

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND
Form DEF 14A
July 13, 2016

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

(Name of Registrant as Specified In Its Charter)

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

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 - (1) Amount Previously Paid:

 - (2) Form, Schedule or Registration Statement No.:

 - (3) Filing Party:

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IMPORTANT NOTICE TO HOLDERS OF
VARIABLE RATE DEMAND PREFERRED SHARES OF
NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND (NAC)
NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2 (NVX)
AND
NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 3 (NZH)
(EACH, A FUND AND COLLECTIVELY, THE FUNDS)

JULY 13, 2016

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 the enclosed Joint Proxy Statement?

A. You are receiving this Joint Proxy Statement as a holder of Variable Rate Demand Preferred Shares (VRDP Shares) of Nuveen California Dividend Advantage Municipal Fund (the Acquiring Fund), Nuveen California Dividend Advantage Municipal Fund 2 (Dividend Advantage 2) or Nuveen California Dividend Advantage Municipal Fund 3 (Dividend Advantage 3 and together with Dividend Advantage 2, the Target Funds, or each individually, a Target Fund) in connection with the annual shareholder meetings of the Acquiring Fund, Dividend Advantage 2 and Dividend Advantage 3.

At the annual meetings, holders of VRDP Shares will vote on the following proposals, as applicable:

(All Funds) the election of members of each Fund s Board of Trustees (each, a Board or the Board) (the list of specific nominees is contained in the enclosed Joint Proxy Statement); and

(All Funds) the reorganization of each of Dividend Advantage 2 and Dividend Advantage 3 into the Acquiring Fund (each, a Reorganization, and together, the Reorganizations).

(Acquiring Fund only) the issuance of additional common shares by the Acquiring Fund in connection with the Reorganizations.

The Board of each Fund, including the independent Board members, unanimously recommends that you vote FOR each proposal applicable to your Fund.

Proposals Regarding the Reorganizations

Q. Why has each Fund s Board recommended the Reorganization proposal(s)?

- A. The boards of directors/trustees of Nuveen's municipal closed-end funds, including the Board of each Fund, have approved a series of combinations of single-state municipal closed-end funds, including the Reorganization of each Target Fund into the Acquiring Fund. Each Fund's Board considered the Reorganization(s) as part of a broad initiative to rationalize the product offerings of Nuveen funds and eliminate overlapping products. The Acquiring Fund and the

Target Funds have the same investment objectives and substantially similar investment policies, risks and portfolio compositions and are managed by the same portfolio manager. For the reasons set forth below, each Fund's Board has determined that its respective Reorganization(s) would be in the best interests of its Fund and has approved its Fund's Reorganization(s).

Q. What are the anticipated benefits of the proposed Reorganizations?

A. Based on information provided by Nuveen Fund Advisors, LLC (Nuveen Fund Advisors), the Funds' investment advisor, each Fund's Board believes that the proposed Reorganizations may benefit common shareholders in a number of ways, including, among other things:

The potential for higher common share net earnings over time from increased operating economies of scale, which may support higher distribution rates in the future and increase investor interest in the combined fund, and, in turn, may lower the trading discount to net asset value of common shares;

Increased portfolio and leverage management flexibility due to the significantly larger asset base of the combined fund;

Improved secondary market trading for common shares as a result of the combined fund's greater share volume, which may lead to narrower bid-ask spreads and smaller trade-to-trade price movements; and

The potential for lower fund operating expenses over time, as certain fixed costs are spread over a larger asset base (however, total expenses including leverage are expected to be slightly higher for each Target Fund due to increased leverage).

