NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2
Form N-CSR
May 06, 2010

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-10197

Nuveen California Dividend Advantage Municipal Fund 2

(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

Kevin J. McCarthy
Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Name and address of agent for service)

Registrant's telephone number, including area code: (312) 917-7700

Date of fiscal year end: February 28

Date of reporting period: February 28, 2010

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

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

ITEM 1. REPORTS TO STOCKHOLDERS.

[LOGO]
NUVEEN
INVESTMENTS

Closed-End Funds

Nuveen Investments
Municipal Closed-End Funds

IT'S NOT WHAT YOU EARN, IT'S WHAT YOU KEEP.(R)

Annual Report
February 28, 2010

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 CALIFO DIVIDEND ADVA MUNICIPAL FUN NAC
NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2 NVX	NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 3 NZH	NUVEEN INSURED CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND NKL	NUVEEN INSURE TAX-FREE ADVA MUNICIPAL FUN NKX

FEBRUARY

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[LOGO]
NUVEEN
INVESTMENTS

Chairman's
Letter to Shareholders

[PHOTO OF ROBERT P. BREMNER]

DEAR SHAREHOLDER,

The economic environment in which your Fund operates reflects continuing but uneven economic recovery. The U.S. and other major industrial countries are experiencing steady but comparatively low levels of economic growth, while emerging market countries are seeing a resumption of relatively strong economic expansion. The largest source of economic uncertainty is the potential impact of steps being considered by many governments to counteract the extraordinary governmental spending and credit expansion carried out to deal with the financial and economic crisis of 2008. Consequently, the implications for future tax rates, government spending, interest rates and the pace of economic recovery in the U.S. and other leading economies are extremely difficult to predict at the present time. The long term health of the global economy depends on restoring some measure of fiscal discipline around the world, but since all of the corrective steps require economic pain, it is not surprising that governments are reluctant to undertake them.

In the near term, governments remain committed to furthering economic recovery and realizing a meaningful reduction in their national unemployment rates. Such an environment should produce continued economic growth and, consequently, attractive investment opportunities. Over the longer term, the larger uncertainty mentioned earlier carries the risk of unexpected potholes in the road to sustained recovery. For this reason, Nuveen's investment management teams are working hard to balance return and risk by building well-diversified portfolios, among other strategies. I encourage you to read the following commentary on the management of your Fund. As always, I also encourage you to contact your financial consultant if you have any questions about your Nuveen Fund investment.

Over the last twelve months, the Nuveen leveraged municipal closed-end funds continued to make progress in refinancing their auction rate preferred shares (ARPS). By the fall of 2009, all of the Nuveen taxable closed-end Funds had completed redemption of their ARPS at par value. As of March 31, 2010, approximately 40% of the municipal ARPS issued by the Nuveen Funds also had been redeemed. Please consult the Nuveen web site for the most recent information on this issue and all recent developments on your Nuveen Funds at: www.nuveen.com.

On behalf of the other members of your Fund's Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,
/s/ Robert P. Bremner

Robert P. Bremner
Chairman of the Board
April 19, 2010

Portfolio Manager's Comments

Nuveen Insured California Premium Income Municipal Fund, Inc. (NPC)
Nuveen Insured California Premium Income Municipal Fund 2, Inc. (NCL)
Nuveen California Premium Income Municipal Fund (NCU)
Nuveen California Dividend Advantage Municipal Fund (NAC)
Nuveen California Dividend Advantage Municipal Fund 2 (NVX)
Nuveen California Dividend Advantage Municipal Fund 3 (NZH)
Nuveen Insured California Dividend Advantage Municipal Fund (NKL)
Nuveen Insured California Tax-Free Advantage Municipal Fund (NKX)

PORTFOLIO MANAGER SCOTT ROMANS REVIEWS ECONOMIC AND MUNICIPAL MARKET CONDITIONS AT BOTH THE NATIONAL AND STATE LEVELS, KEY INVESTMENT STRATEGIES, AND THE TWELVE-MONTH PERFORMANCE OF THE NUVEEN CALIFORNIA MUNICIPAL FUNDS. SCOTT, WHO JOINED NUVEEN IN 2000, HAS MANAGED NCU, NAC, NVX, NZH, NKL AND NKX SINCE 2003. HE ASSUMED PORTFOLIO MANAGEMENT RESPONSIBILITY FOR NPC AND NCL IN 2005.

WHAT FACTORS AFFECTED THE U.S. ECONOMIC AND MUNICIPAL MARKET ENVIRONMENTS DURING THE TWELVE-MONTH REPORTING PERIOD ENDED FEBRUARY 28, 2010?

During this reporting period, municipal bond prices generally rose as strong cash flows into municipal bond funds combined with tighter supply of new tax-exempt issuance to provide favorable supply and demand conditions. As the period began, there continued to be considerable downward pressure on the economy, and both the Federal Reserve (Fed) and the federal government continued their efforts to improve overall economic conditions. The Fed kept the benchmark fed funds rate in a target range of zero to 0.25% after cutting it to its record low level in December 2008. In February 2009, the federal government passed a $787 billion economic stimulus package. At its meeting in March 2010 (after the close of this reporting period), the Fed pledged to keep the fed funds rate "exceptionally low" for an "extended period."

In recent months, these and other measures taken by the Fed and the government to ease the economic recession have produced some incipient signs of improvement. In the fourth quarter of 2009, the U.S. gross domestic product (GDP), grew at an annualized rate of 5.6%, the fastest pace in six years. This was the second quarter in a row that the economy posted positive growth, following four quarters of contraction. Housing prices also provided a bright spot between May 2009 and January 2010 by recording nine consecutive months of positive returns (on a seasonally adjusted basis) after three years of decline. At the same time, inflation remained relatively tame, as the Consumer Price Index (CPI) rose 2.1%. The core CPI (which excludes food and energy) rose 1.3% over the year, within the Fed's unofficial objective of 2.0% or lower for this measure. Since the recession began in December 2007, the U.S. economy has lost a total of 8.4

