

NUVEEN INSURED CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND  
Form N-CSR  
May 06, 2011

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 811-09449

Nuveen Insured California Dividend Advantage Municipal Fund  
(Exact name of registrant as specified in charter)

Nuveen Investments  
333 West Wacker Drive  
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(Address of principal executive offices) (Zip code)

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

Date of fiscal year end: February 28

Date of reporting period: February 28, 2011

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.

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#### INVESTMENT ADVISER NAME CHANGE

Effective January 1, 2011, Nuveen Asset Management, the Funds' investment adviser, changed its name to Nuveen Fund Advisors, Inc. ("Nuveen Fund Advisors"). Concurrently, Nuveen Fund Advisors formed a wholly-owned subsidiary, Nuveen Asset Management, LLC, to house its portfolio management capabilities.

#### NUVEEN INVESTMENTS COMPLETES STRATEGIC COMBINATION WITH FAF ADVISORS

On December 31, 2010, Nuveen Investments completed the strategic combination between Nuveen Asset Management, LLC, the largest investment affiliate of Nuveen Investments, and FAF Advisors. As part of this transaction, U.S. Bancorp – the parent of FAF Advisors – received cash consideration and a 9.5% stake in Nuveen Investments in exchange for the long term investment business of FAF Advisors, including investment-management responsibilities for the non-money market mutual funds of the First American Funds family.

The approximately \$27 billion of mutual fund and institutional assets managed by FAF Advisors, along with the investment professionals managing these assets and other key personnel, have become part of Nuveen Asset Management, LLC. With these additions to Nuveen Asset Management, LLC, this affiliate now manages more than \$100 billion of assets across a broad range of strategies from municipal and taxable fixed income to traditional and specialized equity investments.

This combination does not affect the investment objectives or strategies of the Funds in this report. Over time, Nuveen Investments expects that the combination will provide even more ways to meet the needs of investors who work with financial advisors and consultants by enhancing the multi-boutique model of Nuveen Investments, which also includes highly respected investment teams at HydePark, NWQ Investment Management, Santa Barbara Asset Management, Symphony Asset Management, Tradewinds Global Investors and Winslow Capital. Nuveen Investments managed approximately \$197 billion of assets as of December 31, 2010.

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Chairman's  
Letter to Shareholders

Dear Shareholders,

In 2010, the global economy recorded another year of recovery from the financial and economic crises of 2008, but many of the factors that caused the downturn still weigh on the prospects for continued improvement. In the U.S., ongoing weakness in housing values has put pressure on homeowners and mortgage lenders. Similarly, the strong earnings recovery for corporations and banks is only slowly being translated into increased hiring or more active lending. Globally, deleveraging by private and public borrowers has inhibited economic growth and that process is far from complete.

Encouragingly, constructive actions are being taken by governments around the world to deal with economic issues. In the U.S., the recent passage of a stimulatory tax bill relieved some of the pressure on the Federal Reserve to promote economic expansion through quantitative easing and offers the promise of sustained economic growth. A number of European governments are undertaking programs that could significantly reduce their budget deficits. Governments across the emerging markets are implementing various steps to deal with global capital flows without undermining international trade and investment.

The success of these government actions could determine whether 2011 brings further economic recovery and financial market progress. One risk associated with the extraordinary efforts to strengthen U.S. economic growth is that the debt of the U.S. government will continue to grow to unprecedented levels. Another risk is that over time there could be inflationary pressures on asset values in the U.S. and abroad, because what happens in the U.S. impacts the rest of the world economy. Also, these various actions are being taken in a setting of heightened global economic uncertainty, primarily about the supplies of energy and other critical commodities. In this challenging environment, your Nuveen investment team continues to seek sustainable investment opportunities and to remain alert to potential risks in a recovery still facing many headwinds. On your behalf, we monitor their activities to assure they maintain their investment disciplines.

As you will note elsewhere in this report, on December 31, 2010, Nuveen Investments completed a strategic combination with FAF Advisors, Inc., the manager of the First American Funds. The combination adds highly respected and distinct investment teams to meet the needs of investors and their advisors and is designed to benefit all fund shareholders by creating a fund organization with the potential for further economies of scale and the ability to draw from even greater talent and expertise to meet those investor needs.

As of the end of April, 2011, Nuveen Investments had completed the refinancing of all of the Auction Rate Preferred Securities issued by its taxable closed-end funds and 80% of the Muni Preferred shares issued by its tax-exempt closed-end funds. Please consult the Nuveen Investments web site, [www.Nuveen.com](http://www.Nuveen.com), for the current status of this important refinancing program.

As always, I encourage you to contact your financial consultant if you have any questions about your investment in a Nuveen Fund. On behalf of the other members of your Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

Robert P. Bremner

Chairman of the Board

April 26, 2011

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## 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 and NPC and NCL since 2005.

What factors affected the U.S. economic and municipal market environments during the twelve-month reporting period ended February 28, 2011?

During this period, the U.S. economy demonstrated some signs of improvement, supported by the efforts of both the Federal Reserve (Fed) and the federal government. For its part, the Fed continued to hold the benchmark fed funds rate in a target range of zero to 0.25% since cutting it to this record low level in December 2008. At its March 2011 meeting (after the end of this reporting period), the central bank renewed its commitment to keeping the fed funds rate at "exceptionally low levels" for an "extended period." The Fed also left unchanged its second round of quantitative easing, which calls for purchasing \$600 billion in U.S. Treasury bonds by June 30, 2011. The goal of this plan is to lower long-term interest rates and thereby stimulate economic activity and create jobs. The federal government continued to focus on implementing the economic stimulus package passed in early 2009 and aimed at providing job creation, tax relief, fiscal assistance to state and local governments, and expansion of unemployment benefits and other federal social welfare programs.

In the fourth quarter of 2010, the U.S. economy, as measured by the U.S. gross domestic product (GDP), grew at an annualized rate of 3.1%, marking the first time the economy put together six consecutive quarters of positive growth since 2006-2007. In February 2011, national unemployment dropped below 9% for the first time in 21 months, standing at 8.9%, down from 9.7% a year earlier. At the same time, inflation posted its largest gain since April 2009, as the Consumer Price Index (CPI) rose 2.1% year-over-year as of February 2011, driven mainly by increased prices for energy. The core CPI (which

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.

Any reference to credit ratings for portfolio holdings denotes the highest rating assigned by a Nationally Recognized Statistical Rating Organization (NRSRO) such as Standard & Poor's (S&P), Moody's or Fitch. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below investment grade. Holdings and ratings may change over time.



excludes food and energy) increased 1.1% over this period. The housing market continued to be the weak spot in the economy. For the twelve months ended January 2011 (most recent data available at the time this report was prepared), the average home price in the Standard & Poor's (S&P)/Case-Shiller index of 20 major metropolitan areas lost 3.1%, with 11 of the 20 metropolitan areas hitting their lowest levels since housing prices peaked in 2006.

