

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2
Form DEF 14A
October 17, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Nuveen California Dividend Advantage Municipal Fund 2
(NVX)

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(3) Filing Party:

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Important Notice to Fund Shareholders

October 17, 2013

Although we recommend that you read the complete Joint Proxy Statement, for your convenience, we have provided a brief overview of the issues to be voted on.

Q. Why am I receiving this Joint Proxy Statement?

A. You are receiving this Joint Proxy Statement in connection with the annual shareholders meeting of the Nuveen closed-end funds listed at the top of the Notice of Annual Meeting of Shareholders (each a Fund and collectively, the Funds). The following proposals will be considered:

- (i) the election of board members for each Fund (the list of specific nominees is contained in the enclosed Joint Proxy Statement); and
- (ii) the elimination of the current fundamental investment policy and adoption of a new fundamental investment policy regarding the ability to make loans by Nuveen California Dividend Advantage Municipal Fund 2 (California Dividend Advantage 2) in order to update and conform the Fund's policies with other Nuveen closed-end municipal funds.

Your Fund's Board of Trustees/Directors (Board), including your Board's independent members, unanimously recommends that you vote **FOR** each proposal.

Your vote is very important. We encourage you as a shareholder to participate in your Fund's governance by returning your vote as soon as possible. If enough shareholders don't cast their votes, your Fund may not be able to hold its meeting or the vote on each issue, and will be required to incur additional solicitation costs in order to obtain sufficient shareholder participation.

Proposal Regarding New Fundamental Investment Policy Relating to Loans

Q. Why is California Dividend Advantage 2 proposing a change to its fundamental investment policy?

A. The proposal is part of a multi-year effort to ensure that all of Nuveen's municipal bond closed-end funds have a uniform and up-to-date set of investment policies that reflect the evolution and changes in the municipal bond market that have emerged over the past 20 years. The proposed changes are part of a comprehensive "best practices" initiative on behalf of the funds that began more than four years ago. Nuveen's municipal bond closed-end funds have been brought to market at different intervals over the course of more than 20 years, and reflect various policies and investment capabilities prevalent at the time of their creation. The investment policies of older funds generally do not reflect subsequent developments in the municipal bond market, including new types of securities and investment strategies. Consequently, many of Nuveen's more recently offered municipal bond closed-end funds feature investment capabilities not uniformly enjoyed by older municipal bond closed-end funds. The proposal set forth in the Joint Proxy Statement is designed to provide California Dividend Advantage 2 with the same portfolio management tools currently available to Nuveen's more recently offered funds.

Q. What are the potential benefits of the new fundamental investment policy relating to loans for common shareholders of California Dividend Advantage 2?

A. The proposed new fundamental investment policy would permit the Fund to make loans to the extent permitted by the Investment Company Act of 1940, as amended. This would generally permit the Fund to lend up to 33 $\frac{1}{3}$ % of its total assets. Among other things, this change is intended to provide the Fund with the flexibility to make loans in circumstances where a municipal issuer is in distress, if Nuveen Fund Advisors, LLC believes that doing so would both:

(i) facilitate a timely workout of the issuer's situation in a manner which benefits the Fund; and

(ii) be or represent the best choice for reducing the likelihood or severity of loss on the Fund's investment.

A loan to an issuer in distress involves risks. In this circumstance, it is possible the Fund could lose its entire investment with an issuer as well as the amount loaned.

Q. Was there a particular catalyst or portfolio concern prompting the loan policy proposal?

A. This proposal is part of a broader policy initiative undertaken by Nuveen for the past several years. There are currently no identified credit situations within the complex where the use of this greater loan flexibility is intended or targeted. As stated in the Joint Proxy Statement, this policy change proposal reflects the broader intent to provide Nuveen's municipal closed-end funds, including California Dividend Advantage 2, the same portfolio management flexibility already available to other funds with similar investment objectives within the Nuveen complex.

Q. Does the loan policy proposal reflect a growing concern on Nuveen's part over the state of municipal issuers?

A. Nuveen's portfolio management and research team is actively engaged in monitoring both macro issues impacting the municipal bond market as well as individual credit holdings held by the various Nuveen funds. The team regularly comments on the strength of the municipal bond market as well as provides in-depth research articles. Providing California Dividend Advantage 2 with the option of making loans to help facilitate a timely workout of a distressed issuer's situation merely provides the Fund with an additional tool to help preserve shareholder value, and, importantly, should not be viewed as a commentary on the state of the municipal bond market.

