, California, General Obligation Bonds, Series 2002A, 5.250%, 2/01/26	No Opt. C
2,500	Chaffee Joint Union High School District, San Bernardino County, California, General Obligation Bonds (Election of 1998), Series 2002C, 5.000%, 5/01/27	5/12 at 101
10,000	Fremont Unified School District, Alameda County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/25	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	8/10 at 102
	Fresno Unified School District, Fresno County, California, General Obligation Bonds (Election of 2001), Series 2002B:	
1,135	5.125%, 8/01/23	8/10 at 102
1,190	5.125%, 8/01/24	8/10 at 102
1,245	5.125%, 8/01/25	8/10 at 102
1,255	5.125%, 8/01/26	8/10 at 102

Nuveen Insured California Dividend Advantage Municipal Fund (NKL) (co
Portfolio of Investments August 31, 2002

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	TAX OBLIGATION/GENERAL (continued)	
$ 6,805	Long Beach Unified School District, Los Angeles County, California, General Obligation Bonds (Election of 1999), Series 2002D, 5.000%, 8/01/31	8/10 at 101
5,000	Los Angeles Unified School District, California, General Obligation Bonds (Election of 1997), 2002 Series E, 5.125%, 1/01/27	7/12 at 100
7,000	Los Gatos Joint Union High School District, California, General Obligation Bonds (Election of 1998), Series 2002C, 5.000%, 6/01/27	6/12 at 101
7,355	Mount San Antonio Community College District, Los Angeles County, California, General Obligation Bonds, Series 2002A, 5.000%, 5/01/27	5/12 at 101
2,500	Oakland Unified School District, Alameda County, California, General Obligation Bonds, Series 2002, 5.250%, 8/01/21	8/12 at 100
3,300	Peralta Community College District, Alameda County, California, General Obligation Bonds (Election of 2000), Series A, 5.000%, 8/01/31	8/09 at 102
3,250	San Diego Unified School District, San Diego County, California, General Obligation Bonds (Election of 1998),	7/11 at 102

	Series 2001C, 5.000%, 7/01/22	
4,000	San Diego Unified School District, San Diego County, California, General Obligation Bonds (Election of 1998), Series 2002D, 5.250%, 7/01/20 (WI, settling 9/12/02)	7/12 at 101
3,500	San Mateo County Community College District, California, General Obligation Bonds, Series 2002A, 5.000%, 9/01/26	9/12 at 100
2,980	Santa Clarita Community College District, Los Angeles County, California, General Obligation Bonds, Series 2002, 5.125%, 8/01/26	8/11 at 101
2,460	Vacaville Unified School District, Solano County, California, General Obligation Bonds, Series 2002, 5.000%, 8/01/26	8/11 at 101
10,000	Vista Unified School District, San Diego County, California, General Obligation Bonds, Series 2002A, 5.000%, 8/01/23	8/12 at 100
	TAX OBLIGATION/LIMITED - 48.0%	
6,895	Brea Olinda Unified School District, Orange County, California, Certificates of Participation, Series 2002A Refunding, 5.125%, 8/01/26	8/11 at 101
6,000	Chula Vista, California, Certificates of Participation, Series 2002, 5.000%, 8/01/29	8/12 at 101
3,145	Culver City Redevelopment Agency, California, Redevelopment Project Tax Allocation Bonds, Series 2002A, 5.125%, 11/01/25	5/11 at 101
1,020	Desert Sands Unified School District, Riverside County, California, Certificates of Participation, Series 2002 Refunding, 5.000%, 3/01/20	3/12 at 101
8,720	City of El Monte, California, Certificates of Participation (Department of Public Services Facility Phase II), Senior Lien Series 2001, 5.000%, 1/01/21	1/11 at 100
6,615	Inglewood Redevelopment Agency, California, Tax Allocation Refunding Bonds (Merged Redevelopment Project), Series 1998A, 5.250%, 5/01/23	No Opt. C
5,500	La Quinta Redevelopment Agency, California, Project Area No. 1 Tax Allocation Bonds, Series 2001, 5.100%, 9/01/31	9/11 at 102
	La Quinta Redevelopment Agency, California, Project Area No. 1 Tax Allocation Bonds, Series 2002:	
3,400	5.000%, 9/01/22	9/12 at 102
6,500	5.125%, 9/01/32	9/12 at 102
7,000	City of Los Angeles, California, Certificates of Participation (Real Property Acquisition Program), Series 2002, 5.200%, 4/01/27	4/12 at 100

PRINCIPAL OPTIO

AMOUNT (000)	DESCRIPTION	PROVISIO
	TAX OBLIGATION/LIMITED (continued)	
$ 3,000	Los Angeles Unified School District, California, Certificates of Participation (Administration Building Project), Series 2001B, 5.000%, 10/01/31	10/11 at 100
4,250	Los Angeles County Metropolitan Transportation Authority, California, Proposition C Sales Tax Revenue Bonds, Second Senior Series 1998A Refunding, 5.000%, 7/01/23	7/08 at 101
12,605	Los Angeles County Metropolitan Transportation Authority, California, Proposition A First Tier Senior Sales Tax Revenue Bonds, Series 2001A, 5.000%, 7/01/31	7/11 at 101
8,470	Ontario Redevelopment Financing Authority, California, Lease Revenue Bonds (Capital Projects), Series 2001, 5.200%, 8/01/29	8/11 at 101
5,000	Palm Desert Financing Authority, California, Tax Allocation Revenue Bonds (Project Area No. 1), Series 2002 Refunding, 5.000%, 4/01/25	4/12 at 102
6,000	Sacramento City Financing Authority, California, Revenue Bonds (City Hall and Redevelopment Projects), 2002 Series A, 5.000%, 12/01/28	12/12 at 100
3,175	City of San Buenaventura Public Facilities Financing Authority, California, 2001 Certificates of Participation, Series C, 5.250%, 2/01/31	2/11 at 101
5,095	San Francisco Bay Area Rapid Transit District, California, Sales Tax Revenue Bonds, Series 2001, 5.125%, 7/01/36	7/11 at 100
4,000	City of San Jose Financing Authority, California, Lease Revenue Bonds (Convention Center Project Refunding), Series 2001F, 5.000%, 9/01/19	9/11 at 100
2,160	Temecula Redevelopment Agency, California, Tax Allocation Revenue Bonds (Temecula Redevelopment Project No. 1), Series 2002, 5.125%, 8/01/27	8/08 at 102
	UTILITIES - 24.8%	
	Anaheim Public Financing Authority, California, Revenue Bonds (Electric System Distribution Facilities), Series 2002A:	
9,000	5.000%, 10/01/27	10/12 at 100
20,000	5.000%, 10/01/31	10/12 at 100
10,000	California Pollution Control Financing Authority, Pollution Control Refunding Revenue Bonds (Pacific Gas and Electric Company), Series 1996A Remarketed, 5.350%, 12/01/16 (Alternative Minimum Tax)	4/11 at 102
6,000	Northern California Power Agency, Hydroelectric Project Number One Revenue Bonds, 1998 Refunding Series A, 5.200%, 7/01/32	7/08 at 101
5,500	Sacramento Municipal Utility District, California, Electric	8/11 at 100