Municipal bond prices generally rose during the first eight months of this period, as the combination of strong demand and tight supply of new tax-exempt issuance created favorable market conditions. One reason for the decrease in new tax-exempt supply was the heavy issuance of taxable municipal debt under the Build America Bond (BAB) program, which was created as part of the American Recovery and Reinvestment Act of February 2009 and which expired December 31, 2010. Build America Bonds generally offered municipal issuers a federal subsidy equal to 35% of a bond's interest payments, providing issuers with an alternative to traditional tax-exempt debt that often was lower in cost. For the period March 1, 2010 through December 31, 2010, taxable Build America Bonds issuance totaled \$117.3 billion, accounting for 24% of new bonds issued in the municipal market. After rallying strongly over most of the period, the tax-exempt municipal market suffered a reversal in mid-November 2010, due largely to investor concerns about inflation, the federal deficit, and its impact on demand for U.S. Treasuries. Adding to this situation was the popular media's coverage of the strained finances of many state and local governments, which often failed to differentiate between gaps in operating budgets and those entities' ability to meet their debt service obligations. As a result, money began to flow out of municipal funds, yields rose, and valuations fell. Toward the end of this period, we saw the environment in the municipal market improve, as crossover buyers—including hedge funds and life insurance companies—were attracted by municipal bond prices and tax-exempt yields, resulting in decreased outflows, declining yields and rising valuations.

Over the twelve months ended February 28, 2011, municipal bond issuance nationwide—both tax-exempt and taxable—totaled \$423.4 billion. Demand for municipal bonds was exceptionally strong during the majority of this period, especially from individual investors. In recent months, crossover buyers have provided support for the market.

How were the economic and market environments in California during this period?

California's economy is the largest in the United States and the eighth largest in the world on a stand-alone basis, according to the International Monetary Fund. The state continued to be burdened by serious budget problems, with persistent deficits and high spending outweighing its ability to generate revenues. That said, the state's revenue picture has begun to improve modestly. As of October 2010, California's General Fund revenues were above estimated levels by close to 1%, with the improvement driven by three main sources – higher corporate-tax, personal-income-tax and sales-tax collections. In October 2010 alone, tax receipts surpassed budget estimates by almost 5%. Toward year end, after a long political stalemate, the state's government finally enacted

a \$125 billion budget for the 2011 fiscal year, closing a gap of more than \$19 billion. This budget includes no new taxes, a variety of spending reductions, and the use of various one-time receipts, loans, and other solutions to rectify the budget shortfall. The state's unemployment rate was 12.2% in February 2011 – second-highest in the nation and well above the national average of 8.9% for the same month. At the end of the reporting period, California maintained credit ratings of A1, A- and A- from rating agencies Moody's Investor Services, Standard & Poor's (S&P) and Fitch, respectively. The supply of new tax-exempt bond issuance in California totaled more than \$58 billion during the twelve-month period ending February 28, 2010, a 21% year-over-year drop, compared to roughly flat issuance levels nationwide during the same time frame.

What key strategies were used to manage the California Funds during this reporting period?

As previously mentioned, the supply of new issuance of tax-exempt bonds declined nationally during this period, due largely to the issuance of taxable bonds under the Build America Bond program (which expired December 31, 2010). This program also significantly impacted the availability of tax-exempt bonds in California. Between March 1, 2010, and the end of the BAB program in December 2010, California issued more than \$20 billion in taxable Build America Bonds, ranking as the largest user of BABs among the 50 states. For this period, Build America Bonds accounted for approximately 35% of total municipal issuance in California, which was already down significantly from the twelve-month period ended February 28, 2010. Since interest payments from Build America Bonds represent taxable income, we did not view these bonds as good investment opportunities for these Funds.

For the insured California Funds, this situation was compounded by the continued decline in the issuance of AAA rated insured bonds. Over the period, new insured paper accounted for approximately 6% of national issuance, compared with 8% during the same period a year earlier and 18% two years ago. Even though the insured Funds may now invest up to 20% of their net assets in uninsured investment-grade credits rated BBB- or higher, the combination of tight municipal supply and little insured issuance meant that the insured Funds were, for the most part, less active than their non-insured counterparts during this period.

Despite the constrained issuance on tax-exempt municipal bonds, much of our investment activity was opportunistic. We continued to take 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 Funds found value in school district bonds, especially zero coupon and convertible zero coupon bonds issued for various school districts. We also purchased health care credits, general obligation bonds issued by the state and local governments and redevelopment bonds.

Some of this investment activity resulted from opportunities created by the provisions of the Build America Bond program. For example, tax-exempt supply was more plentiful in the health care sector because, as 501(c)(3) (nonprofit) organizations, hospitals generally did not qualify for the Build America Bond program and continued to issue bonds in the

tax-exempt municipal market. Bonds with proceeds earmarked for refundings, working capital, and private activities also were not covered by the Build America Bond program, and this resulted in attractive opportunities in various other sectors of the market.

The impact of the Build America Bond program was also evident in the area of longer-term issuance, as municipal issuers sought to take full advantage of the attractive financing terms offered by these bonds. Approximately 70% of Build America Bonds were issued with maturities of at least 30 years. Although this had a significant impact on the availability of tax-exempt credits with longer maturities, the Funds continued to focus on purchasing bonds at the longer end of the yield curve when appropriate bonds became available.

Cash for new purchases during this period was generated primarily by the proceeds from bond calls and maturing bonds, which we worked to redeploy to keep the Funds fully invested. In addition, the Funds sold selected short-dated pre-refunded bonds. During the last part of the period, as we undertook some structural changes, we sold older health care bonds with 5% coupons and shorter call dates in order to fund our purchases of current market health care credits with larger coupons and better call structures. Some of the Funds also sold corporate industrial development/pollution control revenue bonds where we believed we had extracted all of the price performance potential. These bonds attracted very good prices due to interest from crossover buyers.

As of February 28, 2011, all eight of these Funds continued to use inverse floating rate securities. We employ inverse floaters as a form of leverage for a variety of reasons, including duration management, income enhancement and total return enhancement.

How did the Funds perform?

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

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## Average Annual Total Returns on Common Share Net Asset Value

For periods ended 2/28/11

	1-Year		5-Year		10-Year	
<b>Uninsured Funds</b>						
NCU	0.63	%	2.78	%	5.17	%
NAC	-2.57	%	2.06	%	5.06	%
NVX	-0.64	%	3.05	%	N/A	
NZH	-1.40	%	1.55	%	N/A	
<b>Standard &amp; Poor's (S&amp;P) California Municipal Bond Index<sup>1</sup></b>						
Standard & Poor's (S&P) California Municipal Bond Index <sup>1</sup>	2.08	%	3.39	%	4.57	%
<b>Standard &amp; Poor's (S&amp;P) National Municipal Bond Index<sup>2</sup></b>						
Standard & Poor's (S&P) National Municipal Bond Index <sup>2</sup>	1.63	%	3.74	%	4.75	%
<b>Lipper California Municipal Debt Funds Average<sup>3</sup></b>						
Lipper California Municipal Debt Funds Average <sup>3</sup>	-1.08	%	1.18	%	4.34	%
<b>Insured Funds</b>						
NPC	-1.75	%	2.73	%	4.65	%
NCL	-0.72	%	2.64	%	4.64	%
NKL	-0.75	%	3.08	%	N/A	
NKX	-3.18	%	2.23	%	N/A	
<b>Standard &amp; Poor's (S&amp;P) California Municipal Bond Index<sup>1</sup></b>						
Standard & Poor's (S&P) California Municipal Bond Index <sup>1</sup>	2.08	%	3.39	%	4.57	%
<b>Standard &amp; Poor's (S&amp;P) Insured National Municipal Bond Index<sup>4</sup></b>						
Standard & Poor's (S&P) Insured National Municipal Bond Index <sup>4</sup>	1.24	%	3.60	%	4.75	%
<b>Lipper Single-State Insured Municipal Debt Funds Average<sup>5</sup></b>						
Lipper Single-State Insured Municipal Debt Funds Average <sup>5</sup>	-0.05	%	3.31	%	5.11	%

For the twelve months ended February 28, 2011, the total returns on common share net asset value (NAV) for these California Funds underperformed the return for the Standard & Poor's (S&P) California Municipal Bond Index. The non-insured Funds also underperformed the Standard & Poor's (S&P) National Municipal Bond Index, while the insured Funds lagged the return on the Standard & Poor's (S&P) Insured National Municipal Bond Index. NCU and NVX exceeded the average return for the Lipper California Municipal Debt Funds Average, while NAC and NZH trailed this measure. All four of the insured Funds trailed the Lipper Single-State Insured Municipal Debt Funds Average.