Q. Have the Nuveen municipal closed-end funds participated in loans to municipal issuers in the past?

A. Though such a loan situation in the municipal market is rare, it represents a more common workout practice in the corporate bond market. The most recent situation where a Nuveen fund with the flexibility to do so made a loan to an issuer facing a credit workout situation occurred approximately nine years ago. Since that time, a limited number of funds having a policy permitting the making of loans have considered doing so in particular workout situations, but ultimately determined to take other actions in pursuit of maximizing shareholder value.

Q. Is this proposal in response to any past or current municipal credit litigation?

A. This proposal is not related to any past or pending litigation.

Q. Will this option impact how the underlying bonds should be valued?

- A. California Dividend Advantage 2 will value a loan based on several factors that draw upon policies and procedures adopted and approved by the Fund's Board that are able to value instruments issued in these types of situations. As with any investment, risks exist, and if Nuveen Fund Advisors, LLC is wrong, the valuation of a particular loan could be impacted and affect the value of the underlying bond held in the Fund's portfolio. However, we would not expect that any loans would constitute a meaningful portion of the Fund's total assets.

General

Q. What actions are required in order to implement the new fundamental investment policy for California Dividend Advantage 2?

- A. In order to implement the new fundamental investment policy relating to the Fund's ability to make loans and obtain the potential benefits described above, shareholders are being asked to approve the elimination of the existing fundamental investment policy and the implementation of the new replacement fundamental investment policy.

Q. What happens if shareholders do not approve the elimination of the fundamental investment policy and/or do not approve the new fundamental investment policy?

- A. The Fund will not be able to implement the new fundamental investment policy as discussed above. As a result, the Fund may not be able to participate in certain investment opportunities that are available to similarly situated funds that have the flexibility to make loans in circumstances where a municipal issuer is in distress. In addition, if shareholders do not approve the elimination of the fundamental investment policy and/or do not approve the new fundamental investment policy, the Fund's Board may take such actions as it deems in the best interests of the Fund, including conducting additional solicitations with respect to the proposal. The Fund's Board urges you to vote without delay in order to avoid the potential for additional proxy solicitation costs.

Q. Who do I call if I have questions?

- A. If you need any assistance, or have any questions regarding the proposals or how to vote your shares, please call Computershare Fund Services, your Fund's proxy solicitor, at (866) 209-5784 weekdays during its business hours of 8:00 a.m. to 10:00 p.m. Central time and Saturdays from 11:00 a.m. to 5:00 p.m. Central time. Please have your proxy materials available when you call.

Q. How do I vote my shares?

- A. You can vote your shares by completing and signing the enclosed proxy card, and mailing it in the enclosed postage-paid envelope. Alternatively, you may vote by telephone by calling the toll-free number on the proxy card or by computer by going to the Internet address provided on the proxy card and following the instructions, using your proxy card as a guide.

Q. Will anyone contact me?

A. You may receive a call from Computershare Fund Services, the proxy solicitor hired by your Fund, to verify that you received your proxy materials, to answer any questions you may have about the proposals and to encourage you to vote your proxy.

We recognize the inconvenience of the proxy solicitation process and would not impose on you if we did not believe that the matters being proposed were important and in the best interests of the Funds. Once your vote has been registered with the proxy solicitor, your name will be removed from the solicitor's follow-up contact list.

Notice of Annual Meeting of Shareholders

333 West Wacker Drive

Chicago, Illinois 60606

(800) 257-8787

November 26, 2013

October 17, 2013

Nuveen Arizona Premium Income Municipal Fund (NAZ, NAZ PrC, NAZ PrD)

Nuveen California Dividend Advantage Municipal Fund 2 (NVX)

Nuveen California Dividend Advantage Municipal Fund 3 (NZH)

Nuveen California Municipal Value Fund, Inc. (NCA)

Nuveen California Municipal Value Fund 2 (NCB)

Nuveen Connecticut Premium Income Municipal Fund (NTC, NTC PrC, NTC PrD, NTC PrE, NTC PrF, NTC PrG)

Nuveen Floating Rate Income Fund (JFR)

Nuveen Floating Rate Income Opportunity Fund (JRO)

Nuveen Georgia Dividend Advantage Municipal Fund 2 (NKG, NKG PrC, NKG PrD, NKG PrE)