Q. What proposals will shareholders of the Funds be asked to vote on in connection with the proposed Reorganizations?

A. Shareholders of each Target Fund will be asked to vote on an Agreement and Plan of Reorganization, with common shareholders and preferred shareholders voting together as a single class and preferred shareholders also voting separately. Shareholders of the Acquiring Fund will be asked to vote on the issuance of additional common shares in connection with the Reorganizations, with common shareholders and preferred shareholders voting together as a single class and common shareholders also voting separately. In addition, preferred shareholders of the Acquiring Fund will be asked to vote on the Agreement and Plan of Reorganization. The Funds are separately soliciting the votes of the holders of common shares and the votes of the holder of the Acquiring Fund's Variable Rate MuniFund Term Preferred Shares (the VMTP Shares) through a separate joint proxy statement/prospectus.

Q. How will holders of VRDP Shares be affected by the Reorganizations?

The Acquiring Fund has one series of VMTP Shares and six series of VRDP Shares outstanding as of the date of the enclosed Joint Proxy Statement, and these shares will remain outstanding following the Reorganizations. Each of Dividend Advantage 2 and Dividend Advantage 3 has one series of VRDP Shares outstanding as of the date of the enclosed Joint

Proxy Statement. Upon the closing of the Reorganizations, holders of VRDP Shares of Dividend Advantage 2 and Dividend Advantage 3 will receive, on a one-for-one basis, newly issued VRDP Shares of the Acquiring Fund having terms substantially similar, as of the closing of the Reorganizations, to those of the VRDP Shares of Dividend Advantage 2 and Dividend Advantage 3, as applicable, exchanged therefor. The outstanding preferred shares of the Acquiring Fund and the preferred shares to be issued by the Acquiring Fund in the Reorganizations will have equal priority with each other and with any other preferred shares that the Acquiring Fund may issue in the future as to the payment of dividends and the distribution of assets upon the dissolution, liquidation or winding up of the affairs of the Acquiring Fund.

Following the Reorganizations, holders of preferred shares of the combined fund will hold a smaller percentage of the outstanding preferred shares of the combined fund as compared to their percentage holdings of their respective Fund prior to the Reorganizations. Additionally, the combined fund will have multiple series of preferred shares outstanding and multiple types of preferred shares outstanding. The different types of preferred shares have different characteristics and features, which are described in more detail in the Joint Proxy Statement. See Proposal No. 2 C. Information About the Reorganizations Description of VRDP Shares to Be Issued by the Acquiring Fund beginning on page 51, Additional Information About the Acquiring Fund Description of Outstanding Acquiring Fund VMTP Shares beginning on page 73 and Additional Information About the Acquiring Fund Description of Outstanding Acquiring Fund VRDP Shares beginning on page 74. In addition, the voting power of certain series of preferred shares may be more concentrated than others. All of the VMTP Shares of the Acquiring Fund are currently owned by a single institutional investor.

Q. Will the terms of the VRDP Shares to be issued by the Acquiring Fund as part of the Reorganizations be substantially similar to the terms of the Target Fund VRDP Shares currently outstanding?

A. Yes. The terms of the VRDP Shares to be issued by the Acquiring Fund as part of the Reorganizations will be substantially similar, as of the closing of the Reorganizations, to the terms of the VRDP Shares of Dividend Advantage 2 and Dividend Advantage 3, as applicable, exchanged therefor, including:

the same short-term credit ratings (without regard to rating modifiers) from one or more rating agencies;

the same liquidation preference;

the same terms with respect to the payment of an adjustable dividend rate set weekly by a remarketing agent;

the same right to give notice on any business day to tender the securities for remarketing in seven days;

the same terms with respect to the mandatory tender for remarketing upon the occurrence of certain events; and

the benefit of an unconditional demand feature pursuant to a purchase agreement provided by a liquidity provider substantially identical to the unconditional demand feature in effect immediately prior to the closing of the Reorganizations with respect to the outstanding series of VRDP Shares.

However, there are certain differences between the VRDP Shares to be issued in the Reorganizations and the Target Fund VRDP Shares exchanged therefor, including changes to: (i) provide increased flexibility and clarification regarding rating agency requirements, further to the increased flexibility and clarification included in offerings by Nuveen funds since at least December 2013; (ii) provide flexibility for different or modified terms in connection with a special rate period; and (iii) for the Acquiring Fund VRDP Shares issued in exchange for the VRDP Shares of Dividend Advantage 3, the final mandatory redemption date. A vote by a holder of VRDP Shares of Dividend Advantage 2 or Dividend Advantage 3 for that Fund's Reorganization is effectively a vote in favor of the foregoing changes.