Key management factors that influenced the Funds' returns during this period included sector allocation, credit exposure, and duration and yield curve positioning. The use of financial leverage also factored into the Funds' performance. Leverage is discussed in more detail on page ten.

The predominant factor in the performance of the California Funds during this period was each Fund's weighting in California state GOs. All of these Funds were underweight in varying degrees, particularly, NAC and NKX, to the tax-supported sector, especially California state GOs, relative to the California market. This underweighting was due to the fact that California state GOs comprise such a large portion (just over 25% as of February 2011) of the tax-supported sector in California that it is difficult to match the market weighting in our portfolios. During this period, due in part to their scarcity and security provisions, California state GOs outperformed the general municipal market by a significant margin. Consequently, the more underweight a Fund was in these credits, the more it hurt that Fund's relative performance.

Other sectors that outperformed the overall municipal market during this period included industrial development revenue (IDR) and housing. In general, the higher a Fund's allocation to IDRs, the greater the offset to the negative impact of that Fund's

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 The Standard & Poor's (S&P) California Municipal Bond Index is an unleveraged, market value-weighted index designed to measure the performance of the tax-exempt, investment-grade California municipal bond market. This index does not reflect any initial or ongoing expenses and is not available for direct investment.
- 2 The Standard & Poor's (S&P) National Municipal Bond Index is an unleveraged, market value-weighted index designed to measure the performance of the tax-exempt, investment-grade U.S. municipal bond market. This index does not reflect any initial or ongoing expenses and is not available for direct investment.
- 3 The Lipper California Municipal Debt Funds Average is calculated using the returns of all leveraged and unleveraged 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.
- 4 The Standard & Poor's (S&P) Insured National Municipal Bond Index is a national unleveraged, 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.
- 5 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; and 10-year, 24 funds. The performance of the Lipper Single-State Insured Municipal Debt Funds Average represents the overall average of returns for funds from eight different states with a wide variety of municipal market conditions. 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.

underexposure to California state GOs. These Funds generally had relatively small allocations to housing bonds, which limited their participation in the outperformance of this sector.

In contrast, the health care, education and transportation sectors turned in relatively weak performance. The insured segment also failed to keep pace with the general municipal market return for the twelve months. Overall, NAC and NKX were the most negatively impacted by their sector exposures during this period. Our holdings in the “other revenue” sector, specifically tax increment financing district or redevelopment district bonds, also generally performed poorly during this period. Changes to the redevelopment district program, proposed as part of efforts to close gaps in the California state budget, caused concern among both investors and issuers of these bonds. This resulted in heavier supply of redevelopment district bonds in the market, which—in turn—caused the sector to trade off. The California Funds tended to be overweighted in this sector, and its underperformance detracted from their returns.

Credit exposure also played an important role in performance during these twelve months. During the market reversal of late 2010, as the demand for high-yield bonds decreased, prices on lower quality credits generally fell. For the period, bonds rated BBB typically underperformed those rated AAA or A. On the whole, it is our management style to overweight the BBB credit category in the uninsured Funds, and that generally detracted from their performance during this period. NZH, in particular, was hurt by the combination of overexposure to BBB bonds and underexposure to bonds rated A. NCL, NCU and NKL were helped by having the highest allocations to bonds rated A among these Funds.

During this period, municipal bonds with intermediate maturities, especially those in the long intermediate segment of the yield curve, generally outperformed other maturity groupings, with credits at both the shortest and longest ends of the curve posting the weakest returns. For the most part, the effect of the Funds’ duration and yield curve positioning was relatively neutral for performance during this period, especially when compared with the impact of sector allocation and credit exposure. Among these eight Funds, NCU and NKL had the most advantageous yield curve positioning, which had a positive effect on their performance, while NAC’s performance was hampered by its exposure to the underperforming areas of the yield curve.

During this period NCL also entered into forward interest rate swaps to broadly reduce the sensitivity of the Fund to movements in U.S. interest rates.

#### IMPACT OF THE FUNDS’ LEVERAGE STRATEGIES ON PERFORMANCE

One important factor impacting the returns of most of these Funds relative to the comparative indexes was the Funds’ use of structural leverage. The Funds use leverage because their managers believe that, over time, leveraging provides opportunities for additional income and total return 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 the prices of securities held by a Fund generally are rising. Leverage made a positive contribution to the performance of these Funds over this reporting period.

#### RECENT DEVELOPMENTS REGARDING THE FUNDS' REDEMPTION OF AUCTION RATE PREFERRED SHARES

Shortly after their respective inception, each of the Funds issued auction rate preferred shares (ARPS) to create structural 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 continued to receive 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 that can be used separately or in combination to refinance a portion of the Nuveen funds' outstanding ARPS. Some funds have utilized tender option bonds (TOBs), also known as inverse floating rate securities, for leverage purposes. 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. Some funds have issued Variable Rate Demand Preferred (VRDP) Shares as well as Variable MuniFund Term Preferred (VMTP) Shares, which are a floating rate form of preferred stock with a mandatory term redemption. Some funds have issued MuniFund Term Preferred (MTP) Shares, a fixed rate form of preferred stock with a mandatory redemption period of three to 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.

During 2010 and 2011, certain Nuveen leveraged closed-end funds (including NAC, NZH and NKX) received a demand letter from a law firm on behalf of purported holders of common shares of each such fund, alleging that Nuveen and the funds' officers and Board of Directors/Trustees breached their fiduciary duties related to the redemption at par of the funds' ARPS. In response, the Board established an ad hoc Demand Committee consisting of certain of its disinterested and independent Board members to investigate the claims. The Demand Committee retained independent counsel to assist

it in conducting an extensive investigation. Based upon its investigation, the Demand Committee found that it was not in the best interests of each fund or its shareholders to take the actions suggested in the demand letters, and recommended that the full Board reject the demands made in the demand letters. After reviewing the findings and recommendation of the Demand Committee, the full Board of each fund unanimously adopted the Demand Committee's recommendation.

Subsequently, the funds that received demand letters (including NKX) were named in a consolidated complaint as nominal defendants in a putative shareholder derivative action captioned Martin Safier, et al. v. Nuveen Asset Management, et al. that was filed in the Circuit Court of Cook County, Illinois, Chancery Division (the "Cook County Chancery Court") on February 18, 2011 (the "Complaint"). The Complaint, filed on behalf of purported holders of each fund's common shares, also name Nuveen Fund Advisors, Inc. as a defendant, together with current and former Officers and interested Director/Trustees of each of the funds (together with the nominal defendants, collectively, the "Defendants"). The Complaint contains the same basic allegations contained in the demand letters. The suits seek a declaration that the Defendants have breached their fiduciary duties, an order directing the Defendants not to redeem any ARPS at their liquidation value using fund assets, indeterminate monetary damages in favor of the funds and an award of plaintiffs' costs and disbursements in pursuing the action. Nuveen Fund Advisors, Inc. believes that the Complaint is without merit, and is defending vigorously against these charges.