CERTAIN STATEMENTS IN THIS REPORT ARE FORWARD-LOOKING STATEMENTS. DISCUSSIONS OF SPECIFIC INVESTMENTS ARE FOR ILLUSTRATION ONLY AND ARE NOT INTENDED AS RECOMMENDATIONS OF INDIVIDUAL INVESTMENTS. THE FORWARD-LOOKING STATEMENTS AND OTHER VIEWS EXPRESSED HEREIN ARE THOSE OF THE PORTFOLIO MANAGER AS OF THE DATE OF THIS REPORT. ACTUAL FUTURE RESULTS OR OCCURRENCES MAY DIFFER SIGNIFICANTLY FROM THOSE ANTICIPATED IN ANY FORWARD-LOOKING STATEMENTS AND THE VIEWS EXPRESSED HEREIN ARE SUBJECT TO CHANGE AT ANY TIME, DUE TO NUMEROUS MARKET AND OTHER FACTORS. THE FUNDS DISCLAIM ANY OBLIGATION TO UPDATE PUBLICLY OR REVISE ANY FORWARD-LOOKING STATEMENTS OR VIEWS EXPRESSED HEREIN.

million jobs, the biggest decline since the Great Depression. While labor markets remained weak, recent months saw a slight improvement. As of February 2010, the national unemployment rate was 9.7%, up from 8.2% in February 2009 but down from the 26-year high of 10.1% in October 2009.

Municipal market conditions began to show general signs of improvement throughout most of the period. This trend was bolstered by the reduced supply of tax-exempt municipal debt in the marketplace, due in part to the introduction of the Build America Bond program in April 2009. Build America Bonds are a new class of taxable municipal debt created as part of the February 2009 economic stimulus package. These bonds currently offer municipal issuers a federal subsidy equal to 35% of the security's interest payments and therefore provide issuers with an attractive alternative to traditional tax-exempt debt. Between April 2009 and the end of this reporting period, taxable Build America Bonds issuance totaled $78.2 billion, accounting for 20% of new bonds issued in the municipal market during that time. Over the twelve months ended February 28, 2010, municipal bond issuance nationwide--both tax-exempt and taxable--totaled $423.1 billion, an increase of 7.3% compared with the twelve-month period ended February 28, 2009. Demand for tax-exempt bonds remained strong during this period and, combined with lower tax-exempt supply, provided support for municipal bond prices.

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

California continued to struggle to emerge from a deep recession, which was driven in part by the severe correction in the state's housing market. As of February 2010, California's unemployment rate had risen to 12.5%, up from 10.2% in February 2009. On the positive side, California's economy remained relatively diverse, and exports, which increased in recent months, continue to grow based on improving global demand, especially for the state's technology products. According to the Standard & Poor's (S&P)/Case-Shiller home price index of 20 major metropolitan areas, home prices in San Francisco, San Diego and Los Angeles rose 9.0%, 5.9%, and 3.9%, respectively, during the twelve months ended January 2010, compared with an average decline of 0.7% nationally. The increases in home value in these three cities contrasted sharply with their declines for the twelve months ended January 2009, which ranged from 25% to 32%.

During the summer of 2009, the state closed a gap in the fiscal 2009-2010 budget using an assortment of one-time measures, which led to the reappearance of the same kinds of deficit problems in the fiscal 2010-2011 budget. For the 2010-2011 budget, California faces a total shortfall of almost $20 billion. Plans called for closing that gap by cutting spending on health and human services, welfare, transportation, and environmental programs as well as by generating additional revenue through the rollback of recent corporate tax breaks and expansion of oil drilling off the Santa Barbara coast. In addition, the state proposed asking the federal government for increased funds to help cover costs for Medicaid, imprisoning illegal immigrants and implementing federal education mandates. After billions of dollars in cuts to school funding in California in recent years, spending for public schools and colleges, which accounted for $36 billion of expenditures in the 2010-2011 budget, would be protected under the current plan.

As of February 2010, Moody's, S&P and Fitch rated California general obligation (GOs) bonds at Baa1, A-, and BBB, respectively. These ratings reflected Moody's downgrades to A2 from A1 in March 2009 and to Baa1 from A2 in July 2009. In January 2010, S&P lowered California's GO rating to A- from A. Fitch, which had rated California GOs at A+ in February 2009, downgraded its rating three times during this period--in March, June and July 2009. All three rating agencies cited the state's severe fiscal imbalance and continued budgetary stress as reasons for the downgrades. For the twelve months ended February 28, 2010, municipal issuance in California totaled $74.0 billion, an increase of 42% from the previous twelve months. California remained the largest state issuer in the nation, representing approximately 17.5% of total issuance nationwide for the twelve months ended February 2010.

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

As previously mentioned, the availability of new tax-exempt bonds declined during this period, due in part to the introduction of taxable Build America Bonds in April 2009. Although total municipal issuance--including tax-exempt as well as taxable issuance--was up substantially in California for the twelve months ended February 28, 2010, Build America Bonds accounted for more than 83% of the increase. With $18.3 billion in Build America Bonds issued in the state during this period, California ranked as the largest user of these bonds among the 50 states. Since interest payments from Build America Bonds represent taxable income, we do not view these bonds as good investment opportunities for the tax-exempt California Funds.

For the insured California Funds, this situation was compounded by the severe decline in the issuance of AAA rated insured bonds. Over the past twelve months, new insured securities accounted for approximately 8% of national issuance, compared with about 18% during the same period a year earlier and historical levels of approximately 50%.

Given the constrained supply, we continued to find attractive value opportunities, taking a bottom-up approach to discovering undervalued sectors and individual credits with the potential to perform well over the long term. During this period, the California Funds purchased health care, health care district and public utilities bonds. Tax-exempt supply was usually more plentiful in the health care sector because hospitals generally do not qualify for the Build America Bond program and so must continue to issue bonds in the tax-exempt municipal market. In addition, health care entities in California were active issuers during this period, as they sought to replace variable rate issuance with fixed rates. Although we had previously de-emphasized bonds issued by the State of California due to their exposure to the state's economic problems, we believed that California GOs and public works bonds (backed by appropriation debt of the state) offered good value as credit spreads on these bonds widened. Many of the Funds took new positions in these state credits for the first time in a long while, especially during the last part of 2009. Some of the Funds also purchased local GOs for school districts, waste water bonds and--in the insured Funds--insured utilities credits. We also found attractive new issuances offering favorable structures and large coupons in the "dirt deal" (i.e., land-secured bonds that finance public infrastructure costs for new developments)

segment of the market, and we increased our exposure to certain issuers of these bonds that we already held in our portfolios.