	Revenue Bonds, Series 2001N, 5.000%, 8/15/28	
5,630	Southern California Public Power Authority, Transmission Project Revenue Bonds (Southern Transmission Project), 2002A Subordinate Refunding Series, 4.750%, 7/01/19	7/12 at 100
	WATER AND SEWER - 15.6%	
3,000	State of California Department of Water Resources, Water System Revenue Bonds (Central Valley Project), Series X, 5.150%, 12/01/23	12/12 at 100
9,000	Eastern Municipal Water District, California, Water and Sewer Revenue Certificates of Participation, Series 2001B, 5.000%, 7/01/30	7/11 at 100
750	Livermore-Amador Valley Water Management Agency, California, Sewer Revenue Bonds, Series A, 5.000%, 8/01/31	8/11 at 100
9,000	Department of Water and Power of the City of Los Angeles, California, Waterworks Revenue Bonds, Series 2001A Refunding, 5.125%, 7/01/41	7/11 at 100

PRINCIPAL AMOUNT (000)	DESCRIPTION	OPTIO PROVISIO
	WATER AND SEWER (continued)	
$ 6,000	City of Los Angeles, California, Wastewater System Revenue Bonds, Series 2002A Refunding, 5.000%, 6/01/32	6/12 at 100
4,500	The Metropolitan Water District of Southern California, Water Revenue Bonds, 1997 Authorization, Series A, 5.000%, 7/01/30	1/08 at 101
2,000	Pico Rivera Water Authority, California, Water System Project Revenue Bonds, Series 1999A Refunding, 5.500%, 5/01/19	No Opt. C
1,110	Santa Clara Valley Water District, California, Water Utility System Revenue Bonds, Series 2000A, 5.125%, 6/01/31	6/10 at 100
$ 341,300	Total Investments (cost $334,707,539) - 150.8%	
	Other Assets Less Liabilities - 0.3%	
	Preferred Shares, at Liquidation Value - (51.1)%	
	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.

* 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.

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

See accompanying notes to financial statements.

Statement of
Assets and Liabilities August 31, 2002

	INSURED CALIFORNIA PREMIUM INCOME (NPC)
ASSETS	
Investments in municipal securities, at market value	$146,796,087
Temporary investments in short-term securities, at amortized cost, which approximates market value	5,000,000
Cash	--
Receivables:	
Interest	2,127,586
Investments sold	--
Other assets	10,026
Total assets	153,933,699
LIABILITIES	
Cash overdraft	4,151,599
Payable for investments purchased	--
Accrued expenses:	
Management fees	81,413
Organization and offering costs	--
Other	90,446
Preferred share dividends payable	6,778
Common share dividends payable	466,820
Total liabilities	4,797,056
Preferred shares, at liquidation value	45,000,000
Net assets applicable to Common shares	$104,136,643
Common shares outstanding	6,438,911
Net asset value per Common share outstanding (net assets applicable to Common	

shares, divided by Common shares outstanding)	$ 16.17
NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:	
Common shares, $.01 par value per share	$ 64,389
Paid-in surplus	89,092,270
Undistributed net investment income	1,830,679
Accumulated net realized gain (loss) from investments	334,001
Net unrealized appreciation of investments	12,815,304
Net assets applicable to Common shares	$104,136,643
Authorized shares:	
Common	200,000,000
Preferred	1,000,000

See accompanying notes to financial statements.

Statement of
Assets and Liabilities August 31, 2002 (continued)

	CALIFORNIA DIVIDEND ADVANTAGE (NAC)	CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)
ASSETS		
Investments in municipal securities, at market value	$525,051,709	$315,338,557
Temporary investments in short-term securities, at amortized cost, which approximates market value	--	9,500,000
Cash	44,119	832,889
Receivables:		
Interest	7,083,975	4,416,680
Investments sold	1,710,000	--
Other assets	33,620	17,274
Total assets	533,923,423	330,105,400
LIABILITIES		
Cash overdraft	--	--
Payable for investments purchased	--	--
Accrued expenses:		
Management fees	149,577	94,202
Organization and offering costs	--	4,542
Other	207,010	91,017
Preferred share dividends payable	24,920	21,538
Common share dividends payable	1,720,782	1,079,718
Total liabilities	2,102,289	1,291,017
Preferred shares, at liquidation value	175,000,000	110,000,000

Net assets applicable to Common shares	$356,821,134	$218,814,383
Common shares outstanding	23,412,013	14,790,660
Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	$ 15.24	$ 14.79

NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:

Common shares, $.01 par value per share	$ 234,120	$ 147,907
Paid-in surplus	332,500,716	210,010,181
Undistributed net investment income	2,840,186	1,221,035
Accumulated net realized gain (loss) from investments	(3,589,485)	(253,790)
Net unrealized appreciation of investments	24,835,597	7,689,050
Net assets applicable to Common shares	$356,821,134	$218,814,383
Authorized shares:		
Common	Unlimited	Unlimited
Preferred	Unlimited	Unlimited

See accompanying notes to financial statements.

Statement of Operations Year Ended August 31, 2002

	INSURED CALIFORNIA PREMIUM INCOME (NPC)
INVESTMENT INCOME	$ 7,933,884
EXPENSES	
Management fees	946,370
Preferred shares - auction fees	112,500
Preferred shares - dividend disbursing agent fees	10,000
Shareholders' servicing agent fees and expenses	16,527
Custodian's fees and expenses	42,442
Directors'/Trustees' fees and expenses	1,411
Professional fees	12,330
Shareholders' reports - printing and mailing expenses	15,411
Stock exchange listing fees	15,577
Investor relations expense	18,443
Portfolio insurance expense	13,194
Other expenses	14,193
Total expenses before custodian fee credit and expense reimbursement	1,218,398
Custodian fee credit	(13,577)
Expense reimbursement	--
Net expenses	1,204,821

Net investment income	6,729,063
REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS	
Net realized gain (loss) from investments	2,870,032
Change in net unrealized appreciation (depreciation) of investments	(2,620,683)
Net gain (loss) from investments	249,349
DISTRIBUTIONS TO PREFERRED SHAREHOLDERS	
From net investment income	(578,229)
Net increase in net assets applicable to Common shares from operations	$ 6,400,183

See accompanying notes to financial statements.