As of February 28, 2011, the amount of ARPS redeemed by the Funds is shown in the accompanying table.

Fund	Auction Rate Preferred Shares Redeemed	% of Original Auction Rate Preferred Share	
NPC	\$45,000,000	100.0	%
NCL	\$95,000,000	100.0	%
NCU	\$43,000,000	100.0	%
NAC	\$39,475,000	22.6	%
NVX	\$70,050,000	63.7	%
NZH	\$117,500,000	62.8	%
NKL	\$14,250,000	12.1	%
NKX	\$45,000,000	100.0	%

As noted in previous shareholder reports, NZH has issued and outstanding \$86.3 million MTP. During the twelve-month reporting period, NCU and NVX successfully completed the issuance of MTP, which trade on the New York Stock Exchange (NYSE) under the ticker symbols as noted in the following table. The net proceeds from this offering were used to refinance all, or a portion of, each Fund's remaining outstanding ARPS at par.

Fund	MTP Issued	Series	Rate	NYSE Ticker
NCU	\$35,250,000	2015	2.00%	NCU PrC
NVX	\$55,000,000	2015	2.05%	NVX PrC

As noted in previous shareholder reports, NKX has issued and outstanding \$35.5 million of VRDP. During the twelve-month reporting period, NKX completed a private exchange offer in which all of its Series 1 VRDP Shares were exchanged for Series 2 VRDP Shares.



During this twelve-month reporting period, NPC and NCL issued \$42.7 million and \$74.0 million, respectively, of VRDP to redeem at par their remaining 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. VRDP is offered only to qualified institutional buyers, defined pursuant to Rule 144A under the Securities Act of 1933.

Subsequent to the reporting period, NVX completed the issuance of an additional \$42.8 million of 2.35%, Series 2014 MTP. The newly issued MTP shares trade on the NYSE under the symbol “NVX Pr A.” The net proceeds from this offering were used to refinance the Fund’s remaining outstanding ARPS at par. Immediately following its MTP issuance, NVX noticed for redemption at par its remaining \$40.0 million ARPS outstanding using the MTP proceeds.

Subsequent to the reporting period, NZH completed the issuance of an additional \$27.0 million of 2.35%, Series 2014 MTP. The newly issued MTP shares trade on the NYSE under the symbol “NZH Pr A.” The net proceeds from this offering were used to refinance a portion of the Fund’s remaining outstanding ARPS at par. Immediately following its MTP issuance, NZH noticed for redemption at par \$26.3 million of its \$69.5 million ARPS outstanding using the MTP proceeds.

(Refer to Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies and Footnote 4 – Fund Shares for further details on MTP and VRDP Shares.)

At the time this report was prepared, all 84 of the 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 \$8.8 billion of the approximately \$11.0 billion originally outstanding.

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

## Common Share Dividend and Share Price Information

During the twelve months ended February 28, 2011, NPC, NCU, NAC, NVX, NKL and NKX each had one monthly dividend increase. The dividends of NCL and NZH remained stable throughout the reporting period.

Due to normal portfolio activity, common shareholders of NPC received a long-term capital gains distribution of \$0.0280 per share at the end of 2010.

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, 2011, all of the Funds in this report had positive UNII balances for both tax purposes and financial reporting purposes.

## COMMON SHARE REPURCHASES AND SHARE PRICE INFORMATION

As of February 28, 2011, and the since inception of the Funds' repurchase program, the following Funds have cumulatively repurchased and retired common shares as shown in the accompanying table. Since the inception of the Fund's repurchase program, NAC and NKX have not redeemed any of their outstanding common shares.

Fund	Common Shares Repurchased and Retired	% of Outstanding Common Shares
NPC	17,700	0.3 %
NCL	55,700	0.4 %
NCU	44,500	0.8 %
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 and retired their 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 and Retired	Weighted Average Price Per Share Repurchased and Retired	Weighted Average Discount Per Share Repurchased and Retired
NCL	1,200	\$ 12.14	13.47 %
NCU	2,400	\$ 11.82	14.53 %

As of February 28, 2011, the Funds' common share prices were trading at (-) discounts to their common share NAVs as shown in the accompanying table.

Fund	2/28/11 (-) Discount	Twelve-Month Average (-)Discount
NPC	(-)2.71 %	(-)6.24 %
NCL	(-)4.67 %	(-)4.89 %
NCU	(-)5.25 %	(-)6.11 %
NAC	(-)3.79 %	(-)4.85 %
NVX	(-)4.75 %	(-)3.73 %
NZH	(-)3.79 %	(-)2.06 %
NKL	(-)4.96 %	(-)3.69 %
NKX	(-)8.11 %	(-)5.51 %

NPC Nuveen Insured California  
 Performance Premium Income  
 OVERVIEW Municipal Fund, Inc.  
 as of February 28, 2011

## Fund Snapshot

Common Share Price	\$	13.26
Common Share Net Asset Value (NAV)	\$	13.63
Premium/(Discount) to NAV		-2.71%
Market Yield		6.56%
Taxable-Equivalent Yield <sup>1</sup>		10.05%
Net Assets Applicable to Common Shares (\$000)	\$	87,827

Average Annual Total Return  
(Inception 11/19/92)

	On Share Price		On NAV	
1-Year	6.29	%	-1.75	%
5-Year	2.20	%	2.73	%
10-Year	5.00	%	4.65	%

Portfolio Composition<sup>4</sup>

(as a % of total investments)

Tax Obligation/Limited	32.8%
Tax Obligation/General	24.1%
U.S. Guaranteed	19.4%
Water and Sewer	12.3%
Other	11.4%

Insurers<sup>4</sup>

(as a % of total Insured investments)

NPFG <sup>5</sup>	31.8%
AGM	25.6%
AMBAC	20.1%
FGIC	13.9%
AGC	6.6%
SYNCORA GTY	2.0%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

- 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 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 The Fund intends to invest at least 80% of its managed assets in municipal securities that are covered by insurance guaranteeing the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Insurance for more information. At the end of the reporting period, 80% of the Fund's total investments are invested in Insured securities.

Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

- 4 Holdings are subject to change.
  - 5 MBIA's public finance subsidiary.
  - 6 The Fund paid shareholders a capital gains distribution in November 2010 of \$0.0280 per share.
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NCL Nuveen Insured California  
 Performance Premium Income  
 OVERVIEW Municipal Fund 2, Inc.  
 as of February 28, 2011

## Fund Snapshot

Common Share Price	\$	12.45
Common Share Net Asset Value (NAV)	\$	13.06
Premium/(Discount) to NAV		-4.67%
Market Yield		6.94%
Taxable-Equivalent Yield <sup>1</sup>		10.63%
Net Assets Applicable to Common Shares (\$000)	\$	165,359

Average Annual Total Return  
(Inception 3/18/93)

	On Share Price		On NAV	
1-Year	4.38	%	-0.72	%
5-Year	2.06	%	2.64	%
10-Year	4.56	%	4.64	%

Portfolio Composition<sup>4,6</sup>  
(as a % of total investments)

Tax Obligation/Limited	40.7%
Tax Obligation/General	21.7%
Water and Sewer	14.5%
Utilities	5.7%
Transportation	5.1%
Other	12.3%

Insurers<sup>4,6</sup>

(as a % of total Insured investments)

AMBAC	29.5%
AGM	21.4%
FGIC	18.7%
NPFG <sup>5</sup>	18.7%
AGC	11.1%
SYNCORA GTY	0.6%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

- 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 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 The Fund intends to invest at least 80% of its managed assets in municipal securities that are covered by insurance guaranteeing the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Insurance for more information. At the

end of the reporting period, 91% of the Fund's total investments are invested in Insured securities.