Nuveen Maryland Premium Income Municipal Fund (NMY, NMY PrC, NMY PrD, NMY PrE, NMY PrF, NMY PrG, NMY PrH)

Nuveen Michigan Quality Income Municipal Fund (NUM, NUM PrC)

Nuveen Missouri Premium Income Municipal Fund (NOM, NOM PrC)

Nuveen New Jersey Dividend Advantage Municipal Fund (NXJ)

Nuveen New Jersey Dividend Advantage Municipal Fund 2 (NUJ, NUJ PrC)

Nuveen New Jersey Investment Quality Municipal Fund, Inc. (NQJ)

Nuveen New Jersey Municipal Value Fund (NJV)

Nuveen New Jersey Premium Income Municipal Fund, Inc. (NNJ)

Nuveen North Carolina Premium Income Municipal Fund (NNC, NNC PrC, NNC PrD, NNC PrE, NNC PrF, NNC PrG)

Nuveen Ohio Quality Income Municipal Fund (NUO)

Nuveen Pennsylvania Municipal Value Fund (NPN)

Nuveen Preferred and Income Term Fund (JPI)

Nuveen Senior Income Fund (NSL)

Nuveen Short Duration Credit Opportunities Fund (JSD)

Nuveen Texas Quality Income Municipal Fund (NTX, NTX PrC)

Nuveen Virginia Premium Income Municipal Fund (NPV)

To the Shareholders of the Above Funds:

Notice is hereby given that the Annual Meeting of Shareholders (the Annual Meeting) of Nuveen California Municipal Value Fund, Inc. (California Value), Nuveen New Jersey Investment Quality Municipal Fund, Inc. (New Jersey Investment Quality) and Nuveen New Jersey Premium Income Municipal Fund, Inc. (New Jersey Premium Income), **each a Minnesota corporation** (each a Minnesota Fund and collectively, the Minnesota Funds), and Nuveen Arizona Premium Income Municipal Fund (Arizona Premium Income), Nuveen California Dividend Advantage Municipal Fund 2 (California Dividend Advantage 2), Nuveen California Dividend Advantage Municipal Fund 3 (California Dividend Advantage 3), Nuveen California Municipal Value 2 (California Value 2), Nuveen Connecticut Premium Income Municipal Fund (Connecticut Premium Income), Nuveen Floating Rate Income Fund (Floating Rate Income), Nuveen Floating Rate Income Opportunity Fund (Floating Rate Income Opportunity), Nuveen Georgia Dividend Advantage Municipal Fund 2 (Georgia Dividend Advantage 2), Nuveen Maryland Premium Income Municipal Fund (Maryland Premium Income), Nuveen Michigan Quality Income Municipal Fund (Michigan Quality Income), Nuveen Missouri Premium Income Municipal Fund (Missouri Premium Income), Nuveen New Jersey Dividend Advantage Municipal Fund (New Jersey Dividend Advantage), Nuveen New Jersey Dividend Advantage Municipal Fund 2 (New Jersey Dividend Advantage 2), Nuveen New Jersey Municipal Value Fund (New Jersey Value), Nuveen North Carolina Premium Income Municipal Fund (North Carolina Premium Income), Nuveen Ohio Quality Income Municipal Fund (Ohio Quality Income), Nuveen Pennsylvania Municipal Value Fund (Pennsylvania Value), Nuveen Preferred and Income Term Fund (Preferred and Income), Nuveen Senior Income Fund (Senior Income), Nuveen Short Duration Credit Opportunities Fund (Short Duration Credit Opportunities), Nuveen Texas Quality Income Municipal Fund (Texas Quality Income) and Nuveen Virginia Premium Income Municipal Fund (Virginia Premium Income), **each a Massachusetts business trust** (each a Massachusetts Fund and collectively, the Massachusetts Funds) (the Minnesota Funds and Massachusetts Funds are each, a Fund and collectively, the Funds), will be held in the offices of Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606, on Tuesday, November 26, 2013, at 2:00 p.m., Central time, for the following purposes and to transact such other business, if any, as may properly come before the Annual Meeting:

Matters to Be Voted on by Shareholders:

1. To elect Members to the Board of Directors/Trustees (each a Board and each Director or Trustee a Board Member) of each Fund as outlined below:
 - a. For each Minnesota Fund, except California Value, to elect twelve (12) Board Members:
 - (i) ten (10) Board Members to be elected by the holders of Common Shares and Variable Rate Demand Preferred Shares (Preferred Shares), voting together as a single class; and
 - (ii) two (2) Board Members to be elected by the holders of Preferred Shares only, voting as a single class.
 - b. For California Value, to elect four (4) Board Members.
 - c. For each Massachusetts Fund, except California Value 2, Floating Rate Income, Floating Rate Income Opportunity, New Jersey Value, Pennsylvania Value, Preferred and Income, Senior Income and Short Duration Credit Opportunities, to elect five (5) Board Members:
 - (i) three (3) Board Members to be elected by the holders of Common Shares and MuniFund Term Preferred Shares for Arizona Premium Income, California Dividend

Advantage 3, Connecticut Premium Income, Georgia Dividend Advantage 2, Maryland Premium Income, Michigan Quality Income, Missouri Premium Income, New Jersey Dividend Advantage 2, North Carolina Premium, Ohio Quality Income and Texas Quality Income, Variable Rate MuniFund Term Preferred Shares for Arizona Premium Income, Michigan Quality Income and Ohio Quality Income and Variable Rate Demand Preferred Shares for California Dividend Advantage 2, New Jersey Dividend Advantage and Virginia Premium Income (MuniFund Term Preferred Shares, Variable Rate MuniFund Term Preferred Shares and Variable Rate Demand Preferred Shares are also referred to collectively as Preferred Shares), voting together as a single class; and

(ii) two (2) Board Members to be elected by the holders of Preferred Shares only, voting as a single class.

d. For California Value 2, Floating Rate Income, Floating Rate Income Opportunity, New Jersey Value, Pennsylvania Value, Preferred and Income, Senior Income and Short Duration Credit Opportunities to elect four (4) Board Members.

2. To approve the elimination of the fundamental investment policy and to approve the new fundamental investment policy for California Dividend Advantage 2.

(a)(i) For shareholders of California Dividend Advantage 2, all shareholders voting as a single class, to approve the elimination of the Fund's existing fundamental investment policy related to the Fund's ability to make loans.

(a)(ii) For shareholders of California Dividend Advantage 2, the Preferred Shares voting as a single class, to approve the elimination of the Fund's existing fundamental investment policy related to the Fund's ability to make loans.

(b)(i) For shareholders of California Dividend Advantage 2, all shareholders voting as a single class, to approve a new fundamental investment policy related to the Fund's ability to make loans.

(b)(ii) For shareholders of California Dividend Advantage 2, the Preferred Shares voting as a single class, to approve a new fundamental investment policy related to the Fund's ability to make loans.

3. To transact such other business as may properly come before the Annual Meeting.

Shareholders of record at the close of business on October 8, 2013 are entitled to notice of and to vote at the Annual Meeting.

All shareholders are cordially invited to attend the Annual Meeting. In order to avoid delay and additional expense and to assure that your shares are represented, please vote as promptly as possible, regardless of whether or not you plan to attend the Annual Meeting. You may vote by mail, telephone or over the Internet. To vote by mail, please mark, sign, date and mail the enclosed proxy card. No postage is required if mailed in the United States. To vote by telephone, please call the toll-free number located on your proxy card and follow the recorded instructions, using your proxy card as a guide. To vote over the Internet, go to the Internet address provided on your proxy card and follow the instructions, using your proxy card as a guide.

Kevin J. McCarthy

Vice President and Secretary

333 West Wacker Drive

Joint Proxy Statement

Chicago, Illinois 60606

(800) 257-8787

October 17, 2013

This Joint Proxy Statement is first being mailed to shareholders on or about October 22, 2013.

Nuveen Arizona Premium Income Municipal Fund (NAZ, NAZ PrC, NAZ PrD)

Nuveen California Dividend Advantage Municipal Fund 2 (NVX)

Nuveen California Dividend Advantage Municipal Fund 3 (NZH)

Nuveen California Municipal Value Fund, Inc. (NCA)

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Nuveen Maryland Premium Income Municipal Fund (NMY, NMY PrC, NMY PrD, NMY PrE, NMY PrF, NMY PrG, NMY PrH)

Nuveen Michigan Quality Income Municipal Fund (NUM, NUM PrC)

Nuveen Missouri Premium Income Municipal Fund (NOM, NOM PrC)

Nuveen New Jersey Dividend Advantage Municipal Fund (NXJ)

Nuveen New Jersey Dividend Advantage Municipal Fund 2 (NUJ, NUJ PrC)

Nuveen New Jersey Investment Quality Municipal Fund, Inc. (NQJ)