Cash for new purchases during this period was generated largely by maturing or called bonds. In addition, the Funds took advantage of selected opportunities to sell a few pre-refunded and other bonds with very short maturities. In general, we tried to manage our purchase opportunities around anticipated cash flows.

As of February 28, 2010, all eight of these Funds continued to use inverse floating rate securities.(1) We employ inverse floaters as a form of leverage for a variety of reasons, including duration(2) management, income enhancement and total return enhancement.

HOW DID THE FUNDS PERFORM?

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

AVERAGE ANNUAL TOTAL RETURNS ON COMMON SHARE NET ASSET VALUE
FOR PERIODS ENDED 2/28/10

	1-YEAR	5-YEAR	10-YEAR
UNINSURED FUNDS			
NCU	17.06%	3.70%	6.80%
NAC	21.97%	3.79%	7.75%
NVX	19.52%	4.52%	N/A
NZH	22.17%	3.21%	N/A
Standard & Poor's (S&P) California Municipal Bond Index(3)	9.81%	3.95%	5.59%
Standard & Poor's (S&P) National Municipal Bond Index(4)	11.20%	4.32%	5.77%
Lipper California Municipal Debt Funds Average(5)	20.09%	2.84%	6.16%
INSURED FUNDS			
NPC	10.66%	3.97%	6.58%
NCL	15.35%	3.75%	6.44%
NKL	15.42%	4.44%	N/A
NKX	15.49%	4.10%	N/A
Standard & Poor's (S&P) California Municipal Bond Index(3)	9.81%	3.95%	5.59%
Standard & Poor's (S&P) Insured National Municipal Bond Index(6)	10.49%	4.22%	6.00%
Lipper Single-State Insured Municipal Debt Funds Average(7)	16.93%	3.63%	6.49%

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

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

(1) An inverse floating rate security, also known as an inverse floater, is a financial instrument designed to pay long-term tax-exempt interest at a rate that varies inversely with a short-term tax-exempt interest rate index. For the Nuveen Funds, the index typically used is the Securities Industry and Financial Markets (SIFM) Municipal Swap Index (previously referred to as the Bond Market Association Index or BMA). Inverse floaters, including those inverse floating rate securities in which the Funds invested during this reporting period, are further defined within the Notes to Financial Statements and Glossary of Terms Used in this Report sections of this report.

(2) Duration is a measure of a bond's price sensitivity as interest rates change, with longer duration bonds displaying more sensitivity to these changes than bonds with shorter durations.

(3) The Standard & Poor's (S&P) California Municipal Bond Index is an unleveraged, market value-weighted index designed to measure the performance of the investment-grade California municipal bond market. This index does not reflect any initial or ongoing expenses and is not available for direct investment.

(4) The Standard & Poor's (S&P) National Municipal Bond Index is an unleveraged, market value-weighted index designed to measure the performance of the investment-grade U.S. municipal bond market. This index does not reflect any initial or ongoing expenses and is not available for direct investment.

(5) The Lipper California Municipal Debt Funds Average is calculated using the returns of all closed-end funds in this category for each period as follows: 1-year, 24 funds; 5-year, 24 funds; and 10-year, 12 funds. Lipper returns account for the effects of management fees and assume reinvestment of dividends, but do not reflect any applicable sales charges. The Lipper average is not available for direct investment.

(6) The Standard & Poor's (S&P) Insured National Municipal Bond Index is a national unlever-aged, market value-weighted index designed to measure the performance of the insured U.S. municipal bond market. This index does not reflect any initial or ongoing expenses and is not available for direct investment.

(7) The Lipper Single-State Insured Municipal Debt Funds Average is calculated using the returns of all closed-end funds in this category for each period as follows: 1-year, 44 funds; 5-year, 44 funds funds; and 10-year, 24 funds. Lipper returns account for the effects of management fees and assume reinvestment of dividends, but do not reflect any applicable sales charges. The Lipper average is not available for direct investment.

For the twelve months ended February 28, 2010, the total returns on common share net asset value (NAV) for all eight of these California Funds exceeded the return for the Standard & Poor's (S&P) California Municipal Bond Index. NCU, NAC, NVX and NZH outperformed the S&P National Municipal Bond Index, while NPC, NCL, NKL and NKX surpassed the return on the S&P Insured National Municipal Bond Index. NAC and NZH exceeded the average return for the Lipper California Municipal Debt Funds Average, while NCU and NVX trailed this measure. All four of the insured Funds underperformed the Lipper Single-State Insured Municipal Debt Funds Average. Shareholders of the insured Funds should note that the Lipper Single-State Insured Municipal Debt Funds Average includes bonds from states in addition to California, which may make direct comparisons between the Funds and this benchmark less meaningful.

Key management factors that influenced the Funds' returns during this period included yield curve and duration positioning, credit exposure and sector allocation. In addition, the use of leverage was an important factor affecting each of the Funds' performances over this period. The impact of leverage is discussed in more detail on page seven.

During this period, yields on tax-exempt bonds generally declined and bond prices rose, especially at the longer end of the municipal yield curve. As a result, longer-term bonds generally outperformed credits with shorter maturities. Overall, duration and yield curve positioning proved positive for the performances of these Funds. The Funds tended to have durations that were longer than that of the market or--in the case of NKL and NKX--longer than their duration targets, which had a positive impact on performance. In NVX, however, which had a duration slightly shorter than that of the market, duration positioning was a modest negative.

While duration and yield curve positioning played an important role in performance during these twelve months, credit exposure had an even greater impact. The demand for municipal bonds increased during this period, driven by a variety of factors, including concerns about potential tax increases, the need to rebalance portfolio allocations and a growing appetite for additional risk. At the same time, the supply of tax-exempt municipal paper declined. As investors bid up municipal bond prices, bonds rated BBB or below and non-rated bonds generally outperformed those rated AAA. In this environment, the Funds' performances benefited from their allocations of lower quality credits. This was especially true in NAC and NZH, which had the heaviest weightings of BBB and non-rated bonds among the four uninsured Funds. In addition, uninsured Dividend Advantage Funds, NAC, NVX and NZH were able to invest in subinvestment-grade bonds, which boosted their performances for the twelve months, especially relative to NCU, which cannot purchase bonds in this credit quality sector. On the other hand, the higher credit quality holdings of the four insured Funds hampered their relative performances during this period. NKX had the most exposure to BBB and non-rated bonds among these four Funds, followed by NKL and NCL, while NPC had the least. These weightings were reflected in their relative performances.