Statement of Operations Year Ended August 31, 2002 (continued)

	CALIFORNIA DIVIDEND ADVANTAGE (NAC)	CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)
INVESTMENT INCOME	$27,477,386	$17,223,513
EXPENSES		
Management fees	3,300,757	2,079,849
Preferred shares - auction fees	437,500	275,000
Preferred shares - dividend disbursing agent fees	20,000	20,000
Shareholders' servicing agent fees and expenses	10,930	5,725
Custodian's fees and expenses	140,513	88,165
Directors'/Trustees' fees and expenses	5,065	3,547
Professional fees	19,901	8,733
Shareholders' reports - printing and mailing expenses	34,985	26,164
Stock exchange listing fees	21,818	1,435
Investor relations expense	55,453	19,992
Portfolio insurance expense	--	--
Other expenses	28,079	25,923
Total expenses before custodian fee credit and expense reimbursement	4,075,001	1,034,832
Custodian fee credit	(16,406)	(18,702)
Expense reimbursement	(1,563,125)	(975,827)
Net expenses	2,495,470	1,560,004
Net investment income	24,981,916	15,663,509
REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS		
Net realized gain (loss) from investments	3,991,908	351,147

Change in net unrealized appreciation (depreciation) of investments	(3,853,349)	(6,268,122)
Net gain (loss) from investments	138,559	(5,916,975)
DISTRIBUTIONS TO PREFERRED SHAREHOLDERS		
From net investment income	(2,424,510)	(1,578,722)
Net increase in net assets applicable to Common shares from operations	$22,695,965	$ 8,167,812

* For the period September 25, 2001 (commencement of operations) through August 31, 2002.

** For the period March 27, 2002 (commencement of operations) through August 31, 2002.

See accompanying notes to financial statements.

Statement of Changes in Net Assets

	INSURED CALIFORNIA PREMIUM INCOME (NPC)		INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)	
	YEAR ENDED 8/31/02	YEAR ENDED 8/31/01	YEAR ENDED 8/31/02	YEAR END 8/31/
OPERATIONS				
Net investment income	$ 6,729,063	$ 6,701,784	$ 12,715,990	$ 12,730,7
Net realized gain (loss) from investments	2,870,032	(3,088)	92,173	(518,3
Change in net unrealized appreciation (depreciation) of investments	(2,620,683)	6,344,071	(194,559)	12,002,3
Distributions to Preferred Shareholders from and in excess of net investment income	(578,229)	(1,375,685)	(1,211,432)	(2,765,7
Net increase in net assets applicable to Common shares from operations	6,400,183	11,667,082	11,402,172	21,449,0
DISTRIBUTIONS TO COMMON SHAREHOLDERS				
From and in excess of net investment income	(5,538,554)	(5,501,796)	(10,503,880)	(9,845,9
CAPITAL SHARE TRANSACTIONS				
Common shares:				
Net proceeds from sale of shares	--	--	--	
Net proceeds from shares issued to shareholders due to reinvestment of distributions	207,189	--	338,627	53,1
Preferred shares offering cost	--	--	--	

Net increase in net assets applicable to Common shares from capital share transactions	207,189	--	338,627	53,1
Net increase (decrease) in net assets applicable to Common shares	1,068,818	6,165,286	1,236,919	11,656,2
Net assets applicable to Common shares at the beginning of period	103,067,825	96,902,539	189,633,011	177,976,7
Net assets applicable to Common shares at the end of period	$104,136,643	$103,067,825	$190,869,930	$189,633,0
Undistributed (Over-distribution of) net investment income at the end of period	$ 1,830,679	$ 324,927	$ 1,761,555	$ 544,5

See accompanying notes to financial statements.

Statement of Changes in Net Assets (continued)

	CALIFORNIA DIVIDEND ADVANTAGE (NAC)		CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)	
	YEAR ENDED 8/31/02	YEAR ENDED 8/31/01	YEAR ENDED 8/31/02	FOR T PERIOD 3/27/ (COMMENCEME OF OPERATION THROUGH 8/31/
OPERATIONS				
Net investment income	$ 24,981,916	$ 24,993,570	$ 15,663,509	$ 5,021,1
Net realized gain (loss) from investments	3,991,908	153,449	351,147	(604,9
Change in net unrealized appreciation (depreciation) of investments	(3,853,349)	30,026,536	(6,268,122)	13,963,6
Distributions to Preferred Shareholders from and in excess of net investment income	(2,424,510)	(5,398,060)	(1,578,722)	(765,4
Net increase in net assets applicable to Common shares from operations	22,695,965	49,775,495	8,167,812	17,614,4
DISTRIBUTIONS TO COMMON SHAREHOLDERS				
From and in excess of net investment income	(20,156,545)	(18,957,806)	(12,867,313)	(4,258,6

CAPITAL SHARE TRANSACTIONS				
Common shares:				
Net proceeds from sale of shares	--	--	--	211,280,1
Net proceeds from shares issued to shareholders due to reinvestment of distributions	84,644	53,132	73,486	2
Preferred shares offering costs	--	--	--	(1,296,0
Net increase in net assets applicable to Common shares from capital share transactions	84,644	53,132	73,486	209,984,3
Net increase (decrease) in net assets applicable to Common shares	2,624,064	30,870,821	(4,626,015)	223,340,1
Net assets applicable to Common shares at the beginning of period	354,197,070	323,326,249	223,440,398	100,2
Net assets applicable to Common shares at the end of period	$356,821,134	$354,197,070	$218,814,383	$223,440,3
Undistributed (Over-distribution of) net investment income at the end of period	$ 2,840,186	$ 439,325	$ 1,221,035	$ (2,9

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 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) and Nuveen Insured California Dividend Advantage Municipal Fund (NKL). 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 California Premium Income (NCU), California Dividend Advantage 2 (NVX), California Dividend Advantage 3 (NZH) and Insured California Dividend Advantage (NKL) are traded on the American Stock Exchange.

Prior to the commencement of operations of California Dividend Advantage 2 (NVX), California Dividend Advantage 3 (NZH) and Insured California Dividend Advantage (NKL), the Funds had no operations other than those related to organizational matters, the initial capital contribution of $100,275 by Nuveen Advisory Corp. (the "Adviser"), a wholly owned subsidiary of The John Nuveen Company and the recording of the organization expenses ($15,000, $11,500 and $11,500, respectively) and their reimbursement by Nuveen Investments, also a wholly owned subsidiary of The John Nuveen Company.

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

California state income taxes by investing primarily in a diversified portfolio of municipal obligations issued by state and local government authorities within the state of California. The Funds are registered under the Investment Company Act of 1940 as closed-end management investment companies.

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

Securities Valuation
The prices of municipal bonds in each Fund's investment portfolio are provided by a pricing service approved by the Fund's Board of Directors/Trustees. When price quotes are not readily available (which is usually the case for municipal securities), the pricing service establishes fair market value based on yields or prices of municipal bonds of comparable quality, type of issue, coupon, maturity and rating, indications of value from securities dealers and general market conditions. If it is determined that market prices for a security are unavailable or inappropriate, the Board of Directors/Trustees of the Funds may establish a fair value for the security. Temporary investments in securities that have variable rate and demand features qualifying them as short-term securities are valued at amortized cost, which approximates market value.