Q. Do the Funds have similar investment objectives, policies and risks?

- A.** Yes. The Funds have the same investment objectives and substantially similar investment policies and risks. The investment objectives of each Fund are to provide current income exempt from regular federal and California income taxes and to enhance portfolio value relative to the California municipal bond market by investing in tax-exempt California municipal securities that the Fund's investment adviser believes are underrated or undervalued or that represent municipal market sectors that are undervalued. Each Fund also emphasizes investments in investment-grade municipal securities. Each Fund is a diversified, closed-end management investment company and currently engages in leverage through the issuance of preferred shares and the use of inverse floating rate securities.

It is a fundamental policy of each Fund that, under normal circumstances, the Fund will invest at least 80% of its net assets, including assets attributable to any principal amount of any borrowings (including the issuance of commercial paper or notes) or any preferred shares outstanding (Managed Assets), in municipal securities and other related investments the income from which is exempt from regular federal and California income taxes.

As a non-fundamental policy, under normal circumstances, each Fund invests at least 80% of its Managed Assets in investment grade securities that, at the time of investment, are rated within the four highest grades (Baa or BBB or better) by at least one of the nationally recognized statistical rating organizations that rate such security or are unrated but judged to be of comparable quality by the Fund's investment adviser and/or sub-adviser. Also, as a non-fundamental policy, each Fund may invest up to 20% of its Managed Assets in municipal securities that, at the time of investment, are rated below investment grade or are unrated but judged to be of comparable quality by the Fund's investment adviser and/or sub-adviser. Securities of below-investment-grade quality (Ba/BB or below) are commonly referred to as junk bonds. Additionally, as a non-fundamental policy, no more than 10% of each Fund's Managed Assets may be invested in municipal securities rated below B3/B- or that are unrated but judged to be of comparable quality by the Fund's investment adviser and/or sub-adviser.

Q. Do the Reorganizations constitute a taxable event for holders of VRDP Shares of Dividend Advantage 2 and Dividend Advantage 3?

- A.** No. Each Reorganization is intended to qualify as a tax-free reorganization for federal income tax purposes. As a holder of VRDP Shares it is expected that you will recognize no gain or loss for federal income tax purposes as a direct result of the Reorganizations. Prior to the closing of the Reorganizations, each Target Fund expects to declare a distribution to its common shareholders of all of its net investment income and net capital gains, if any. Each Target Fund reports distributions to common and preferred shareholders as consisting of particular types of income (such as exempt interest, ordinary income and capital gain) based on each class proportionate share of the total distributions paid by the Fund with respect to the year. As a result, such distribution could cause a portion of the distributions received by preferred shareholders with respect to the year to be taxable for federal income tax purposes. In addition, to the extent that portfolio securities of a Target Fund are sold prior to the closing of the Reorganizations, such Target Fund may recognize gains or losses, which may increase or decrease the net capital gains or net investment income to be distributed by such Target Fund. However, because each Target Fund's current portfolio composition is substantially similar to that of the Acquiring Fund, it is not currently expected that any significant portfolio sales will occur solely in connection with the Reorganizations (such sales are expected to be less than 5% of the assets of each Target Fund).