Holdings that generally contributed to each Funds' performance during this period included industrial development revenue and health care bonds. In particular, NCU, NAC and NZH were overweight in health care, which had a positive impact on their performances. Revenue bonds as a whole performed well, with housing, transportation and public utilities among the sectors also outperforming the general municipal market

for this period. In addition, zero coupon bonds and lower-rated tobacco bonds were among the strongest performers.

Pre-refunded bonds, which are typically backed by U.S. Treasury securities, performed relatively poorly during this period. The underperformance of these bonds can be attributed primarily to their shorter effective maturities and higher credit quality. Many general obligation bonds also failed to keep pace with the overall municipal market, while education, water and sewer, leasing and resource recovery trailed the other revenue sectors for the twelve months. NAC, NVX, NZH and NKX were underweighted in GOs, which lessened the impact of the underperformance of this sector on these Funds' returns. Our holdings of "dirt deal" bonds also generally performed poorly during this period.

IMPACT OF THE FUNDS' LEVERAGE STRATEGIES ON PERFORMANCE

One important factor impacting the returns of these Funds relative to the comparative indexes was the Funds' use of financial leverage. The Funds use leverage because their managers believe that, over time, leveraging provides opportunities for additional income and total returns for common shareholders. However, use of leverage also can expose common shareholders to additional volatility. For example, as the prices of securities held by a Fund decline, the negative impact of these valuation changes on common share net asset value and common shareholder total return is magnified by the use of leverage. Conversely, leverage may enhance common share returns during periods when bond prices generally are rising.

Leverage made a significant positive contribution to the performance of these

Funds over this reporting period.

RECENT DEVELOPMENTS REGARDING THE FUNDS' LEVERAGED CAPITAL STRUCTURE

Shortly after their inception, each of the Funds issued auction rate preferred shares (ARPS) to create financial leverage. As noted in past shareholder reports, the ARPS issued by many closed-end funds, including these Funds, have been hampered by a lack of liquidity since February 2008. Since that time, more ARPS have been submitted for sale in each of their regularly scheduled auctions than there have been offers to buy. In fact, offers to buy have been almost completely non-existent since late February 2008. This means that these auctions have "failed to clear," and that many, or all, of the ARPS shareholders who wanted to sell their shares in these auctions were unable to do so. This lack of liquidity in ARPS did not lower the credit quality of these shares, and ARPS shareholders unable to sell their shares received distributions at the "maximum rate" applicable to failed auctions, as calculated in accordance with the pre-established terms of the ARPS. In the recent market, with short-term rates at multigenerational lows, those maximum rates also have been low.

One continuing implication for common shareholders from the auction failures is that each Fund's cost of leverage likely has been incrementally higher at times than it otherwise might have been had the auctions continued to be successful. As a result, each Fund's common share earnings likely have been incrementally lower at times than they otherwise might have been.

As noted in past shareholder reports, the Nuveen funds' Board of Directors/Trustees authorized several methods to refinance a portion of the Nuveen funds' outstanding ARPS. Some Funds have invested in tender option bonds (TOBs), also known as floating rate securities. The amount of TOBs that a Fund may use varies according to the composition of each Fund's portfolio. Some Funds have a greater ability to use TOBs than others. As of February 28, 2010, some Funds have issued Variable Rate Demand Preferred Shares (VRDP), but these issuances have been limited since it has been difficult to find liquidity providers on economically viable terms given the constrained credit environment. Some Funds have issued MuniFund Term Preferred Shares (MTP), a fixed-rate form of preferred stock with a mandatory redemption period of five years.

While all these efforts have reduced the total amount of outstanding ARPS issued by the Nuveen funds, the Funds cannot provide any assurance on when the remaining outstanding ARPS might be redeemed.

As of February 28, 2010, the amount of ARPS redeemed by the Funds are as shown in the accompanying table.

FUND	AUCTION RATE PREFERRED SHARES REDEEMED	% OF ORIGINAL AUCTION RATE PREFERRED SHARES
NPC	--	--
NCL	$ 15,175,000	16.0%
NCU	$ 8,625,000	20.1%
NAC	$ 39,475,000	22.6%
NVX	$ 16,225,000	14.8%
NZH	$117,500,000	62.8%
NKL	$ 9,750,000	8.3%
NKX	$ 45,000,000	100.0%

Subsequent to the reporting period, the following Funds noticed for redemption at par additional ARPS. The total amount of ARPS redeemed and percentage of each Fund's original ARPS subsequent to the reporting period are as shown in the accompanying table.

FUND	AUCTION RATE PREFERRED SHARES NOTICED FOR REDEMPTION	AUCTION RATE PREFERRED SHARES REDEEMED	% OF ORIGINAL AUCTION RATE PREFERRED SHARES
NPC	$45,000,000	45,000,000	100.0%
NCL	$ 6,500,000	21,675,000	22.8%
NKL	$ 4,500,000	14,250,000	12.1%

Subsequent to the reporting period, NPC issued $42.7 million of VRDP to redeem at par the Fund's outstanding ARPS. As noted previously, VRDP is a newly-developed instrument that essentially replaces all or a portion of the ARPS used as leverage and potentially could be used to refinance all or a portion of the ARPS of other Funds. VRDP shares include a liquidity feature that allows holders of VRDP to have their shares purchased by a liquidity provider in the event that sell orders have not been matched with purchase orders and successfully settled in a remarketing. The liquidity feature for NPC's VRDP is being provided by Deutsche Bank AG, acting through its New York Branch. VRDP dividends will be set weekly at a rate established by Morgan Stanley & Co. Incorporated, as remarketing agent. VRDP is offered only to qualified institutional buyers, defined pursuant to Rule 144A under the Securities Act of 1933.