Securities Transactions
Securities transactions are recorded on a trade date basis. Realized gains and losses from such transactions are determined on the specific identification method. Securities purchased or sold on a when-issued or delayed delivery basis may have extended settlement periods. The securities so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets in a separate account with a current value at least equal to the amount of the when-issued and delayed delivery purchase commitments. At August 31, 2002, California Dividend Advantage 3 (NZH) and Insured California Dividend Advantage (NKL) had outstanding when-issued purchase commitments of $7,007,194 and $4,244,880, respectively. There were no such outstanding purchase commitments in any of the other Funds.

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

Income Taxes
Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its net investment income to its shareholders. Therefore, no federal income tax provision is required. Furthermore, each Fund intends to satisfy conditions which will enable interest from municipal securities, which is exempt from regular federal and California state income taxes, to retain such tax-exempt status when distributed to shareholders of the Funds. All monthly tax-exempt income dividends paid during the period ended August 31, 2002, have been designated Exempt Interest Dividends.

Dividends and Distributions to Common Shareholders
Tax-exempt net investment income is declared monthly as a dividend. Generally, payment is made or reinvestment is credited to shareholder accounts on the first

business day after month end. Net realized capital gains and/or market discount from investment transactions, 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. Accordingly, temporary over-distributions as a result of these differences may occur and will be classified as either distributions in excess of net investment income, distributions in excess of net realized gains and/or distributions in excess of net ordinary taxable income from investment transactions, where applicable.

Preferred Shares
The Funds have issued and outstanding $25,000 stated value Preferred shares. Each Fund's Preferred shares are issued in one or more Series. The dividend rate 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 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)
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 (NAC)	CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)	CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH)	INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL)
Number of shares:				
Series M	--	2,200	3,740	--
Series T	--	--	--	2,360
Series TH	3,500	--	3,740	--
Series F	3,500	2,200	--	2,360
Total	7,000	4,400	7,480	4,720

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

Effective May 17, 2002, Insured California Dividend Advantage (NKL) issued 2,360 Series T and 2,360 Series F, $25,000 stated value Preferred shares.

Insurance
Insured California Premium Income (NPC), Insured California Premium Income 2 (NCL) and Insured California Dividend Advantage (NKL) invest in municipal securities which are either covered by insurance or are backed by an escrow or trust account containing sufficient U.S. Government or U.S. Government agency securities, both of which ensure the timely payment of principal and interest. Each insured municipal security is covered by Original Issue Insurance, Secondary Market Insurance or Portfolio Insurance. Such insurance does not guarantee the market value of the municipal securities or the value of the Funds' shares. Original Issue Insurance and Secondary Market Insurance remain in effect as long as the municipal securities covered thereby remain outstanding and the insurer remains in business, regardless of whether the Funds ultimately dispose of such municipal securities. Consequently, the market value of the municipal securities covered by Original Issue Insurance or Secondary Market Insurance may reflect value attributable to the insurance. Portfolio Insurance is effective only while the municipal securities are held by the Funds. Accordingly, neither the prices used in determining the market value of the underlying municipal securities nor the net asset value of the Funds' shares include value, if any, attributable to the Portfolio Insurance. Each policy of the Portfolio Insurance does, however, give the Funds the right to obtain permanent insurance with respect to the municipal security covered by the Portfolio Insurance policy at the time of its sale.

Derivative Financial Instruments
The Funds may invest in transactions in certain derivative financial instruments including futures, forward, swap and option contracts, and other financial instruments with similar characteristics. Although the Funds are authorized to invest in such financial instruments, and may do so in the future, they did not make any such investments during the period ended August 31, 2002.

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

Offering Costs
Nuveen Investments has agreed to pay all offering costs (other than the sales load) that exceed $.03 per Common share for California Dividend Advantage 2 (NVX), California Dividend Advantage 3 (NZH) and Insured California Dividend Advantage (NKL). California Dividend Advantage 2's (NVX), California Dividend Advantage 3's (NZH) and Insured California Dividend Advantage's (NKL) share of offering costs ($423,743, $723,000 and $457,500, respectively) were recorded as a reduction of the proceeds from the sale of Common shares.

Costs incurred by California Dividend Advantage 2 (NVX), California Dividend Advantage 3 (NZH) and Insured California Dividend Advantage (NKL) in connection with their offering of Preferred shares ($1,296,000, $2,129,850 and $1,363,188, 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.

Change in Accounting Policy

As required, effective September 1, 2001, the following Funds have adopted the provisions of the new AICPA Audit and Accounting Guide for Investment Companies and began accreting taxable market discount on debt securities. Prior to September 1, 2001, the Funds did not accrete taxable market discount on debt securities until they were sold. The cumulative effect of this accounting change had no impact on the total net assets applicable to Common shares or the Common share net asset values of the Funds, but resulted in an increase in the cost of securities and a corresponding decrease in net unrealized appreciation based on securities held by the Funds on September 1, 2001, as follows:

INSURED CALIFORNIA PREMIUM INCOME (NPC)	INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)	CALIFORNIA PREMIUM INCOME (NCU)	CALIFORNIA DIVIDEND ADVANTAGE (NAC)	CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)
$893,472	$87,380	$102,039	$--	$6,523

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

The net effect of this change for the fiscal year ended August 31, 2002, was to increase investment income with a corresponding decrease in net unrealized appreciation as follows:

INSURED CALIFORNIA PREMIUM INCOME (NPC)	INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)	CALIFORNIA PREMIUM INCOME (NCU)	CALIFORNIA DIVIDEND ADVANTAGE (NAC)	CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)
$99,557	$12,216	$13,593	$--	$16,009

Notes to
Financial Statements (continued)

Classification and Measurement of Redeemable Securities
The Funds have adopted the classification requirement of EITF D-98, Classification and Measurement of Redeemable Securities. EITF D-98 requires that Preferred shares, at liquidation value, be presented separately in the Statement of Assets and Liabilities. Accordingly, certain reclassifications have been made to the financial statements and financial highlights for all prior periods presented. The adoption of EITF D-98 had no impact on the Funds' Common share net asset values.