Q. What will happen if the required shareholder approvals are not obtained?

- A.** The closing of each Reorganization is contingent upon the closing of all of the Reorganizations. The closing of each Reorganization is also subject to the satisfaction or waiver of certain closing conditions, which include customary closing conditions. In order for the Reorganizations to occur, all requisite shareholder approvals must be obtained at the Annual Meetings, and certain other consents, confirmations and/or waivers must also be obtained from various third parties, including the holder of the Acquiring Fund's outstanding VMTP Shares and the liquidity providers with respect to the Funds' outstanding VRDP Shares. Because the closing of the Reorganizations is contingent upon each of the Target Funds and the Acquiring Fund obtaining such shareholder approvals and satisfying (or obtaining the waiver of) other closing conditions, it is possible that the Reorganizations will not occur, even if shareholders of your Fund entitled to vote on your Fund's Reorganization proposal(s) approve such proposal(s) and your Fund satisfies all of its closing conditions, if one or more of the other Funds does not obtain its requisite shareholder approvals or satisfy (or obtain the waiver of) its closing conditions. If the requisite shareholder approvals are not obtained, each Fund's Board may take such actions as it deems in the best interests of its Fund.

Q. Will holders of VRDP Shares have to pay any fees or expenses in connection with the Reorganizations?

- A.** No. Common shareholders will indirectly bear the costs of the Reorganizations, whether or not the Reorganizations are consummated. Preferred shareholders will not bear any costs of the Reorganizations. The total costs of the Reorganizations are estimated to be \$1,085,000, and each Fund's allocable share of such costs will be reflected in its net asset value at or before the close of trading on the business day immediately prior to the closing of the Reorganizations. The estimated allocation of the costs among the Funds is as follows: \$450,000 (0.03%) for the

Acquiring Fund, \$260,000 (0.11%) for Dividend Advantage 2 and \$375,000 (0.11%) for Dividend Advantage 3 (all percentages are based on average net assets applicable to common shares for the twelve (12) months ended February 29, 2016). The allocation of the costs of the Reorganizations will be based on the relative expected benefits of the Reorganizations comprised of forecasted operating cost savings (i.e., total expenses excluding the costs of leverage) and improved secondary market trading, if any, to each Fund during the first year following the Reorganizations.

Q. What is the timetable for the Reorganizations?

A. If the shareholder approval and other conditions to closing are satisfied (or waived), the Reorganizations are expected to take effect on or about October 12, 2016, or as soon as practicable thereafter.

Q. How does each Fund's Board recommend that holders of each Fund's VRDP Shares vote on the Reorganizations?

A. After careful consideration, each Fund's Board has determined that the Reorganizations are in the best interests of its Fund and recommends that you vote FOR your Fund's proposal.

General

Q. Who do I call if I have questions?

A. If you need any assistance, or have any questions regarding the proposal or how to vote your VRDP Shares, please call Computershare Fund Services, the proxy solicitor hired by your Fund, at (888) 456-7566 weekdays during its business hours of 9:00 a.m. to 11:00 p.m. and Saturdays 12:00 p.m. to 6:00 p.m. Eastern time. Please have your proxy materials available when you call.

Q. How do I vote my VRDP Shares?

A. You may vote by mail, by 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.

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. Once your vote has been registered with the proxy solicitor, your name will be removed from the solicitor's follow-up contact list.

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 fail to 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.

JULY 13, 2016

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND (NAC)

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2 (NVX)

AND

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 3 (NZH)

(EACH, A FUND AND COLLECTIVELY, THE FUNDS)

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON SEPTEMBER 12, 2016

To the Holders of Variable Rate Demand Preferred Shares:

Notice is hereby given that the Annual Meeting of Shareholders (the Annual Meeting) of Nuveen California Dividend Advantage Municipal Fund (Dividend Advantage or the Acquiring Fund), Nuveen California Dividend Advantage Municipal Fund 2 (Dividend Advantage 2) and Nuveen California Dividend Advantage Municipal Fund 3 (Dividend Advantage 3 and together with Dividend Advantage 2, the Target Funds or each individually, a Target Fund), will be held at the offices of Nuveen Investments, Inc., 333 West Wacker Drive, Chicago, Illinois 60606, on Monday, September 12, 2016, at 2:00 p.m. Central time.