Subsequent to the reporting period, NCU, NAC, NVX and NKL filed with the Securities and Exchange Commission (SEC) registration statements seeking to register MTP. These registration statements, declared effective by the SEC, enable the Funds to issue to the public shares of MTP to refinance all or a portion of their ARPS. The issuance of MTP by these Funds is subject to market conditions. There is no assurance that these MTP shares will be issued.

As of February 28, 2010, 80 out of the 84 Nuveen closed-end municipal funds that had issued ARPS have redeemed, at par, all or a portion of these shares. These redemptions bring the total amount of Nuveen's municipal closed-end funds' ARPS redemptions to approximately $3.0 billion of the original approximately $11.0 billion outstanding.

For up-to-date information, please visit the Nuveen CEF Auction Rate Preferred Resource Center at: http://www.nuveen.com/arps.

RECENT DEVELOPMENTS REGARDING BOND INSURANCE COMPANIES

During the period covered by this report, some bond insurers may have experienced rating reductions by at least one or more rating agencies. By the end of this reporting period, there were no longer any bond insurers rated AAA by more than one of the major rating agencies (Moody's Investor Service, S&P and Fitch) and most insured bonds were being valued according to their fundamentals as if they were uninsured. On the whole, the holdings of all of these Funds continued to be well diversified and it is important to note that municipal bonds historically have had a very low rate of default.

RECENT CHANGES TO INVESTMENT POLICIES OF NUVEEN INSURED FUNDS

On January 22, 2010, the Board of Directors/Trustees of NCL, NKL and NKX approved changes to the investment policies of each of these Funds. The Board took this action in response to the continuing challenges faced by municipal bond insurers. The changes to the Funds' investment policies are intended to increase the Funds' investment flexibility in pursuing their investment objective, while retaining the insured nature of their portfolios. The changes, which took effect immediately, allow the Funds to invest:

- At least 80% of their net assets in municipal bonds insured by insurance providers with a claims-paying ability of at least investment grade at the time of investment; and
- Up to 20% in uninsured municipal bonds that are either escrowed to maturity, rated investment grade, or unrated but judged by the Fund's investment adviser to be investment grade quality.

Common Share Dividend and Share Price Information

During the twelve months ended February 28, 2010, each of these Nuveen California Funds had three increases in their monthly dividends. NCL, NVX, NZH and NKL also had an additional dividend increase that was declared just prior to the start of this reporting period and took effect in March 2009.

All of the Funds in this report seek to pay stable dividends at rates that reflect each Fund's past results and projected future performance. During certain periods, each Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds the excess in reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if a Fund has cumulatively paid dividends in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. Each Fund will, over time, pay all of its net investment income as dividends to shareholders. As of February 28, 2010, all of the Funds in this report had positive UNII balances for both tax and financial statement purposes.

COMMON SHARE REPURCHASES AND SHARE PRICE INFORMATION

As of February 28, 2010, and the since inception of the Funds' repurchase program the following Funds have cumulatively repurchased common shares as shown in the accompanying table.

FUND	COMMON SHARES REPURCHASED	% OF OUTSTANDING COMMON SHARES
NPC	17,700	0.3%
NCL	53,500	0.4%
NCU	42,100	0.7%
NAC	--	--
NVX	50,700	0.3%
NZH	12,900	0.1%
NKL	32,700	0.2%
NKX	--	--

During the twelve-month reporting period, the following Funds repurchased common shares at a weighted average price and a weighted average discount per common share as shown in the accompanying table.

FUND	COMMON SHARES REPURCHASED	WEIGHTED AVERAGE PRICE PER SHARE REPURCHASED	WEIGHTED AVERAGE DISCOUNT PER SHARE REPURCHASED
NPC	11,500	$ 11.90	16.06%
NCL	11,700	$ 10.43	18.03%
NCU	27,400	$ 10.06	19.22%
NVX	32,400	$ 10.28	19.87%
NKL	13,700	$ 11.04	18.04%

As of February 28, 2010, the Funds' common share prices were trading at (-) discounts to their common share NAVs as shown in the accompanying table.

FUND	2/28/10 (-)DISCOUNT	TWELVE-MONTH AVERAGE (-)DISCOUNT
NPC	-9.77%	-12.14%
NCL	-9.08%	-9.37%
NCU	-11.67%	-13.33%
NAC	-9.22%	-10.03%
NVX	-6.42%	-10.22%
NZH	-3.87%	-6.42%
NKL	-7.14%	-9.59%
NKX	-8.27%	-8.30%

NPC Performance OVERVIEW | Nuveen Insured California Premium Income Municipal Fund, Inc. as of February 28, 2010

FUND SNAPSHOT

Common Share Price	$13.30
Common Share Net Asset Value	$14.74
Premium/(Discount) to NAV	-9.77%
Market Yield	5.86%
Taxable-Equivalent Yield(3)	9.00%
Net Assets Applicable to Common Shares ($000)	$94,944
Average Effective Maturity on Securities (Years)	16.59
Leverage-Adjusted Duration	10.80

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

	ON SHARE PRICE	ON NAV
1-Year	17.13%	10.66%
5-Year	1.76%	3.97%
10-Year	6.14%	6.58%

PORTFOLIO COMPOSITION
(as a % of total investments)

Tax Obligation/Limited	31.6%
Tax Obligation/General	24.7%
U.S. Guaranteed	22.1%
Water and Sewer	12.4%
Other	9.2%

INSURERS
(as a % of total Insured investments)

NPFG(4)	30.0%
AGM	27.3%
AMBAC	18.5%
FGIC	15.0%
AGC	7.0%
Other	2.2%

CREDIT QUALITY (AS A % OF TOTAL INVESTMENTS)(1),(2)

[PIE CHART]

Insured	78%
U.S. Guaranteed*	22%

* U.S. Guaranteed includes 4% (as a % of total investments) of Insured securities.