Nuveen New Jersey Municipal Value Fund (NJV)

Nuveen New Jersey Premium Income Municipal Fund, Inc. (NNJ)

Nuveen North Carolina Premium Income Municipal Fund (NNC, NNC PrC, NNC PrD, NNC PrE, NNC PrF, NNC PrG)

Nuveen Ohio Quality Income Municipal Fund (NUO)

Nuveen Pennsylvania Municipal Value Fund (NPN)

Nuveen Preferred and Income Term Fund (JPI)

Nuveen Senior Income Fund (NSL)

Nuveen Short Duration Credit Opportunities Fund (JSD)

Nuveen Texas Quality Income Municipal Fund (NTX, NTX PrC)

Nuveen Virginia Premium Income Municipal Fund (NPV)

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General Information

This Joint Proxy Statement is furnished in connection with the solicitation by the Board of Directors or Trustees (each a Board and collectively, the Boards, and each Director or Trustee, a Board Member and collectively, the Board Members) of Nuveen California Municipal Value Fund, Inc. (California Value), Nuveen New Jersey Investment Quality Municipal Fund, Inc. (New Jersey Investment Quality) and Nuveen New Jersey Premium Income Municipal Fund, Inc. (New Jersey Premium Income), **each a Minnesota Corporation** (each a Minnesota Fund and collectively, the Minnesota Funds), and Nuveen Arizona Premium Income Municipal Fund (Arizona Premium Income), Nuveen California Dividend Advantage Municipal Fund 2 (California Dividend Advantage 2), Nuveen California Dividend Advantage Municipal Fund 3 (California Dividend Advantage 3), Nuveen California Municipal Value 2 (California Value 2), Nuveen Connecticut Premium Income Municipal Fund (Connecticut Premium Income), Nuveen Floating Rate Income Fund (Floating Rate Income), Nuveen Floating Rate Income Opportunity Fund (Floating Rate Income Opportunity), Nuveen Georgia Dividend Advantage Municipal Fund 2 (Georgia Dividend Advantage 2), Nuveen Maryland Premium Income Municipal Fund (Maryland Premium Income), Nuveen Michigan Quality Income Municipal Fund (Michigan Quality Income), Nuveen Missouri Premium Income Municipal Fund (Missouri Premium Income), Nuveen New Jersey Dividend Advantage Municipal Fund (New Jersey Dividend Advantage), Nuveen New Jersey Dividend Advantage Municipal Fund 2 (New Jersey Dividend Advantage 2), Nuveen New Jersey Municipal Value Fund (New Jersey Value), Nuveen North Carolina Premium Income Municipal Fund (North Carolina Premium Income), Nuveen Ohio Quality Income Municipal Fund (Ohio Quality Income), Nuveen Pennsylvania Municipal Value Fund (Pennsylvania Value), Nuveen Preferred and Income Term Fund (Preferred and Income), Nuveen Senior Income Fund (Senior Income), Nuveen Short Duration Credit Opportunities Fund (Short Duration Credit Opportunities), Nuveen Texas Quality Income Municipal Fund (Texas Quality Income) and Nuveen Virginia Premium Income Municipal Fund (Virginia Premium Income), **each a Massachusetts Business Trust** (each a Massachusetts Fund and collectively, the Massachusetts Funds) (the Massachusetts Funds and Minnesota Funds are each, a Fund and collectively, the Funds), of proxies to be voted at the Annual Meeting of Shareholders to be held in the offices of Nuveen Investments, 333 West Wacker Drive, Chicago, Illinois 60606, on Tuesday, November 26, 2013, at 2:00 p.m., Central time (for each Fund, an Annual Meeting and collectively, the Annual Meetings), and at any and all adjournments thereof.

On the matters coming before each Annual Meeting as to which a choice has been specified by shareholders on the proxy, the shares will be voted accordingly. If a proxy is returned and no choice is specified, the shares will be voted **FOR** the election of the nominees as listed in this Joint Proxy Statement and **FOR** the elimination of the current fundamental investment policy and the adoption of a new fundamental investment policy for California Dividend Advantage 2. Shareholders of a Fund who execute proxies may revoke them at any time before they are voted by filing with that Fund a written notice of revocation, by delivering a duly executed proxy bearing a later date, or by attending the Annual Meeting and voting in person.