- 3 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- 4 Holdings are subject to change.
- 5 MBIA's public finance subsidiary.
- 6 Excluding investments in derivatives.

Nuveen Investments

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NCU Nuveen California  
 Performance Premium Income  
 OVERVIEW Municipal Fund  
 as of February 28, 2011

## Fund Snapshot

Common Share Price	\$12.28	
Common Share Net Asset Value (NAV)	\$12.96	
Premium/(Discount) to NAV	-5.25	%
Market Yield	7.08	%
Taxable-Equivalent Yield <sup>1</sup>	10.84	%
Net Assets Applicable to Common Shares (\$000)	\$74,275	

Average Annual Total Return  
(Inception 6/18/93)

	On Share Price		On NAV	
1-Year	8.34	%	0.63	%
5-Year	3.01	%	2.78	%
10-Year	4.77	%	5.17	%

Portfolio Composition<sup>3</sup>

(as a % of total investments)

Tax Obligation/Limited	30.1%
Health Care	18.8%
Tax Obligation/General	18.6%
U.S. Guaranteed	8.9%
Utilities	5.4%
Water and Sewer	4.5%
Other	13.7%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

- 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 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- 3 Holdings are subject to change.

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NAC Nuveen California  
 Performance Dividend Advantage  
 OVERVIEW Municipal Fund  
 as of February 28, 2011

## Fund Snapshot

Common Share Price	\$	12.20
Common Share Net Asset Value (NAV)	\$	12.68
Premium/(Discount) to NAV		-3.79%
Market Yield		7.33%
Taxable-Equivalent Yield <sup>1</sup>		11.23%
Net Assets Applicable to Common Shares (\$000)	\$	297,629

Average Annual Total Return  
(Inception 5/26/99)

	On Share Price		On NAV	
1-Year	3.54	%	-2.57	%
5-Year	1.33	%	2.06	%
10-Year	5.08	%	5.06	%

Portfolio Composition<sup>3</sup>

(as a % of total investments)

Tax Obligation/Limited	23.9	%
Health Care	18.5	%
Tax Obligation/General	14.6	%
U.S. Guaranteed	12.0	%
Transportation	9.2	%
Water and Sewer	5.9	%
Education and Civic Organizations	4.5	%
Other	11.4	%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

- 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 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- 3 Holdings are subject to change.

NVX Nuveen California  
 Performance Dividend Advantage  
 OVERVIEW Municipal Fund 2  
 as of February 28, 2011

## Fund Snapshot

Common Share Price	\$	12.83
Common Share Net Asset Value (NAV)	\$	13.47
Premium/(Discount) to NAV		-4.75%
Market Yield		7.48%
Taxable-Equivalent Yield <sup>1</sup>		11.45%
Net Assets Applicable to Common Shares (\$000)	\$	198,675

Average Annual Total Return  
(Inception 3/27/01)

	On Share Price		On NAV	
1-Year	1.37	%	-0.64	%
5-Year	3.16	%	3.05	%
Since Inception	4.69	%	5.31	%

Portfolio Composition<sup>3</sup>

(as a % of total investments)

Health Care	17.0%
U.S. Guaranteed	16.6%
Tax Obligation/General	14.2%
Tax Obligation/Limited	10.8%
Transportation	8.6%
Water and Sewer	7.5%
Utilities	6.3%
Education and Civic Organizations	6.0%
Other	13.0%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

- 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 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- 3 Holdings are subject to change.

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NZH Nuveen California  
 Performance Dividend Advantage  
 OVERVIEW Municipal Fund 3  
 as of February 28, 2011

## Fund Snapshot

Common Share Price	\$	11.67
Common Share Net Asset Value (NAV)	\$	12.13
Premium/(Discount) to NAV		-3.79%
Market Yield		7.71%
Taxable-Equivalent Yield <sup>1</sup>		11.81%
Net Assets Applicable to Common Shares (\$000)	\$	292,563

## Average Annual Total Return

(Inception 9/25/01)

	On Share Price		On NAV	
1-Year	-1.21	%	-1.40	%
5-Year	1.67	%	1.55	%
Since Inception	3.59	%	4.20	%

Portfolio Composition<sup>3</sup>

(as a % of total investments)

Tax Obligation/Limited	28.4%
Health Care	20.7%
U.S. Guaranteed	14.1%
Tax Obligation/General	8.6%
Consumer Staples	5.1%
Transportation	4.9%
Water and Sewer	4.1%
Other	14.1%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

- 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 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- 3 Holdings are subject to change.



NKL Nuveen Insured California  
 Performance Dividend Advantage  
 OVERVIEW Municipal Fund  
 as of February 28, 2011

## Fund Snapshot

Common Share Price	\$	13.02
Common Share Net Asset Value (NAV)	\$	13.70
Premium/(Discount) to NAV		-4.96%
Market Yield		7.24%
Taxable-Equivalent Yield <sup>1</sup>		11.09%
Net Assets Applicable to Common Shares (\$000)	\$	208,950

Average Annual Total Return  
(Inception 3/25/02)

	On Share Price		On NAV	
1-Year	1.81	%	-0.75	%
5-Year	2.83	%	3.08	%
Since Inception	4.65	%	5.48	%

Portfolio Composition<sup>4</sup>

(as a % of total investments)

Tax Obligation/Limited	31.5%
Tax Obligation/General	19.9%
U.S. Guaranteed	12.3%
Utilities	10.3%
Water and Sewer	9.6%
Health Care	4.2%
Other	12.2%

Insurers<sup>4</sup>

(as a % of total Insured investments)

AGM	26.2%
AMBAC	25.3%
NFPG <sup>5</sup>	21.8%
FGIC	18.0%
SYNCORA GTY	6.3%
Other	2.4%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

- 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 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 The Fund intends to invest at least 80% of its managed assets in municipal securities that are covered by insurance guaranteeing the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies,

Insurance for more information. At the end of the reporting period, 82% of the Fund's total investments are invested in Insured securities.

- 3 Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
  - 4 Holdings are subject to change.
  - 5 MBIA's public finance subsidiary.
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NKX Nuveen Insured California  
 Performance Tax-Free Advantage  
 OVERVIEW Municipal Fund  
 as of February 28, 2011

## Fund Snapshot

Common Share Price	\$	11.78
Common Share Net Asset Value (NAV)	\$	12.82
Premium/(Discount) to NAV		-8.11%
Market Yield		6.83%
Taxable-Equivalent Yield <sup>1</sup>		10.46%
Net Assets Applicable to Common Shares (\$000)	\$	75,493

Average Annual Total Return  
(Inception 11/21/02)

	On Share Price		On NAV	
1-Year	-2.71	%	-3.18	%
5-Year	1.54	%	2.23	%
Since Inception	2.82	%	4.24	%

Portfolio Composition<sup>4</sup>

(as a % of total investments)

Tax Obligation/Limited	31.0%
Health Care	17.1%
U.S. Guaranteed	13.9%
Tax Obligation/General	12.7%
Water and Sewer	8.3%
Transportation	5.5%
Long-Term Care	5.2%
Other	6.3%

Insurers<sup>4</sup>

(as a % of total Insured investments)

AMBAC	46.3%
NPFG <sup>5</sup>	20.1%
AGM	11.8%
AGC	8.5%
BHAC	5.3%
SYNCORA GTY	4.5%
FGIC	3.5%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

- 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 34.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

The Fund intends to invest at least 80% of its managed assets in municipal securities that are covered by insurance guaranteeing the timely payment of principal and interest. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Insurance for more information. At the end of the reporting period, 77% of the Fund’s total investments are invested in Insured securities.