2009-2010 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE

[BAR CHART]

Mar	0.0605
Apr	0.0605
May	0.0615
Jun	0.0615
Jul	0.0615
Aug	0.0615
Sep	0.0630
Oct	0.0630

Nov	0.0630
Dec	0.0650
Jan	0.0650
Feb	0.0650

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE GRAPH]

3/01/09	11.67
	11.28
	11.25
	11.29
	11.80
	11.83
	11.74
	11.83
	12.12
	12.35
	12.51
	12.38
	12.32
	12.36
	12.25
	11.86
	12.18
	11.79
	11.86
	12.04
	12.15
	12.62
	12.75
	12.94
	12.88
	12.96
	12.98
	13.65
	13.66
	13.78
	13.67
	13.74
	13.70
	13.04
	13.34
	13.15
	13.16
	12.95
	12.83
	12.90
	13.11
	13.32
	13.11
	12.99
	13.00
	12.97
	12.91
	12.90
	12.89
	12.95
	13.07
	13.06
	13.30

2/28/10	13.30

(1) Primarily all of the Fund's net assets are invested in municipal securities that guarantee the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 - Insurance, for more information.

(2) The percentages shown in the foregoing chart may reflect the ratings on certain bonds whose insurer has experienced downgrades as of the end of the reporting period. Please see the Portfolio Manager's Comments for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers during the period.

(3) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.9%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

(4) MBIA's public finance subsidiary.

NCL Performance OVERVIEW | Nuveen Insured California | Premium Income | Municipal Fund 2, Inc. | as of February 28, 2010

CREDIT QUALITY (AS A % OF TOTAL INVESTMENTS)(1,2)

[PIE CHART]

Insured	89%
U.S. Guaranteed*	9%
AA (uninsured)	2%

* U.S. Guaranteed includes 7% (as a % of total investments) of Insured securities.

2009-2010 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE

[BAR CHART]

Mar	0.0580
Apr	0.0580
May	0.0650
Jun	0.0650
Jul	0.0650
Aug	0.0650
Sep	0.0670
Oct	0.0670
Nov	0.0670
Dec	0.0690
Jan	0.0690
Feb	0.0690

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE GRAPH]

3/01/09	10.69
	10.36
	10.53
	10.72
	10.81
	11.02
	11.22
	11.15
	11.67
	11.95
	12.03
	11.89
	11.98
	12.08
	12.22
	11.95
	11.66
	11.30
	11.29
	11.43
	11.68
	12.00
	12.27
	12.34
	12.32
	12.53
	12.60
	13.18
	13.04
	13.80
	13.73
	13.57
	13.34
	12.60
	12.95
	13.08
	12.81
	12.72
	12.65
	12.69
	12.85
	12.80
	12.65
	12.57
	12.55
	12.59
	12.53
	12.51
	12.56
	12.55
	12.65
	12.61
	12.72
2/28/10	12.72

(1) At least 80% of the Fund's net assets are invested in municipal securities that guarantee the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 - Insurance, for more information.

(2) The percentages shown in the foregoing chart may reflect the ratings on certain bonds whose insurer has experienced downgrades as of the end of

the reporting period. Please see the Portfolio Manager's Comments for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers during the period.

(3) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.9%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

(4) MBIA's public finance subsidiary.

FUND SNAPSHOT

Common Share Price	$12.72
Common Share Net Asset Value	$13.99
Premium/(Discount) to NAV	-9.08%
Market Yield	6.51%
Taxable-Equivalent Yield(3)	10.00%
Net Assets Applicable to Common Shares ($000)	$177,169
Average Effective Maturity on Securities (Years)	17.79
Leverage-Adjusted Duration	12.37

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

	ON SHARE PRICE	ON NAV
1-Year	24.41%	15.35%
5-Year	2.45%	3.75%
10-Year	6.13%	6.44%

PORTFOLIO COMPOSITION
(as a % of total investments)

Tax Obligation/Limited	40.9%
Tax Obligation/General	17.8%
Water and Sewer	15.2%
U.S. Guaranteed	8.7%
Utilities	6.8%
Other	10.6%

INSURERS
(as a % of total Insured investments)

AMBAC	26.4%
FGIC	24.7%
NPFG(4)	22.2%
AGM	21.0%
AGC	4.9%
Other	0.8%

NCU Performance OVERVIEW | Nuveen California Premium Income Municipal Fund | as of February 28, 2010

FUND SNAPSHOT

Common Share Price	$ 12.11
Common Share Net Asset Value	$ 13.71
Premium/(Discount) to NAV	-11.67%
Market Yield	6.59%
Taxable-Equivalent Yield(1)	10.12%
Net Assets Applicable to Common Shares ($000)	$78,581
Average Effective Maturity on Securities (Years)	17.13
Leverage-Adjusted Duration	11.27

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

	ON SHARE PRICE	ON NAV
1-Year	28.13%	17.06%
5-Year	2.51%	3.70%
10-Year	5.76%	6.80%

PORTFOLIO COMPOSITION
(as a % of total investments)

Tax Obligation/Limited	30.2%
Health Care	17.9%

Tax Obligation/General	16.9%
U.S. Guaranteed	10.7%
Utilities	5.3%
Water and Sewer	4.6%
Other	14.4%

CREDIT QUALITY (AS A % OF TOTAL INVESTMENTS)

[PIE CHART]

AAA/U.S. Guaranteed	22%
AA	28%
A	28%
BBB	19%
N/R	3%

2009-2010 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE

[BAR CHART]

Mar	0.0555
Apr	0.0555
May	0.0570
Jun	0.0570
Jul	0.0570
Aug	0.0570
Sep	0.0620
Oct	0.0620
Nov	0.0620
Dec	0.0665
Jan	0.0665
Feb	0.0665

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE GRAPH]

3/01/09	9.66
	9.52
	9.68
	9.79
	9.85
	9.91
	10.00
	10.12
	10.48
	10.77
	10.95
	10.85
	10.82
	10.93
	10.92
	10.76
	10.70
	10.53
	10.64
	10.73

	10.80
	11.07
	11.49
	11.53
	11.58
	11.84
	12.03
	12.18
	12.59
	12.78
	12.79
	12.84
	12.74
	12.23
	12.25
	12.06
	12.23
	11.79
	11.65
	11.76
	11.99
	12.06
	11.84
	12.02
	12.13
	12.08
	12.04
	11.93
	12.00
	12.07
	12.02
	12.00
	12.11
2/28/10	12.11

(1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.9%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

NAC Performance OVERVIEW | Nuveen California Dividend Advantage Municipal Fund | as of February 28, 2010

CREDIT QUALITY (AS A % OF TOTAL INVESTMENTS)