The Board of each Fund has determined that the use of this Joint Proxy Statement for each Annual Meeting is in the best interest of each Fund and its shareholders in light of the similar matters being considered and voted on by the shareholders.

The following table indicates which shareholders are solicited with respect to each matter:

Matter	Common Shares	Preferred Shares⁽¹⁾
1(a)(i) For each Minnesota Fund, except California Value, election of ten (10) Board Members by all shareholders.	X	X
1(a)(ii) For each Minnesota Fund, except California Value, election of two (2) Board Members by Preferred Shares only.		X
1(b) For California Value, election of four (4) Board Members by all shareholders.	X	N/A
1(c)(i) For each Massachusetts Fund, except California Value 2, Floating Rate Income, Floating Rate Income Opportunity, New Jersey Value, Pennsylvania Value, Preferred and Income, Senior Income and Short Duration Credit Opportunities, election of three (3) Board Members by all shareholders.	X	X
1(c)(ii) For each Massachusetts Fund, except California Value 2, Floating Rate Income, Floating Rate Income Opportunity, New Jersey Value, Pennsylvania Value, Preferred and Income, Senior Income and Short Duration Credit Opportunities, election of two (2) Board Members by Preferred Shares only.		X
1(d) For California Value 2, Floating Rate Income, Floating Rate Income Opportunity, New Jersey Value, Pennsylvania Value, Preferred and Income, Senior Income and Short Duration Credit Opportunities, election of four (4) Board Members by all shareholders.	X	N/A
2(a)(i) For California Dividend Advantage 2, all shareholders voting as a single class, to approve the elimination of the Fund's fundamental investment policy relating to the Fund's ability to make loans.	X	X
2(a)(ii) For California Dividend Advantage 2, the Preferred Shares voting separately as a single class, to approve the elimination of the Fund's fundamental investment policy relating to the Fund's ability to make loans.		X
2(b)(i) For California Dividend Advantage 2, all shareholders voting as a single class, to approve a new fundamental investment policy relating to the Fund's ability to make loans.	X	X

Matter	Common Shares	Preferred Shares ⁽¹⁾
2(b)(ii) For California Dividend Advantage 2, the Preferred Shares voting separately as a single class, to approve a new fundamental investment policy relating to the Fund's ability to make loans.		X

(1) MuniFund Term Preferred Shares for Arizona Premium Income, Connecticut Premium Income, Georgia Dividend Advantage 2, Maryland Premium Income, Michigan Quality Income, Missouri Premium Income, New Jersey Dividend Advantage 2, North Carolina Premium and Texas Quality Income, Variable Rate MuniFund Term Preferred Shares for Arizona Premium Income and Michigan Quality Income and Variable Rate Demand Preferred Shares for California Dividend Advantage 2, California Dividend Advantage 3, New Jersey Dividend Advantage, New Jersey Investment Quality, New Jersey Premium Income, Ohio Quality Income and Virginia Premium Income are referred to as Preferred Shares. California Value 2, Floating Rate Income, Floating Rate Income Opportunity, New Jersey Value, Pennsylvania Value, Preferred and Income, Senior Income and Short Duration Credit Opportunities do not have any Preferred Shares outstanding.

A quorum of shareholders is required to take action at each Annual Meeting. A majority of the shares entitled to vote at each Annual Meeting, represented in person or by proxy, will constitute a quorum of shareholders at that Annual Meeting, except that for the election of the two Board Member nominees to be elected by holders of Preferred Shares of each Fund (except California Value 2, Floating Rate Income, Floating Rate Income Opportunity, New Jersey Value, Pennsylvania Value, Preferred and Income, Senior Income and Short Duration Credit Opportunities), 33- 1/3% of the Preferred Shares entitled to vote and represented in person or by proxy will constitute a quorum. Votes cast by proxy or in person at each Annual Meeting will be tabulated by the inspectors of election appointed for that Annual Meeting. The inspectors of election will determine whether or not a quorum is present at the Annual Meeting. The inspectors of election will treat abstentions and broker non-votes (i.e., shares held by brokers or nominees, typically in street name, as to which (i) instructions have not been received from the beneficial owners or persons entitled to vote and (ii) the broker or nominee does not have discretionary voting power on a particular matter) as present for purposes of determining a quorum.