The Annual Meeting will be held for the following purposes:

1. Election of Board Members.
 - (a) *For each Fund:*
 - (i) Three (3) Class I board members are to be elected by holders of common shares and preferred shares, voting together as a single class. Board members Stockdale, Stone and Wolff are nominees for election by all shareholders.
 - (ii) Two (2) board members are to be elected by holders of preferred shares only, voting separately. Board members Hunter and Schneider are nominees for election by preferred shareholders.

2. Agreement and Plan of Reorganization. The shareholders of each Fund voting as set forth below for an Agreement and Plan of Reorganization pursuant to which each Target Fund would: (i) transfer substantially all of its assets to the Acquiring Fund in exchange solely for newly issued common shares and preferred shares of the Acquiring Fund, and the Acquiring Fund's assumption of substantially all of the liabilities of the Target Fund; (ii) distribute such newly issued shares of the Acquiring Fund to the common shareholders and preferred shareholders of the Target Fund (with cash being distributed in lieu of fractional common shares); and (iii) liquidate, dissolve and terminate in accordance with applicable law.
 - (a) *For Dividend Advantage:*

The preferred shareholders voting separately to approve the Agreement and Plan of Reorganization.

(b) *For each Target Fund:*

- (i) The common and preferred shareholders voting together as a single class to approve the Agreement and Plan of Reorganization.
- (ii) The preferred shareholders voting separately to approve the Agreement and Plan of Reorganization.

3. Approval of Issuance of Additional Common Shares by the Acquiring Fund.

For Dividend Advantage:

- (a) The common and preferred shareholders voting together as a single class to approve the issuance of additional common shares in connection with each reorganization pursuant to the Agreement and Plan of Reorganization.
- (b) The common shareholders voting separately to approve the issuance of additional common shares in connection with each reorganization pursuant to the Agreement and Plan of Reorganization.

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

Only shareholders of record of each Fund as of the close of business on June 24, 2016 are entitled to notice of and to vote at the Annual Meeting and any and all adjournments or postponements thereof.

All shareholders are cordially invited to attend the Annual Meeting. In order to avoid delay and additional expense for the Funds 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, by 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.

If you intend to attend the Annual Meeting in person and you are a record holder of a Fund's shares, in order to gain admission you must show photographic identification, such as your driver's license. If you intend to attend the Annual Meeting in person and you hold your shares through a bank, broker or other custodian, in order to gain admission you must show photographic identification, such as your driver's license, and satisfactory proof of ownership of shares of a Fund, such as your voting instruction form (or a copy thereof) or broker's statement indicating ownership as of a recent date. If you hold your shares in a brokerage account or through a bank or other nominee, you will not be able to vote in person at the Annual Meeting unless you have previously requested and obtained a legal proxy from your broker, bank or other nominee and present it at the Annual Meeting.

Kevin J. McCarthy

Vice President and Secretary

The Nuveen Funds

NUVEEN FUNDS

333 WEST WACKER DRIVE

CHICAGO, ILLINOIS 60606

(800) 257-8787

JOINT PROXY STATEMENT

FOR HOLDERS OF VARIABLE RATE DEMAND PREFERRED SHARES OF

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND (NAC)

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2 (NVX)

AND

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 3 (NZH)

(EACH, A FUND AND COLLECTIVELY, THE FUNDS)

JULY 13, 2016

This Joint Proxy Statement is being furnished to holders of Variable Rate Demand Preferred Shares (VRDP Shares) of Nuveen California Dividend Advantage Municipal Fund (Dividend Advantage or the Acquiring Fund), Nuveen California Dividend Advantage Municipal Fund 2 (Dividend Advantage 2) and Nuveen California Dividend Advantage Municipal Fund 3 (Dividend Advantage 3 and together with Dividend Advantage 2, the Target Funds or each individually, a Target Fund), each a diversified, closed-end management investment company, in connection with the solicitation of proxies by each Fund s Board of Trustees (each, a Board or the Board and each trustee, a Board Member), for use at the Annual Meeting of Shareholders of each Fund to be held at the offices of Nuveen Investments, Inc. (Nuveen or Nuveen Investments), 333 West Wacker Drive, Chicago, Illinois 60606, on Monday, September 12, 2016, at 2:00 p.m. Central time, and at any and all adjournments or postponements thereof (each, an Annual Meeting and collectively, the Annual Meetings), to consider the proposals listed below, as applicable, and discussed in greater detail elsewhere in this Joint Proxy Statement. The Funds are organized as Massachusetts business trusts. The enclosed proxy card and this Joint Proxy Statement are first being sent to shareholders of the Funds on or about July 15, 2016. Shareholders of record of the Funds as of the close of business on June 24, 2016 are entitled to notice of and to vote at the Annual Meeting and any and all adjournments or postponements thereof.