[PIE CHART]

AAA/U.S. Guaranteed	31%
AA	17%
A	27%
BBB	14%
BB or Lower	2%
N/R	9%

2009-2010 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE

[BAR CHART]

Mar	0.0630
Apr	0.0630
May	0.0665
Jun	0.0665
Jul	0.0665
Aug	0.0665
Sep	0.0680
Oct	0.0680
Nov	0.0680
Dec	0.0720
Jan	0.0720
Feb	0.0720

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE GRAPH]

3/01/09	10.55
	9.70
	9.81
	10.30
	10.13
	10.55
	10.46
	10.64
	10.99
	11.30
	11.42
	11.33
	11.40
	11.62
	11.33
	10.83
	10.94
	10.90
	10.92
	11.10
	11.20
	11.45
	11.70
	11.83
	11.99
	12.15
	12.16
	12.54
	12.96
	13.17
	13.15
	13.46
	13.48
	12.49
	12.83
	12.36
	12.75
	12.40
	12.18
	12.36
	12.52
	12.58
	12.48

	12.46
	12.40
	12.52
	12.36
	12.47
	12.51
	12.67
	12.50
	12.44
	12.60
2/28/10	12.60

(1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.9%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

FUND SNAPSHOT

Common Share Price	$12.60
Common Share Net Asset Value	$13.88
Premium/(Discount) to NAV	-9.22%
Market Yield	6.86%
Taxable-Equivalent Yield(1)	10.54%
Net Assets Applicable to Common Shares ($000)	$325,791
Average Effective Maturity on Securities (Years)	18.10
Leverage-Adjusted Duration	10.46

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

	ON SHARE PRICE	ON NAV
1-Year	24.62%	21.97%
5-Year	3.24%	3.79%
10-Year	6.65%	7.75%

PORTFOLIO COMPOSITION
(as a % of total investments)

Tax Obligation/Limited	22.1%
Health Care	17.8%
U.S. Guaranteed	17.3%
Transportation	13.6%
Tax Obligation/General	8.1%

Education and Civic Organizations	4.7%
Consumer Staples	4.5%
Other	11.9%

NVX Performance OVERVIEW | Nuveen California Dividend Advantage Municipal Fund 2 as of February 28, 2010

FUND SNAPSHOT

Common Share Price	$ 13.56
Common Share Net Asset Value	$ 14.49
Premium/(Discount) to NAV	-6.42%
Market Yield	6.99%
Taxable-Equivalent Yield(1)	10.74%
Net Assets Applicable to Common Shares ($000)	$213,687
Average Effective Maturity on Securities (Years)	14.68
Leverage-Adjusted Duration	10.17

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

	ON SHARE PRICE	ON NAV
1-Year	38.29%	19.52%
5-Year	5.33%	4.52%
Since Inception	5.07%	6.00%

PORTFOLIO COMPOSITION
(as a % of total investments)

U.S. Guaranteed	27.6%
Tax Obligation/Limited	12.4%
Health Care	13.6%
Transportation	7.8%

Water and Sewer	7.4%
Tax Obligation/General	7.3%
Utilities	6.3%
Education and Civic Organizations	5.4%
Consumer Staples	5.1%
Other	7.1%

CREDIT QUALITY (AS A % OF TOTAL INVESTMENTS)

[PIE CHART]

AAA/U.S. Guaranteed	34%
AA	20%
A	23%
BBB	13%
BB or Lower	2%
N/R	8%

2009-2010 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE

[BAR CHART]

Mar	0.0660
Apr	0.0660
May	0.0695
Jun	0.0695
Jul	0.0695
Aug	0.0695
Sep	0.0760
Oct	0.0760
Nov	0.0760
Dec	0.0790
Jan	0.0790
Feb	0.0790

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE GRAPH]

3/01/09	10.42
	10.20
	10.37
	10.55
	10.72
	11.00
	10.92
	10.98
	11.20
	11.48
	12.00
	11.88
	11.80
	12.05
	11.69
	11.51
	11.44

	11.33
	11.42
	11.50
	11.81
	11.90
	12.26
	12.33
	12.40
	12.59
	12.65
	13.17
	13.41
	13.50
	13.73
	13.82
	13.66
	13.12
	13.36
	13.15
	13.23
	13.10
	13.06
	13.09
	13.26
	13.31
	13.10
	13.29
	13.47
	13.42
	13.40
	13.39
	13.46
	13.54
	13.60
	13.42
	13.56
2/28/10	13.56

(1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.9%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

NZH Performance OVERVIEW | Nuveen California Dividend Advantage Municipal Fund 3 | as of February 28, 2010

CREDIT QUALITY (AS A % OF TOTAL INVESTMENTS)

[PIE CHART]

AAA/U.S. Guaranteed	29%
AA	18%
A	25%
BBB	19%
BB or Lower	1%

N/R	8%

2009-2010 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE

[BAR CHART]

Mar	0.0640
Apr	0.0640
May	0.0675
Jun	0.0675
Jul	0.0675
Aug	0.0675
Sep	0.0700
Oct	0.0700
Nov	0.0700
Dec	0.0750
Jan	0.0750
Feb	0.0750

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE GRAPH]

3/01/09	10.23
	9.60
	10.01
	9.86
	10.18
	10.23
	10.20
	10.22
	10.71
	10.89
	11.38
	11.12
	11.34
	11.37
	11.27
	10.72
	10.77
	10.46
	10.53
	10.65
	10.95
	11.09
	11.35
	11.45
	11.75
	12.14
	12.13
	12.41
	12.60
	12.79
	12.89
	13.03
	12.84
	12.28
	12.65
	12.13
	12.23
	11.94
	11.87

	11.88
	12.22
	12.28
	12.21
	12.32
	12.40
	12.50
	12.49
	12.58
	12.72
	12.57
	12.75
	12.58
	12.67
2/28/10	12.67

(1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.9%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

FUND SNAPSHOT

Common Share Price	$ 12.67
Common Share Net Asset Value	$ 13.18
Premium/(Discount) to NAV	-3.87%
Market Yield	7.10%
Taxable-Equivalent Yield(1)	10.91%
Net Assets Applicable to Common Shares ($000)	$317,860
Average Effective Maturity on Securities (Years)	16.83
Leverage-Adjusted Duration	11.07