3 Ratings shown are the highest of Standard & Poor’s Group, Moody’s Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

4 Holdings are subject to change.

5 MBIA’s public finance subsidiary.

Nuveen Investments

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## NPC Shareholder Meeting Report (Unaudited)

NCL

NCU

The annual meeting of shareholders was held in the offices of Nuveen Investments on November 16, 2010; at this meeting the shareholders were asked to vote on the election of Board Members. The meeting for NCU was subsequently adjourned to January 6, 2011.

	NPC		NCL		NCU	
	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class
Approval of the Board Members was reached as follows:						
John P. Amboian						
For	5,650,329	—	11,293,238	—	—	—
Withhold	193,455	—	381,470	—	—	—
Total	5,843,784	—	11,674,708	—	—	—
Robert P. Bremner						
For	5,645,734	—	11,285,270	—	—	—
Withhold	198,050	—	389,438	—	—	—
Total	5,843,784	—	11,674,708	—	—	—
Jack B. Evans						
For	5,650,760	—	11,288,116	—	—	—
Withhold	193,024	—	386,592	—	—	—
Total	5,843,784	—	11,674,708	—	—	—
William C. Hunter						
For	—	427	—	1,062	—	820
Withhold	—	—	—	77	—	9
Total	—	427	—	1,139	—	829
David J. Kundert						
For	5,641,515	—	11,296,638	—	—	—
Withhold	202,269	—	378,070	—	—	—
Total	5,843,784	—	11,674,708	—	—	—
William J. Schneider						
For	—	427	—	1,062	—	820
Withhold	—	—	—	77	—	9
Total	—	427	—	1,139	—	829
Judith M. Stockdale						
For	5,647,286	—	11,282,620	—	5,245,663	—
Withhold	196,498	—	392,088	—	207,556	—
Total	5,843,784	—	11,674,708	—	5,453,219	—
Carole E. Stone						
For	5,651,473	—	11,283,374	—	5,250,890	—
Withhold	192,311	—	391,334	—	202,329	—

Total	5,843,784	—	11,674,708	—	5,453,219	—
Terence J. Toth						
For	5,649,729	—	11,296,638	—	—	—
Withhold	194,055	—	378,070	—	—	—
Total	5,843,784	—	11,674,708	—	—	—

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NAC  
NVX  
NZH

	NAC		NVX		NZH	
	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class
Approval of the Board Members was reached as follows:						
John P. Amboian						
For	—	—	—	—	—	—
Withhold	—	—	—	—	—	—
Total	—	—	—	—	—	—
Robert P. Bremner						
For	—	—	—	—	—	—
Withhold	—	—	—	—	—	—
Total	—	—	—	—	—	—
Jack B. Evans						
For	—	—	—	—	—	—
Withhold	—	—	—	—	—	—
Total	—	—	—	—	—	—
William C. Hunter						
For	—	1,930	—	2,042	—	7,531,100
Withhold	—	58	—	399	—	77,674
Total	—	1,988	—	2,441	—	7,608,774
David J. Kundert						
For	—	—	—	—	—	—
Withhold	—	—	—	—	—	—
Total	—	—	—	—	—	—
William J. Schneider						
For	—	1,915	—	2,042	—	7,531,100
Withhold	—	73	—	399	—	77,674
Total	—	1,988	—	2,441	—	7,608,774
Judith M. Stockdale						
For	21,577,697	—	13,290,555	—	29,273,472	—
Withhold	702,714	—	392,863	—	718,005	—
Total	22,280,411	—	13,683,418	—	29,991,477	—
Carole E. Stone						
For	21,601,337	—	13,287,631	—	29,429,217	—
Withhold	679,074	—	395,787	—	562,260	—
Total	22,280,411	—	13,683,418	—	29,991,477	—
Terence J. Toth						
For	—	—	—	—	—	—

Withhold	—	—	—	—	—	—
Total	—	—	—	—	—	—

Nuveen Investments

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NKL Shareholder Meeting Report (continued) (Unaudited)  
 NKX

	NKL		NKX	
	Common and Preferred shares voting together as a class	Preferred shares voting together as a class	Common and Preferred shares voting together as a class	Preferred shares voting together as a class
Approval of the Board Members was reached as follows:				
<b>John P. Amboian</b>				
For	—	—	—	—
Withhold	—	—	—	—
Total	—	—	—	—
<b>Robert P. Bremner</b>				
For	—	—	—	—
Withhold	—	—	—	—
Total	—	—	—	—
<b>Jack B. Evans</b>				
For	—	—	—	—
Withhold	—	—	—	—
Total	—	—	—	—
<b>William C. Hunter</b>				
For	—	1,778	—	177
Withhold	—	3	—	—
Total	—	1,781	—	177
<b>David J. Kundert</b>				
For	—	—	—	—
Withhold	—	—	—	—
Total	—	—	—	—
<b>William J. Schneider</b>				
For	—	1,778	—	177
Withhold	—	3	—	—
Total	—	1,781	—	177
<b>Judith M. Stockdale</b>				
For	13,887,275	—	5,318,645	—
Withhold	512,893	—	124,243	—
Total	14,400,168	—	5,442,888	—
<b>Carole E. Stone</b>				
For	13,887,275	—	5,318,645	—
Withhold	512,893	—	124,243	—
Total	14,400,168	—	5,442,888	—
<b>Terence J. Toth</b>				
For	—	—	—	—
Withhold	—	—	—	—
Total	—	—	—	—



Report of Independent  
Registered Public Accounting Firm

The Board of Directors/Trustees and Shareholders  
Nuveen Insured California Premium Income Municipal Fund, Inc.  
Nuveen Insured California Premium Income Municipal Fund 2, Inc.  
Nuveen California Premium Income Municipal Fund  
Nuveen California Dividend Advantage Municipal Fund  
Nuveen California Dividend Advantage Municipal Fund 2  
Nuveen California Dividend Advantage Municipal Fund 3  
Nuveen Insured California Dividend Advantage Municipal Fund  
Nuveen Insured California Tax-Free Advantage Municipal Fund

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Nuveen Insured California Premium Income Municipal Fund, Inc., Nuveen Insured California Premium Income Municipal Fund 2, Inc., Nuveen California Premium Income Municipal Fund, Nuveen California Dividend Advantage Municipal Fund, Nuveen California Dividend Advantage Municipal Fund 2, Nuveen California Dividend Advantage Municipal Fund 3, Nuveen Insured California Dividend Advantage Municipal Fund and Nuveen Insured California Tax-Free Advantage Municipal Fund (the "Funds") as of February 28, 2011, and the related statements of operations and cash flows (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 2, Nuveen California Dividend Advantage Municipal Fund 3, and Nuveen Insured California Tax-Free Advantage Municipal Fund only) for the year then ended, the statements of changes in net assets for the periods indicated therein, and the financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Funds' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of February 28, 2011, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. 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, Nuveen Insured California Dividend Advantage Municipal Fund and Nuveen Insured California Tax-Free Advantage Municipal Fund at February 28, 2011, and the results of their operations and cash flows (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 2, Nuveen California Dividend Advantage Municipal Fund 3, and

Nuveen Insured California Tax-Free Advantage Municipal Fund only) for the year then ended, the changes in their net assets for the periods indicated therein, and the financial highlights for each of the periods indicated therein in conformity with U.S. generally accepted accounting principles.