2. FUND SHARES

Transactions in Common and Preferred shares were as follows:

INSURED CALIFORNIA PREMIUM INCOME (NPC)	INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)	CALIFORN PREMIUM INCOM

	YEAR ENDED 8/31/02	YEAR ENDED 8/31/01	YEAR ENDED 8/31/02	YEAR ENDED 8/31/01	YEAR ENDED 8/31/02	Y
Common shares:						
Shares sold	--	--	--	--	--	
Shares issued to shareholders due to reinvestment of distributions	13,079	--	22,774	3,745	2,696	
	13,079	--	22,774	3,745	2,696	
Preferred shares sold	--	--	--	--	--	

	CALIFORNIA DIVIDEND ADVANTAGE (NAC)		CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)		CALIFORNIA D ADVANTAGE 3	
	YEAR ENDED 8/31/02	YEAR ENDED 8/31/01	YEAR ENDED 8/31/02	FOR THE PERIOD 3/27/01 (COMMENCEMENT OF OPERATIONS) THROUGH 8/31/01	F PERIO (COM OF OP T 8	
Common shares:						
Shares sold	--	--	--	14,780,000	24	
Shares issued to shareholders due to reinvestment of distributions	5,665	3,990	3,644	16		
	5,665	3,990	3,644	14,780,016	24	
Preferred shares sold	--	--	--	4,400		

	INSURE ADVANTAGE (F PERIO (COM OF OP T 8
Common shares:	
Shares sold	15
Shares issued to shareholders due to reinvestment of distributions	
	15
Preferred shares sold	

3. SUBSEQUENT EVENT - DISTRIBUTIONS TO COMMON SHAREHOLDERS

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

	INSURED CALIFORNIA PREMIUM INCOME (NPC)	INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)	CALIFORNIA PREMIUM INCOME (NCU)
Dividend per share	$.0735	$.0725	$.0715

	CALIFORNIA DIVIDEND ADVANTAGE (NAC)	CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)	CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH)	INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL)
Dividend per share	$.0755	$.0740	$.0720	$.0760

4. SECURITIES TRANSACTIONS

Purchases and sales (including maturities) of investments in long-term municipal securities and short-term securities during the fiscal year ended August 31, 2002, were as follows:

	INSURED CALIFORNIA PREMIUM INCOME (NPC)	INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)	CALIFORNIA PREMIUM INCOME (NCU)
Purchases:			
Long-term municipal securities	$43,979,020	$20,086,665	$12,537,322
Short-term securities	5,000,000	2,100,000	5,130,000
Sales and maturities:			
Long-term municipal securities	43,680,995	18,076,382	11,922,585
Short-term securities	--	2,100,000	3,630,000

	CALIFORNIA DIVIDEND ADVANTAGE (NAC)	CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)	CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH)*	CA A
Purchases:				
Long-term municipal securities	$175,190,791	$102,810,054	$735,054,004	$363
Short-term securities	5,000,000	16,500,000	74,840,000	77
Sales and maturities:				

Long-term municipal securities	172,874,646	110,750,382	225,300,412	29
Short-term securities	5,100,000	7,000,000	66,840,000	77

* For the period September 25, 2001 (commencement of operations) through August 31, 2002.

** For the period March 27, 2002 (commencement of operations) through August 31, 2002.

Notes to
Financial Statements (continued)

5. INCOME TAX INFORMATION

The following information is presented on an income tax basis as of August 31, 2002. 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.

	INSURED CALIFORNIA PREMIUM INCOME (NPC)	INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)	CALIFORNIA PREMIUM INCOME (NCU)
Cost of Investments	$138,529,134	$261,195,722	$119,553,077

	CALIFORNIA DIVIDEND ADVANTAGE (NAC)	CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)	CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH)	INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL)
Cost of Investments	$500,216,112	$317,126,975	$511,339,552	$334,707,539

	INSURED CALIFORNIA PREMIUM INCOME (NPC)	INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)	CALIFORNIA PREMIUM INCOME (NCU)
Gross unrealized:			
appreciation	$13,266,953	$22,283,644	$6,755,807
depreciation	--	--	(387,361)
Net unrealized appreciation on investments	$13,266,953	$22,283,644	$6,368,446

	CALIFORNIA DIVIDEND ADVANTAGE (NAC)	CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)	CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH)	INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL)
Gross unrealized:				
appreciation	$25,121,189	$12,223,277	$8,884,530	$13,672,712
depreciation	(285,592)	(4,511,695)	(223,702)	--
Net unrealized appreciation on investments	$24,835,597	$ 7,711,582	$8,660,828	$13,672,712

The tax components of undistributed net investment income and net realized gains at August 31, 2002, were as follows:

	INSURED CALIFORNIA PREMIUM INCOME (NPC)	INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)	CA
Undistributed tax-exempt income	$1,393,182	$2,577,506	$1
Undistributed ordinary income *	459,740	--	
Undistributed net long-term capital gains	334,001	--	

	CALIFORNIA DIVIDEND ADVANTAGE (NAC)	CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)	CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH)	CA A
Undistributed tax-exempt income	$4,585,890	$2,298,682	$2,477,722	$1
Undistributed ordinary income *	--	--	--	
Undistributed net long-term capital gains	--	--	--	

The tax character of distributions paid during the period ended August 31, 2002, were designated for purposes of the dividends paid deduction as follows:

	INSURED CALIFORNIA PREMIUM INCOME (NPC)	INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)	CA

Distributions from tax-exempt income			$6,096,991	$11,644,088	$5
Distributions from ordinary income *			--	--	
Distributions from net long-term capital gains			--	--	

	CALIFORNIA DIVIDEND ADVANTAGE (NAC)	CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)	CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH)	CA A
Distributions from tax-exempt income	$22,478,680	$14,436,589	$17,562,240	$3
Distributions from ordinary income *	--	--	--	
Distributions from net long-term capital gains	--	--	--	

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

At August 31, 2002, the following Funds had unused capital loss carryforwards available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire as follows:

	INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)	CALIFORNIA PREMIUM INCOME (NCU)	CALIFORNIA DIVIDEND ADVANTAGE (NAC)	CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)
Expiration year:				
2003	$ 323,810	$ 329,551	$ --	$ --
2004	4,345,091	2,742,449	--	--
2005	1,283,948	1,049,994	--	--
2006	--	--	--	--
2007	--	--	--	--
2008	--	--	--	--
2009	2,185,870	--	3,589,485	--
2010	440,509	--	--	253,790
Total	$8,579,228	$4,121,994	$3,589,485	$253,790

California Dividend Advantage 3 (NZH) has elected to defer net realized losses from investments incurred from November 1, 2001 through August 31, 2002 ("post-October losses") in accordance with Federal income tax regulations. The post-October losses of $6,468,859 are treated as having arisen in the following year.

6. MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

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

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

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

* From the commencement of operations.

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

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

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

* From the commencement of operations.

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

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

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

* From the commencement of operations.

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

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

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

* From the commencement of operations.

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

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Funds pay no compensation directly to those of its Directors/Trustees who are affiliated with the Adviser or to their officers, all of whom receive remuneration for their services to the Funds from the Adviser.