This Joint Proxy Statement explains concisely what you should know before voting on the proposals described in this Joint Proxy Statement or investing in the Acquiring Fund. Please read it carefully and keep it for future reference.

On the matters coming before each Annual Meeting as to which a choice has been specified by shareholders on the accompanying proxy card, the shares will be voted accordingly where such proxy card is properly executed, timely received and not properly revoked (pursuant to the instructions below). If a proxy is returned and no choice is specified, the shares will be voted **FOR** the proposal(s). Shareholders of a Fund who execute proxies or provide voting instructions by telephone or by Internet may revoke them at any time before a vote is taken on a proposal by filing with that Fund, as applicable, 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. A prior proxy can also be revoked by voting again through the toll-free number or the Internet address listed in the proxy card. However, merely attending the Annual Meeting will not revoke any previously submitted proxy.

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

In addition to its common shares, each Fund has one or more series of preferred shares outstanding. Dividend Advantage has one series of Variable Rate MuniFund Term Preferred Shares (the VMTP Shares) and six series of VRDP Shares outstanding, and each of Dividend Advantage 2 and Dividend Advantage 3 has one series of VRDP Shares outstanding.

At the Annual Meetings, the common and preferred shareholders of the Funds will be asked to approve Proposals Nos. 1, 2, and 3, each as described below, which must be approved by the Funds' common and preferred shareholders as follows:

Proposal No. 1. (All Funds) To elect Board Members:

With respect to the Acquiring Fund:

three (3) Class I Board Members are to be elected by a plurality of the Fund's common and preferred shareholders, voting together as a single class; and

two (2) Board Members are to be elected by a plurality of the Fund's preferred shareholders voting separately (but not by the Fund's common shareholders).

Proposal No. 2. (All Funds) To approve the Agreement and Plan of Reorganization:

With respect to Dividend Advantage, Proposal No. 2 must be approved by the Fund's preferred shareholders voting separately (but not by the Fund's common shareholders).

With respect to each of Dividend Advantage 2 and Dividend Advantage 3, Proposal No. 2 must be approved by each Fund's common and preferred shareholders voting together as a single class and by each Fund's preferred shareholders voting separately.

Proposal No. 3. (Dividend Advantage only) To approve the issuance of additional common shares in connection with each reorganization pursuant to the Agreement and Plan of Reorganization:

Proposal No. 3 must be approved by Dividend Advantage's common and preferred shareholders voting together as a single class and by Dividend Advantage's common shareholders voting separately.

Only holders of VRDP Shares are being solicited to vote on the proposals described above pursuant to this Joint Proxy Statement. The common shareholders of the Funds and holders of the VMTP Shares of Dividend Advantage are being solicited to vote on the proposals described above by means of a separate joint proxy statement/prospectus.

Quorum and Voting

A quorum of shareholders is required to take action at each Annual Meeting. A majority (more than 50%) 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. Votes cast in person or by proxy 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 (1) instructions have not been received from the beneficial owners or persons entitled to vote and (2) the broker or nominee does not have discretionary voting power on a particular matter), if any, as present for purposes of determining a quorum.