Chicago, Illinois  
April 27, 2011

Nuveen Investments

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NPC  
February 28, 2011

Nuveen Insured California Premium Income Municipal Fund, Inc.  
Portfolio of Investments

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Education and Civic Organizations – 4.8% (3.3% of Total Investments)			
\$ 750	California Educational Facilities Authority, Student Loan Revenue Bonds, Cal Loan Program, Series 2001A, 5.400%, 3/01/21 – NPFPG Insured (Alternative Minimum Tax)	3/11 at 100.00	Baa1	\$ 749,963
1,500	California State University, Systemwide Revenue Bonds, Series 2005A, 5.000%, 11/01/25 – AMBAC Insured	5/15 at 100.00	Aa2	1,502,700
2,000	California State University, Systemwide Revenue Bonds, Series 2005C, 5.000%, 11/01/27 – NPFPG Insured	11/15 at 100.00	Aa2	1,970,960
4,250	Total Education and Civic Organizations			4,223,623
	Health Care – 7.2% (4.9% of Total Investments)			
3,000	California Health Facilities Financing Authority, Insured Revenue Bonds, Sutter Health, Series 1998A, 5.375%, 8/15/30 – NPFPG Insured	8/11 at 100.00	AA–	2,869,170
724	California Statewide Communities Development Authority, Revenue Bonds, Saint Joseph Health System, Trust 2554, 18.488%, 7/01/47 – AGM Insured (IF)	7/18 at 100.00	AA+	532,343
1,500	California Statewide Community Development Authority, Certificates of Participation, Sutter Health Obligated Group, Series 1999, 5.500%, 8/15/19 – AGM Insured	8/11 at 100.00	AA+	1,505,460
1,480	Santa Clara County Financing Authority, California, Insured Revenue Bonds, El Camino Hospital, Series 2007A, 5.750%, 2/01/41 – AMBAC Insured	8/17 at 100.00	A+	1,411,994
6,704	Total Health Care			6,318,967
	Housing/Single Family – 0.1% (0.1% of Total Investments)			
110	California Housing Finance Agency, Home Mortgage Revenue Bonds, Series 2006H, 5.750%, 8/01/30 – FGIC Insured (Alternative Minimum Tax)	2/16 at 100.00	A	111,735
	Long-Term Care – 1.5% (1.0% of Total Investments)			
1,250	California Health Facilities Financing Authority, Insured Revenue Bonds, Community Program for Persons with Developmental Disabilities, Series 2011A, 6.250%, 2/01/26	No Opt. Call	A–	1,278,575
	Tax Obligation/General – 35.2% (24.1% of Total Investments)			

Bonita Unified School District, San Diego County, California, General Obligation Bonds, Series 2004A:				
1,890	5.250%, 8/01/23 – NPF	8/14 at 100.00	AA–	2,005,233
1,250	5.250%, 8/01/25 – NPF	8/14 at 100.00	AA–	1,302,638
El Segundo Unified School District, Los Angeles County, California, General Obligation Bonds, Series 2004:				
2,580	5.250%, 9/01/21 – FGIC	9/14 at 100.00	AA–	2,745,455
1,775	5.250%, 9/01/22 – FGIC	9/14 at 100.00	AA–	1,893,748
1,130	Fontana Unified School District, San Bernardino County, California, General Obligation Bonds, Trust 2668, 9.469%, 2/01/16 – AGM Insured (IF)	No Opt. Call	AA+	1,135,401
1,225	Fresno Unified School District, Fresno County, California, General Obligation Refunding Bonds, Series 1998A, 6.550%, 8/01/20 – NPF	2/13 at 103.00	Aa3	1,360,975
1,180	Jurupa Unified School District, Riverside County, California, General Obligation Bonds, Series 2004, 5.000%, 8/01/21 – FGIC	8/13 at 100.00	A+	1,202,137
3,000	Pomona Unified School District, Los Angeles County, California, General Obligation Refunding Bonds, Series 1997A, 6.500%, 8/01/19 – NPF	8/11 at 103.00	A	3,149,610
160	Roseville Joint Union High School District, Placer County, California, General Obligation Bonds, Series 2006B, 5.000%, 8/01/27 – FGIC	8/15 at 100.00	AA–	160,845
3,000	Sacramento City Unified School District, Sacramento County, California, General Obligation Bonds, Series 2005, 5.000%, 7/01/27 – NPF	7/15 at 100.00	Aa2	3,007,350

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Tax Obligation/General (continued)			
	San Diego Unified School District, San Diego County, California, General Obligation Bonds, Election of 1998, Series 2001C:			
\$ 1,335	5.000%, 7/01/21 – AGM Insured	7/11 at 102.00	AA+	\$ 1,380,257
3,500	5.000%, 7/01/22 – AGM Insured	7/11 at 102.00	AA+	3,618,650
4,895	5.000%, 7/01/23 – AGM Insured	7/11 at 102.00	AA+	5,060,941
3,000	San Jacinto Unified School District, Riverside County, California, General Obligation Bonds, Series 2007, 5.250%, 8/01/32 – AGM Insured	No Opt. Call	AA+	2,915,340
29,920	Total Tax Obligation/General			30,938,580
	Tax Obligation/Limited – 48.0% (32.8% of Total Investments)			
1,000	Brea and Olinda Unified School District, Orange County, California, Certificates of Participation Refunding, Series 2002A, 5.125%, 8/01/26 – AGM Insured	8/11 at 101.00	AA+	1,001,790
	California Infrastructure Economic Development Bank, Revenue Bonds, North County Center for Self-Sufficiency Corporation, Series 2004:			
1,215	5.000%, 12/01/19 – AMBAC Insured	12/13 at 100.00	AA	1,257,185
1,615	5.000%, 12/01/21 – AMBAC Insured	12/13 at 100.00	AA	1,654,309
195	Capistrano Unified School District, Orange County, California, Special Tax Bonds, Community Facilities District, Series 2005, 5.000%, 9/01/24 – FGIC Insured	9/15 at 100.00	BBB	179,121
595	Chino Redevelopment Agency, California, Merged Chino Redevelopment Project Area Tax Allocation Bonds, Series 2006, 5.000%, 9/01/38 – AMBAC Insured	9/16 at 101.00	A-	461,006
3,190	Chula Vista Public Financing Authority, California, Pooled Community Facility District Assessment Revenue Bonds, Series 2005A, 4.500%, 9/01/27 – NPFPG Insured	9/15 at 100.00	Baa1	2,610,186
1,900	Corona-Norco Unified School District, Riverside County, California, Special Tax Bonds, Community Facilities District 98-1, Series 2002, 5.100%, 9/01/25 – AMBAC Insured	9/12 at 100.00	N/R	1,746,233
5,000	El Monte, California, Senior Lien Certificates of Participation, Department of Public Services Facility Phase II, Series 2001, 5.250%, 1/01/34 – AMBAC Insured	7/11 at 100.00	A2	4,551,000
3,180	Golden State Tobacco Securitization Corporation, California, Enhanced Tobacco Settlement Asset-Backed Revenue Bonds, Tender Option	6/15 at 100.00	AA+	2,100,390