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

	ON SHARE PRICE	ON NAV
1-Year	32.93%	22.17%
5-Year	4.62%	3.21%
Since Inception	4.18%	4.88%

PORTFOLIO COMPOSITION
(as a % of total investments)

Tax Obligation/Limited	25.2%
Health Care	18.4%
U.S. Guaranteed	14.8%

Tax Obligation/General	13.3%
Water and Sewer	5.4%
Consumer Staples	5.3%
Transportation	4.8%
Other	12.8%

NKL Performance OVERVIEW | Nuveen Insured California | Dividend Advantage | Municipal Fund | as of February 28, 2010

FUND SNAPSHOT

Common Share Price	$ 13.66
Common Share Net Asset Value	$ 14.71
Premium/(Discount) to NAV	-7.14%
Market Yield	6.59%
Taxable-Equivalent Yield(3)	10.12%
Net Assets Applicable to Common Shares ($000)	$224,301
Average Effective Maturity on Securities (Years)	16.12
Leverage-Adjusted Duration	8.90

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

	ON SHARE PRICE	ON NAV
1-Year	30.55%	15.42%
5-Year	4.56%	4.44%
Since Inception	5.01%	6.29%

PORTFOLIO COMPOSITION
(as a % of total investments)

Tax Obligation/Limited	31.6%
Tax Obligation/General	18.5%
U.S. Guaranteed	14.0%
Utilities	9.9%

Water and Sewer	9.6%
Health Care	4.3%
Other	12.1%

INSURERS
(as a % of total Insured investments)

AMBAC	24.8%
AGM	24.3%
NFPG(4)	23.6%
FGIC	20.2%
SYNCORA	4.3%
Other	2.8%

CREDIT QUALITY (AS A % OF TOTAL INVESTMENTS)(1,2)

[PIE CHART]

Insured	72%
U.S. Guaranteed*	14%
GNMA/FNMA Guaranteed	1%
AAA (Uninsured)	1%
A (Uninsured)	5%
BBB (Uninsured)	7%

* U.S. Guaranteed includes 9% (as a % of total investments) of Insured securities.

2009-2010 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE

[BAR CHART]

Mar	0.0635
Apr	0.0635
May	0.0695
Jun	0.0695
Jul	0.0695
Aug	0.0695
Sep	0.0705
Oct	0.0705
Nov	0.0705
Dec	0.0750
Jan	0.0750
Feb	0.0750

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE GRAPH]

3/01/09	10.88
	10.95
	10.95

	11.15
	11.38
	11.54
	11.25
	11.48
	11.90
	11.98
	12.48
	12.46
	12.51
	12.60
	12.10
	11.55
	11.81
	11.78
	11.88
	11.88
	12.14
	12.44
	12.89
	12.80
	13.05
	13.13
	13.15
	13.81
	13.81
	14.11
	13.99
	14.15
	14.10
	13.27
	13.85
	13.81
	13.88
	13.82
	13.25
	13.33
	13.25
	13.45
	13.34
	13.37
	13.51
	13.54
	13.32
	13.43
	13.42
	13.60
	13.63
	13.59
	13.66
2/28/10	13.66

(1) At least 80% of the Fund's net assets are invested in municipal securities that guarantee the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 - Insurance, for more information.

(2) The percentages shown in the foregoing chart may reflect the ratings on certain bonds whose insurer has experienced downgrades as of the end of the reporting period. Please see the Portfolio Manager's Comments for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers during the period.

(3) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34.9%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

(4) MBIA's public finance subsidiary.

NKX Performance OVERVIEW | Nuveen Insured California Tax-Free Advantage Municipal Fund | as of February 28, 2010

CREDIT QUALITY (AS A % OF TOTAL INVESTMENTS)(1,2,3)

[PIE CHART]

Insured	70%
U.S. Guaranteed*	14%
AAA (Uninsured)	2%
AA (Uninsured)	1%
A (Uninsured)	7%
BBB (Uninsured)	6%

* U.S. Guaranteed includes 10% (as a % of long-term investments) of Insured securities.

2009-2010 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE

[BAR CHART]

Mar	0.0590
Apr	0.0590
May	0.0630
Jun	0.0630
Jul	0.0630
Aug	0.0630
Sep	0.0650
Oct	0.0650
Nov	0.0650
Dec	0.0660
Jan	0.0660
Feb	0.0660

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE GRAPH]

3/01/09	11.83
	10.75
	10.99
	10.96
	11.49
	11.69
	11.30
	11.50
	12.04

	12.40
	12.26
	11.86
	12.19
	12.45
	11.97
	11.48
	11.73
	11.47
	11.80
	11.78
	11.90
	12.04
	12.30
	12.34
	12.33
	12.65
	12.75
	13.00
	13.42
	13.57
	13.70
	13.67
	13.73
	13.05
	13.00
	12.98
	12.95
	12.80
	12.56
	12.44
	12.65
	12.63
	12.75
	12.76
	12.68
	12.79
	12.75
	12.71
	12.81
	12.94
	12.95
	12.69
	12.87
2/28/10	12.87

(1) Excluding short-term investments.

(2) At least 80% of the Fund's net assets are invested in municipal securities that guarantee the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 - Insurance, for more information.

(3) The percentages shown in the foregoing chart may reflect the ratings on certain bonds whose insurer has experienced downgrades as of the end of the reporting period. Please see the Portfolio Manager's Comments for an expanded discussion of the affect on the Fund of changes to the ratings of certain bonds in the portfolio resulting from changes to the ratings of the underlying insurers during the period.

(4) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax

rate of 34.9%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

(5) MBIA's public finance subsidiary.

FUND SNAPSHOT

Common Share Price	$ 12.87
Common Share Net Asset Value	$ 14.03
Premium/(Discount) to NAV	-8.27%
Market Yield	6.15%
Taxable-Equivalent Yield(4)	9.45%
Net Assets Applicable to Common Shares ($000)	$ 82,579
Average Effective Maturity on Securities (Years)	16.83
Leverage-Adjusted Duration	9.65

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

	ON SHARE PRICE	ON NAV
1-Year	16.39%	15.49%
5-Year	2.83%	4.10%
Since Inception	3.61%	5.30%