Broker-dealer firms holding shares of a Fund in street name for the benefit of their customers and clients will request the instructions of such customers and clients on how to vote their shares before the Annual Meeting. The Funds understand that, under the rules of the New York Stock Exchange (the NYSE), such broker-dealer firms may, for certain routine matters, grant discretionary authority to the proxies designated by each Board to vote without instructions from their customers and clients if no instructions have been received prior to the date specified in the broker-dealer firm's request for voting instructions. Proposal No. 1 is a routine matter, and beneficial owners who do not provide proxy instructions or who do not return a proxy card may have their shares voted by broker-dealer firms in favor of Proposal No. 1.

VRDP Shares held in street name as to which voting instructions have not been received from the beneficial owners or persons otherwise entitled to vote as of one business day before the Annual Meeting, or, if adjourned or postponed, one business day before the day to which the Annual Meeting is adjourned or postponed, and that would otherwise be treated as broker non-votes may, pursuant to NYSE Rule 452, be voted by the broker on the proposal in the same proportion as the votes cast by all holders of VRDP Shares who have voted on the proposal. Rule 452 permits proportionate voting of a Fund's VRDP Shares with respect to a particular item if, among other things, (1) a minimum of 30% of that Fund's outstanding VRDP Shares has been voted by the holders of such shares with respect to such item, (2) less than 10% of that Fund's outstanding VRDP Shares has been voted by the holders of such shares against such item and (3) for any proposal as to which holders of common shares and preferred shares vote as a single class, holders of common shares approve the proposal. 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.

Broker-dealers who are not members of the NYSE may be subject to other rules, which may or may not permit them to vote your shares without instruction. We urge you to provide instructions to your broker or nominee so that your votes may be counted.

Those persons who were shareholders of record of a Fund as of the close of business on June 24, 2016 will be entitled to one vote for each share held and, with respect to holders of common shares, a proportionate fractional vote for each fractional common share held.

As of June 24, 2016, the shares of the Funds issued and outstanding are as follows:

Fund (Ticker Symbol)	Common Shares ⁽¹⁾	VMTP Shares ⁽¹⁾	VRDP Shares ⁽¹⁾
Acquiring Fund (NAC)	107,399,967	1,450	6,996
Dividend Advantage 2 (NVX)	14,760,104		980
Dividend Advantage 3 (NZH)	24,157,633		1,600

(1) The common shares of the Acquiring Fund are listed on the NYSE, and the common shares of Dividend Advantage 2 and Dividend Advantage 3 are listed on the NYSE MKT. Upon the closing of the Reorganizations, it is expected that the common shares of the Acquiring Fund will continue to be listed on the NYSE. The VMTP Shares of the Acquiring Fund and VRDP Shares of the Funds are not listed on any exchange.

The Reorganizations

The proposed reorganizations are part of a broad initiative to rationalize the product offerings of Nuveen funds and eliminate overlapping products by combining three funds that have the same investment objectives and substantially similar investment policies, risks and portfolio compositions and are managed by the same portfolio manager.

The terms of the reorganization of each Target Fund into the Acquiring Fund are set forth in an Agreement and Plan of Reorganization by and among the Acquiring Fund and each Target Fund (the Agreement). With respect to each Reorganization, the Agreement provides for: (1) the Acquiring Fund's acquisition of substantially all of the assets of the Target Fund in exchange for newly issued common shares of the Acquiring Fund, par value \$0.01 per share, and newly issued VRDP Shares of the Acquiring Fund, with a par value of \$0.01 per share and a liquidation preference of \$100,000 per share, and the Acquiring Fund's assumption of substantially all of the liabilities of each Target Fund; and (2) the distribution of the newly issued Acquiring Fund common shares and Acquiring Fund preferred shares received by the Target Fund to its common and preferred shareholders, respectively, as part of the liquidation, dissolution and termination of the Target Fund in accordance with applicable law (each, a Reorganization and together, the Reorganizations). Preferred shareholders of each Target Fund will receive the same number of Acquiring Fund VRDP Shares having terms substantially similar to those of the outstanding preferred shares of the Target Fund held by such preferred shareholders immediately prior to the closing of the Reorganizations. The aggregate liquidation preference of the Acquiring Fund preferred shares received in connection with each Reorganization will equal the aggregate liquidation preference of the corresponding Target Fund preferred shares held immediately prior to the closing of the Reorganization. The Agreement may be amended by the Funds, as specifically authorized by each Fund's Board, provided that following receipt of shareholder approval of the Agreement at the Annual Meeting, no such amendment may change the provisions for determining the number of Acquiring Fund shares to be issued to Target Fund shareholders to the detriment of such shareholders without their further approval.