Bonds Trust 4686, 9.229%, 6/01/45 – AGC Insured  
(IF)

700	Hesperia Public Financing Authority, California, Redevelopment and Housing Projects Tax Allocation Bonds, Series 2007A, 5.000%, 9/01/37 – SYNCORA GTY Insured	9/17 at 100.00	Ba1	447,608
435	Indian Wells Redevelopment Agency, California, Tax Allocation Bonds, Consolidated Whitewater Project Area, Series 2003A, 5.000%, 9/01/20 – AMBAC Insured	9/13 at 100.00	A	429,754
345	Los Angeles Community Redevelopment Agency, California, Lease Revenue Bonds, Manchester Social Services Project, Series 2005, 5.000%, 9/01/37 – AMBAC Insured	9/15 at 100.00	A1	278,698
895	Los Angeles Community Redevelopment Agency, California, Tax Allocation Bonds, Bunker Hill Project, Series 2004A, 5.000%, 12/01/20 – AGM Insured	12/14 at 100.00	AA+	932,867
1,500	Los Angeles, California, Municipal Improvement Corporation, Lease Revenue Bonds, Police Headquarters, Series 2006A, 4.750%, 1/01/31 – FGIC Insured	1/17 at 100.00	A+	1,318,080
3,150	Moreno Valley Community Redevelopment Agency, California, Tax Allocation Bonds, Series 2007A, 5.000%, 8/01/38 – AMBAC Insured	8/17 at 100.00	A–	2,441,219
7,000	Rancho Cucamonga Redevelopment Agency, California, Housing Set-Aside Tax Allocation Bonds, Series 2007A, 5.000%, 9/01/34 – NPFGE Insured	9/17 at 100.00	A+	5,611,620
165	Rialto Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 9/01/35 – SYNCORA GTY Insured	9/15 at 100.00	A–	130,380
205	Roseville, California, Certificates of Participation, Public Facilities, Series 2003A, 5.000%, 8/01/25 – AMBAC Insured	8/13 at 100.00	AA–	197,743

Nuveen Investments

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NPC  
February 28, 2011

Nuveen Insured California Premium Income Municipal Fund, Inc. (continued)  
Portfolio of Investments

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Tax Obligation/Limited (continued)			
\$ 5,150	San Jacinto Unified School District, Riverside County, California, Certificates of Participation, Series 2010, 5.375%, 9/01/40 – AGC Insured	9/20 at 100.00	AA+	\$ 4,632,116
1,500	San Jose Redevelopment Agency, California, Tax Allocation Bonds, Merged Project Area, Series 2005A, 5.000%, 8/01/28 – NPFPG Insured	8/15 at 100.00	A2	1,232,010
3,565	Sweetwater Union High School District Public Financing Authority, California, Special Tax Revenue Bonds, Series 2005A, 5.000%, 9/01/25 – AGM Insured	9/15 at 100.00	AA+	3,469,957
3,250	Tustin Community Redevelopment Agency, California, Tax Allocation Housing Bonds Series 2010, 5.250%, 9/01/39 – AGM Insured	9/20 at 100.00	AA+	3,058,153
2,805	Yucaipa-Calimesa Joint Unified School District, San Bernardino County, California, General Obligation Refunding Bonds, Series 2001A, 5.000%, 10/01/31 – NPFPG Insured	10/11 at 100.00	A2	2,435,441
48,555	Total Tax Obligation/Limited Transportation – 2.7% (1.9% of Total Investments)			42,176,866
2,400	San Diego Unified Port District, California, Revenue Bonds, Series 2004B, 5.000%, 9/01/29 – NPFPG Insured	9/14 at 100.00	A+	2,365,800
	U.S. Guaranteed – 28.5% (19.4% of Total Investments) (4)			
6,000	Huntington Park Redevelopment Agency, California, Single Family Residential Mortgage Revenue Refunding Bonds, Series 1986A, 8.000%, 12/01/19 (ETM)	No Opt. Call	AAA	8,417,157
5,135	Palmdale Community Redevelopment Agency, California, Single Family Restructured Mortgage Revenue Bonds, Series 1986A, 8.000%, 3/01/16 (Alternative Minimum Tax) (ETM)	No Opt. Call	AAA	6,447,095
6,220	Riverside County, California, GNMA Mortgage-Backed Securities Program Single Family Mortgage Revenue Bonds, Series 1987B, 9.000%, 5/01/21 (Alternative Minimum Tax) (ETM)	No Opt. Call	AAA	8,305,255
1,485	San Jose, California, Single Family Mortgage Revenue Bonds, Series 1985A, 9.500%, 10/01/13 (ETM)	No Opt. Call	Aaa	1,813,556
18,840	Total U.S. Guaranteed			24,983,063

	Utilities – 0.3% (0.2% of Total Investments)			
345	Merced Irrigation District, California, Electric System Revenue Bonds, Series 2005, 5.125%, 9/01/31 – SYNCORA GTY Insured	9/15 at 100.00	N/R	287,575
	Water and Sewer – 18.0% (12.3% of Total Investments)			
2,200	Atwater Public Financing Authority, California, Wastewater Revenue Bonds, Tender Option Bond Trust 3145, 18.296%, 5/01/40 – AGM Insured (IF)	5/19 at 100.00	AA+	1,536,656
5,255	El Dorado Irrigation District, California, Water and Sewer Certificates of Participation, Series 2003A, 5.000%, 3/01/20 – FGIC Insured	3/13 at 100.00	A1	5,393,732
1,230	El Dorado Irrigation District, California, Water and Sewer Certificates of Participation, Series 2004A, 5.000%, 3/01/21 – FGIC Insured	3/14 at 100.00	A1	1,257,773
235	Healdsburg Public Financing Authority, California, Wastewater Revenue Bonds, Series 2006, 5.000%, 4/01/36 – NPFPG Insured	4/16 at 100.00	AA–	217,596
5,000	Indio Water Authority, California, Water Revenue Bonds, Series 2006, 5.000%, 4/01/31 – AMBAC Insured	4/16 at 100.00	A+	4,666,350

30 Nuveen Investments

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Water and Sewer (continued)			
\$ 220	Marina Coast Water District, California, Enterprise Certificate of Participation, Series 2006, 5.000%, 6/01/31 – NPMFG Insured	6/16 at 100.00	AA–	\$ 209,352
1,500	Placerville Public Financing Authority, California, Wastewater System Refinancing and Improvement Project Revenue Bonds, Series 2006, 5.000%, 9/01/34 – SYNCORA GTY Insured	9/16 at 100.00	N/R	1,134,060
1,345	West Basin Municipal Water District, California, Revenue Certificates of Participation, Series 2003A, 5.000%, 8/01/20 – NPMFG Insured	8/13 at 100.00	Aa2	1,430,811
16,985	Total Water and Sewer			15,846,330
\$ 129,359	Total Investments (cost \$131,627,729) – 146.3%			128,531,114
	Variable Rate Demand Preferred Shares, at Liquidation Value – (48.6)% (5)			(42,700,000)
	Other Assets Less Liabilities – 2.3%			1,995,907
	Net Assets Applicable to Common Shares – 100%			