Financial Highlights

Selected data for a Common share outstanding throughout each period:

		Investment Operations				
	Beginning Common Share Net Asset Value	Net Investment Income	Net Realized/ Unrealized Investment Gain (Loss)	Distributions from and in Excess of Net Investment Income to Preferred Share-holders+	Distributions from Capital Gains to Preferred Share-holders+	Total
INSURED CALIFORNIA PREMIUM INCOME (NPC)						
Year Ended 8/31:						
2002(a)	$16.04	$1.05	$ .03	$(.09)	$--	$ .99
2001	15.08	1.04	.99	(.21)	--	1.82
2000	14.81	1.09	.30	(.24)	--	1.15
1999	16.31	1.09	(1.56)	(.20)	--	(.67)
1998	15.39	1.03	.92	(.22)	--	1.73
INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)						
Year Ended 8/31:						
2002(a)	15.01	1.02	(.02)	(.10)	--	.90
2001	14.09	1.01	.91	(.22)	--	1.70
2000	13.70	1.02	.41	(.24)	--	1.19
1999	14.82	1.01	(1.14)	(.21)	--	(.34)
1998	14.06	.98	.77	(.24)	--	1.51
CALIFORNIA PREMIUM INCOME (NCU)						
Year Ended 8/31:						
2002(a)	14.22	.99	.13	(.10)	--	1.02
2001	13.34	1.00	.90	(.23)	--	1.67
2000	13.19	1.03	.14	(.23)	--	.94
1999	14.30	1.00	(1.13)	(.21)	--	(.34)
1998	13.60	.98	.70	(.24)	--	1.44

				Total Returns	
	Offering Costs and Preferred Share Underwriting Discounts	Ending Common Share Net Asset Value	Ending Market Value	Based on Market Value**	Based on Common Share Net Asset Value**
INSURED CALIFORNIA PREMIUM INCOME (NPC)					
Year Ended 8/31:					
2002(a)	$--	$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)
1998	--	16.31	15.9375	15.85	11.51
INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)					
Year Ended 8/31:					
2002(a)	--	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)
1998	--	14.82	14.8125	15.70	10.95
CALIFORNIA PREMIUM INCOME (NCU)					
Year Ended 8/31:					
2002(a)	--	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)
1998	--	14.30	14.0000	12.54	10.83

	Ratios/Supplemental Data				
	Before Credit/ Reimbursement		After Credit/ Reimbursement***		
Ending Net Assets Applicable to Common Shares (000)	Ratio of Expenses to Average Net Assets Applicable to Common Shares++	Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++	Ratio of Expenses to Average Net Assets Applicable to Common Shares++	Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++	Port Turn Rate

INSURED CALIFORNIA PREMIUM INCOME (NPC)						
Year Ended 8/31:						
2002(a)	$104,137	1.21%	6.65%	1.19%	6.66%	30%
2001	103,068	1.22	6.77	1.21	6.79	21
2000	96,903	1.25	7.65	1.24	7.66	27
1999	95,091	1.22	6.81	1.22	6.82	50
1998	104,478	1.22	6.49	1.22	6.49	2
INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)						
Year Ended 8/31:						
2002(a)	190,870	1.23	6.83	1.22	6.84	6
2001	189,633	1.24	7.01	1.24	7.02	18
2000	177,977	1.28	7.65	1.26	7.66	26
1999	172,833	1.24	6.86	1.24	6.86	35
1998	186,399	1.25	6.79	1.25	6.79	13
CALIFORNIA PREMIUM INCOME (NCU)						
Year Ended 8/31:						
2002(a)	83,249	1.27	7.07	1.26	7.08	10
2001	82,067	1.32	7.36	1.30	7.38	18
2000	76,878	1.38	8.09	1.36	8.10	19
1999	75,877	1.30	7.08	1.30	7.08	36
1998	82,066	1.32	7.02	1.32	7.02	21

	Municipal Auction Rate Cumulative Preferred Stock at End of Period		
	Aggregate Amount Outstanding (000)	Liquidation and Market Value Per Share	Asset Coverage Per Share
INSURED CALIFORNIA PREMIUM INCOME (NPC)			
Year Ended 8/31:			
2002(a)	$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
1998	45,000	25,000	83,043
INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)			
Year Ended 8/31:			
2002(a)	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
1998	95,000	25,000	74,052
CALIFORNIA PREMIUM			

INCOME (NCU)			
Year Ended 8/31:			
2002(a)	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
1998	43,000	25,000	72,713

* 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) As required, effective September 1, 2001, the Funds have adopted the provisions of the new AICPA Audit and Accounting Guide for Investment Companies and began accreting taxable market discount on debt securities. The effect of this change for the fiscal year ended August 31, 2002, was to increase net investment income per share with a corresponding decrease in net realized/unrealized investment gain (loss) per share and increase each ratio of net investment income to average net assets applicable to Common Shares as follows:

	INSURED CALIFORNIA PREMIUM INCOME (NPC)	INSURED CALIFORNIA PREMIUM INCOME 2 (NCL)	CALIFORNIA PREMIUM INCOME (NCU)
2002 per share impact ($)	.02	--	--
2002 income ratio impact (%)	.10	.01	.02

The Financial Highlights for the prior periods have not been restated to reflect this change in presentation.

See accompanying notes to financial statements.

60-61 spread

Financial Highlights (continued)
Selected data for a Common share outstanding throughout each period:

	Investment Operations					
	Beginning Common Share Net Asset Value	Net Investment Income	Net Realized/ Unrealized Investment Gain (Loss)	Distributions from and in Excess of Net Investment Income to Preferred Share-holders+	Distributions from Capital Gains to Preferred Share-holders+	Total
CALIFORNIA DIVIDEND ADVANTAGE (NAC)						
Year Ended 8/31:						
2002(e)	$15.13	$1.07	$ --	$(.10)	$--	$ .97
2001	13.82	1.07	1.28	(.23)	--	2.12
2000	13.33	1.07	.52	(.26)	--	1.33
1999(a)	14.33	.20	(.92)	(.03)	--	(.75)
CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)						
Year Ended 8/31:						
2002(e)	15.11	1.06	(.40)	(.11)	--	.55
2001(b)	14.33	.34	.90	(.05)	--	1.19
CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH)						
Year Ended 8/31:						
2002(c)	14.33	.83	.09	(.08)	--	.84
INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL)						
Year Ended 8/31:						
2002(d)	14.33	.34	.92	(.03)	--	1.23

				Total Returns	
	Offering Costs and Preferred Share Underwriting Discounts	Ending Common Share Net Asset Value	Ending Market Value	Based on Market Value**	Based on Common Share Net Asset Value**
CALIFORNIA DIVIDEND ADVANTAGE (NAC)					
Year Ended 8/31:					
2002(e)	$--	$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:					
2002(e)	--	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:					
2002(c)	(.12)	14.33	14.0000	(1.68)	5.32
INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL)					
Year Ended 8/31:					
2002(d)	(.12)	15.14	15.0000	2.05	7.84