For each Fund, the affirmative vote of a plurality of the shares present and entitled to vote at the Annual Meeting will be required to elect the Board Members of that Fund. For purposes of determining the approval of the proposal to elect nominees for each Fund, abstentions and broker non-votes will have no effect on the election of Board Members. For purposes of determining the approval of the elimination of the fundamental investment policy and the approval of the new fundamental investment policy for California Dividend Advantage 2, a change will only be consummated if approved by the affirmative vote of the holders of a majority of the outstanding shares of the Fund's Common Shares and Preferred Shares, voting together as a single class, and by the affirmative vote of a majority of the Fund's outstanding Preferred Shares, voting as a separate class. For this purpose, a majority of the outstanding shares means, as defined in the Investment Company Act of 1940, as amended (the 1940 Act), (a) 67% or more of the voting securities present at the Annual Meeting, if the holders of more than 50% of the outstanding voting securities are present or represented by proxy; or (b) more than 50% of the outstanding voting securities, whichever is less. For purposes of determining the approval of the elimination of the fundamental investment policy and the approval of the new fundamental investment policy, abstentions and broker non-votes will have the same effect as shares voted against the proposal.

Variable Rate Demand Preferred Shares held in street name as to which voting instructions have not been received from the beneficial owners or persons entitled to vote as of one

business day before the Annual Meeting, or, if adjourned, one business day before the day to which the Annual Meeting is adjourned, and that would otherwise be treated as broker non-votes may, pursuant to Rule 452 of the New York Stock Exchange, be voted by the broker on the proposal in the same proportion as the votes cast by all holders of Variable Rate Demand Preferred Shares as a class who have voted on the proposal or in the same proportion as the votes cast by all holders of Preferred Shares of the Fund who have voted on that item. Rule 452 permits proportionate voting of Variable Rate Demand Preferred Shares with respect to a particular item if, among other things, (i) a minimum of 30% of the Variable Rate Demand Preferred Shares or shares of a series of Variable Rate Demand Preferred Shares outstanding has been voted by the holders of such shares with respect to such item and (ii) less than 10% of the Variable Rate Demand Preferred Shares or shares of a series of Variable Rate Demand Preferred Shares outstanding has been voted by the holders of such shares against such item. For the purpose of meeting the 30% test, abstentions will be treated as shares voted and, for the purpose of meeting the 10% test, abstentions will not be treated as shares voted against the item.

Those persons who were shareholders of record at the close of business on October 8, 2013 will be entitled to one vote for each share held and a proportionate fractional vote for each fractional share held. As of October 8, 2013, the shares of the Funds were issued and outstanding as follows:

Fund	Ticker Symbol*	Common Shares	Preferred Shares	
Arizona Premium Income	NAZ	11,563,884	MTP NAZ PrC	2,982,500
			MTP NAZ PrD	2,084,600
			VMTP Series 2014	280
California Dividend Advantage 2	NVX	14,759,237	VRDP Series 1	980
California Dividend Advantage 3	NZH	24,151,884	VRDP Series 1	1,600
California Value	NCA	25,283,751	N/A	
California Value 2	NCB	3,287,900	N/A	
Connecticut Premium Income	NTC	14,688,976	MTP NTC PrC	1,830,000
			MTP NTC PrD	1,778,000
			MTP NTC PrE	2,047,000
			MTP NTC PrF	1,695,000
			MTP NTC PrG	3,200,000
Floating Rate Income	JFR	55,169,216	N/A	
Floating Rate Income Opportunity	JRO	38,478,782	N/A	
Georgia Dividend Advantage 2	NKG	10,548,789	MTP NKG PrC	3,226,500
			MTP NKG PrD	2,834,000
			MTP NKG PrE	1,434,000
Maryland Premium Income	NMY	24,104,664	MTP NMY PrC	3,877,500
			MTP NMY PrD	3,581,800
			MTP NMY PrE	2,648,500
			MTP NMY PrF	2,730,000
			MTP NMY PrG	2,070,000
			MTP NMY PrH	1,706,600

Fund	Ticker Symbol*	Common Shares	Preferred Shares	
Michigan Quality Income	NUM	20,848,188	MTP NUM PrC	1,631,300
			VMTP Series 2014	1,418
Missouri Premium Income	NOM	2,329,104	MTP NOM PrC	1,788,000
New Jersey Dividend Advantage	NXJ	6,570,688	VRDP Series 1	450
New Jersey Dividend Advantage 2	NUJ	4,527,014	MTP NUJ PrC	3,505,000
New Jersey Investment Quality	NQJ	20,490,335	VRDP Series 2	1,443
New Jersey Value	NJV	1,565,036	N/A	