	Ratios/Supplemental Data					
		Before Credit/ Reimbursement		After Credit/ Reimbursement***		
	Ending Net Assets Applicable to Common Shares (000)	Ratio of Expenses to Average Net Assets Applicable to Common Shares++	Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++	Ratio of Expenses to Average Net Assets Applicable to Common Shares++	Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++	Port Turn Rate
CALIFORNIA DIVIDEND ADVANTAGE (NAC)						
Year Ended 8/31:						
2002(e)	$356,821	1.18%	6.76%	.72%	7.22%	33%
2001	354,197	1.19	7.03	.72	7.50	17
2000	323,326	1.24	7.93	.75	8.43	25
1999(a)	311,367	.93*	5.06*	.55*	5.45*	8
CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)						
Year Ended 8/31:						
2002(e)	218,814	1.19	6.82	.73	7.28	32
2001(b)	223,440	1.05*	5.23*	.62*	5.65*	40
CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH)						
Year Ended 8/31:						
2002(c)	345,470	1.15*	6.01*	.69*	6.47*	49
INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL)						

Year Ended 8/31:						
2002(d)	231,062	1.10*	4.98*	.60*	5.47*	12

	Municipal Auction Rate Cumulative Preferred Stock at End of Period		
	Aggregate Amount Outstanding (000)	Liquidation and Market Value Per Share	Asset Coverage Per Share
CALIFORNIA DIVIDEND ADVANTAGE (NAC)			
Year Ended 8/31:			
2002(e)	$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:			
2002(e)	110,000	25,000	74,731
2001(b)	110,000	25,000	75,782
CALIFORNIA DIVIDEND ADVANTAGE 3 (NZH)			
Year Ended 8/31:			
2002(c)	187,000	25,000	71,186
INSURED CALIFORNIA DIVIDEND ADVANTAGE (NKL)			
Year Ended 8/31:			
2002(d)	118,000	25,000	73,954

* 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) As required, effective September 1, 2001, the Funds have adopted the provisions of the new AICPA Audit and Accounting Guide for Investment Companies and began accreting taxable market discount on debt securities. The effect of this change for the fiscal year ended August 31, 2002, was to increase net investment income per share with a corresponding decrease in net realized/unrealized investment gain (loss) per share and increase each ratio of net investment income to average net assets applicable to Common Shares as follows:

	CALIFORNIA DIVIDEND ADVANTAGE (NAC)	CALIFORNIA DIVIDEND ADVANTAGE 2 (NVX)
2002 per share impact ($)	--	--
2002 income ratio impact (%)	--	.01

The Financial Highlights for the prior periods have not been restated to reflect this change in presentation.

See accompanying notes to financial statements.

62-63 spread

Directors/Trustees
and Officers

The management of the Funds, including general supervision of the duties performed for the Funds under the Management Agreement, is the responsibility of the Board of Directors/Trustees of the Funds. The number of directors/trustees of the Funds is currently set at seven, one of whom is an "interested person" (as the term is defined in the Investment Company Act of 1940) and six of whom are not interested persons. None of the directors/trustees who are not interested persons of the Funds have ever been a director 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.

NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUND	YEAR FIRST ELECTED OR APPOINTED AND TERM OF OFFICE (a)	PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS
DIRECTOR/TRUSTEE WHO IS AN INTERESTED PERSON OF THE FUNDS:			

TIMOTHY R. SCHWERTFEGER (1) 3/28/1949 333 W. Wacker Drive Chicago, IL 60606	Chairman of the Board, President and Director/ Trustee	1994 Term: one year (2)	Chairman and Director (since 1996 Nuveen Company, Nuveen Investment Advisory Corp. and Nuveen Institu Corp.; Chairman and Director (sin Nuveen Asset Management Inc.; Dir 1996) of Institutional Capital Co Chairman and Director (since 1999 Financial Services Inc.; Chief Ex (since 1999) of Nuveen Senior Loa Management Inc.

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

ROBERT P. BREMNER 8/22/1940 333 W. Wacker Drive Chicago, IL 60606	Director/Trustee	1997 Term: one year (2)	Private Investor and Management C
LAWRENCE H. BROWN 7/29/1934 333 W. Wacker Drive Chicago, IL 60606	Director/Trustee	1993 Term: one year (2)	Retired (1989) as Senior Vice Pre Northern Trust Company.
ANNE E. IMPELLIZZERI 1/26/1933 333 W. Wacker Drive Chicago, IL 60606	Director/Trustee	1994 Term: one year (2)	Retired (2002); formerly, Executi (since 1998) of Manitoga (Center Wright's Design with Nature); pri President and Chief Executive Off Blanton-Peale Institutes of Relig prior thereto, Vice President, Me Insurance Co.
PETER R. SAWERS 4/3/1933 333 W. Wacker Drive Chicago, IL 60606	Director/Trustee	1992 Term: one year (2)	Adjunct Professor of Business and University of Dubuque, Iowa; Dire Service Corps of Chicago (not-for Hadley School for the Blind (not- formerly (1991-2000) Adjunct Prof Graduate School of Management, La Illinois; prior thereto, Executiv Towers Perrin Australia, a manage firm; Chartered Financial Analyst Management Consultant.

NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUND	YEAR FIRST ELECTED OR APPOINTED AND TERM OF OFFICE (a)	PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS

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

WILLIAM J. SCHNEIDER	Director/Trustee	1997	Senior Partner and Chief Operatin

9/24/1944 333 W. Wacker Drive Chicago, IL 60606		Term: one year (2)	Miller-Valentine Group, Vice Pres Miller-Valentine Realty, a constr Chair, Miami Valley Hospital; Vic Development Coalition; formerly, Community Advisory Board, Nationa Dayton, Ohio; and Business Adviso Cleveland Federal Reserve Bank.
JUDITH M. STOCKDALE 12/29/1947 333 W. Wacker Drive Chicago, IL 60606	Director/Trustee	1997 Term: one year (2)	Executive Director, Gaylord and D Donnelley Foundation (since 1994) thereto, Executive Director, Grea Protection Fund (from 1990 to 199

NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUND	YEAR FIRST ELECTED OR APPOINTED (b)	PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS
OFFICERS OF THE FUNDS:			
MICHAEL T. ATKINSON 2/3/1966 333 W. Wacker Drive Chicago, IL 60606	Vice President	2002	Vice President (since January 200 Assistant Vice President (since 2 Associate of Nuveen Investments.
PAUL L. BRENNAN 11/10/1966 333 W. Wacker Drive Chicago, IL 60606	Vice President	2002	Vice President (since January 200 Assistant Vice President of Nuvee Advisory Corp.
PETER H. D'ARRIGO 11/28/1967 333 W. Wacker Drive Chicago, IL 60606	Vice President and Treasurer	1999	Vice President of Nuveen Investme 1999), prior thereto, Assistant V (from 1997); Vice President and T 1999) of Nuveen Senior Loan Asset Inc.; Chartered Financial Analyst
SUSAN M. DESANTO 9/8/1954 333 W. Wacker Drive Chicago, IL 60606	Vice President	2001	Vice President of Nuveen Advisory 2001); previously, Vice President Investment Advisory Corp. (since thereto, Assistant Vice President Investment Advisory Corp.
JESSICA R. DROEGER 9/24/1964 333 W. Wacker Drive Chicago, IL 60606	Vice President	2002	Vice President (since January 200 General Counsel and Assistant Sec 1998), formerly Assistant Vice Pr Investments; Vice President (sinc and Assistant Secretary (since 19 Assistant Vice President of Nuvee and Nuveen Institutional Advisory thereto, Associate at the law fir Partners LLC.

Directors/Trustees
and Officers (continued)

NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUND	YEAR FIRST ELECTED OR APPOINTED (b)	PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS
OFFICERS OF THE FUNDS (CONTINUED):			
LORNA C. FERGUSON 10/24/1945 333 W. Wacker Drive Chicago, IL 60606	Vice President	1998	Vice President of Nuveen Investme President (since 1998) of Nuveen and Nuveen Institutional Advisory
WILLIAM M. FITZGERALD 3/2/1964 333 W. Wacker Drive Chicago, IL 60606	Vice President	1995	Managing Director (since January Investments; Managing Director of Corp. and Nuveen Institutional Ad 2001); prior thereto, Vice Presid Advisory Corp.; Chartered Financi
STEPHEN D. FOY 5/31/1954 333 W. Wacker Drive Chicago, IL 60606	Vice President and Controller	1998	Vice President of Nuveen Investme (since 1998) The John Nuveen Comp President (since 1999) of Nuveen Asset Management Inc.; Certified Accountant.
J. THOMAS FUTRELL 7/5/1955 333 W. Wacker Drive Chicago, IL 60606	Vice President	1992	Vice President of Nuveen Advisory Chartered Financial Analyst.
RICHARD A. HUBER 3/26/1963 333 W. Wacker Drive Chicago, IL 60606	Vice President	1997	Vice President of Nuveen Institut Corp. (since 1998) and Nuveen Adv
STEVEN J. KRUPA 8/21/1957 333 W. Wacker Drive Chicago, IL 60606	Vice President	1992	Vice President of Nuveen Advisory
DAVID J. LAMB 3/22/1963 333 W. Wacker Drive Chicago, IL 60606	Vice President	2000	Vice President (since 2000) of Nu previously Assistant Vice Preside prior thereto, Associate of Nuvee Certified Public Accountant.
TINA M. LAZAR	Vice President	2002	Vice President (since 1999), prev

8/27/1961 333 W. Wacker Drive Chicago, IL 60606			Assistant Vice President (since 1 Nuveen Investments.
LARRY W. MARTIN 7/27/1951 333 W. Wacker Drive Chicago, IL 60606	Vice President and Assistant Secretary	1992	Vice President, Assistant Secreta Assistant General Counsel of Nuve Investments; Vice President and A Secretary of Nuveen Advisory Corp Institutional Advisory Corp.; Vic Assistant Secretary of The John N Company and Nuveen Asset Manageme Vice President and Assistant Secr of Nuveen Senior Loan Asset Manag

NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUND	YEAR FIRST ELECTED OR APPOINTED (b)	PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS
OFFICERS OF THE FUNDS (CONTINUED):			
EDWARD F. NEILD, IV 7/7/1965 333 W. Wacker Drive Chicago, IL 60606	Vice President	1996	Managing Director (since January Investments; Managing Director (s Nuveen Advisory Corp. and Nuveen Advisory Corp.; Chartered Financi
THOMAS J. O'SHAUGHNESSY 9/4/1960 333 W. Wacker Drive Chicago, IL 60606	Vice President	2002	Vice President (since January 200 Assistant Vice President (since 1 Advisory Corp.; prior thereto, Po
THOMAS C. SPALDING 7/31/1951 333 W. Wacker Drive Chicago, IL 60606	Vice President	1992	Vice President of Nuveen Advisory Nuveen Institutional Advisory Cor Financial Analyst.
GIFFORD R. ZIMMERMAN 9/9/1956 333 W. Wacker Drive Chicago, IL 60606	Vice President and Secretary	1992	Managing Director (since January Vice President), Assistant Secret General Counsel (formerly Assista of Nuveen Investments; Managing D January 2002, formerly Vice Presi Assistant Secretary of Nuveen Adv Nuveen Institutional Advisory Cor and Assistant Secretary of The Jo Company; Managing Director (since formerly Vice President) and Assi (since 1999) of Nuveen Senior Loa Management Inc.; Chartered Financ

(a) Year First Elected or Appointed is the year presented or each Fund's respective inception date if later.

(b) Year First Elected or Appointed is the year presented or each Fund's respective inception date if later. Officers serve one year terms through July of each year.

(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 director of Nuveen Advisory Corp.

(2) Directors/Trustees are elected each year by shareholders and serve a one year term until his/her successor is elected.

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.

Fund
Information

BOARD OF DIRECTORS/TRUSTEES
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
Nuveen Investments
P.O.Box 43071
Providence, RI 02940-3071
(800) 257-8787

LEGAL COUNSEL
Morgan, Lewis &
Bockius LLP
Washington, D.C.

INDEPENDENT AUDITORS
Ernst & Young LLP
Chicago, IL

Each Fund intends to repurchase shares of its own common or preferred stock in the future at such times and in such amounts as is deemed advisable. No shares were repurchased during the period ended August 31, 2002. Any future repurchases

will be reported to shareholders in the next annual or semiannual report.

Serving Investors
for Generations

Photo of: John Nuveen, Sr.

For over a century, generations of Americans have relied on Nuveen Investments to help them grow and keep the money they've earned. Financial advisors, investors and their families have associated Nuveen Investments with quality, expertise and dependability since 1898. That is why financial advisors have entrusted the assets of more than 1.3 million investors to Nuveen.

With the know-how that comes from a century of experience, Nuveen continues to build upon its reputation for quality. Now, financial advisors and investors can count on Nuveen Investments to help them design customized solutions that meet the far-reaching financial goals unique to family wealth strategies - solutions that can translate into legacies.

To find out more about how Nuveen Investments' products and services can help you preserve your financial security, talk with your financial advisor, or call us at (800) 257-8787 for more information, including a prospectus where applicable. Please read that information carefully before you invest.

Logo: NUVEEN Investments

Nuveen Investments o 333 West Wacker Drive
Chicago, IL 60606 o www.nuveen.com EAN-B-0802