Each new series of Acquiring Fund VRDP Shares will have the same variable dividend rate terms, mandatory tender terms, liquidity provider purchase obligation and liquidation preference as the series of Target Fund VRDP Shares for which it will be exchanged. The optional tender for remarketing right of each new series of Acquiring Fund VRDP Shares will be the same as the right of the corresponding series of Target Fund VRDP Share as of the closing of the Reorganizations. However, there are certain differences between the Acquiring Fund VRDP Shares being issued in the Reorganizations and the Target Fund VRDP Shares being exchanged therefor. The changes are described in detail in this Joint Proxy Statement. A vote by a holder of Target Fund VRDP Shares for the applicable Reorganization is effectively a vote in favor of those changes.

The preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations will have equal priority with each other and with the Acquiring Fund's other outstanding preferred shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. In addition, the preferred shares of the Acquiring Fund, including the preferred shares of the Acquiring Fund to be issued in connection with the Reorganizations, will be senior in priority to the Acquiring Fund's common shares as to the payment of dividends and the distribution of assets upon dissolution, liquidation or winding up of the affairs of the Acquiring Fund. The Acquiring Fund will continue to operate after the Reorganizations as a registered closed-end management investment company, with the investment objectives and policies described in this Joint Proxy Statement

With respect to each Target Fund, the Reorganization is required to be approved by the affirmative vote of the holders of a majority (more than 50%) of the Target Fund's outstanding common and preferred shares, voting together as a single class, and by the affirmative vote of a majority of the Target Fund's outstanding preferred shares, voting separately. The affirmative vote of a majority of the common and preferred shareholders of the Acquiring Fund, voting together as a single class, and the affirmative vote of a majority of the common shareholders of the Acquiring Fund, voting separately, are required to approve the issuance of additional common shares of the Acquiring Fund in connection with the Reorganizations. In addition, the Reorganizations are required to be approved by the affirmative vote of a majority of the Acquiring Fund's outstanding preferred shares, voting separately.

The closing of each Reorganization is contingent upon the closing of all of the Reorganizations. The closing of each Reorganization is also subject to the satisfaction or waiver of certain closing conditions, which include customary closing conditions. In order for the Reorganizations to occur, all requisite shareholder approvals must be obtained at the Annual Meetings, and certain other consents, confirmations and/or waivers must also be obtained from various third parties, including the holder of the Acquiring Fund's outstanding VMTP Shares and the liquidity providers with respect to the Funds' outstanding VRDP Shares. Because the closing of the Reorganizations is contingent upon each of the Target Funds and the Acquiring Fund obtaining such shareholder approvals and satisfying (or obtaining the waiver of) other closing conditions, it is possible that the Reorganizations will not occur, even if shareholders of your Fund entitled to vote on your Fund's Reorganization proposal(s) approve such proposal(s) and your Fund satisfies all of its closing conditions, if one or more of the other Funds does not obtain its requisite shareholder approvals or satisfy (or obtain the waiver of) its closing conditions. If the requisite shareholder approvals are not obtained, each Fund's Board may take such actions as it deems in the best interests of its Fund.

Incorporation by Reference and Additional Information

The following documents have been filed with the Securities and Exchange Commission (the "SEC") and are incorporated into this Joint Proxy Statement by reference:

- (1) the audited financial statements and related independent registered public accounting firm's report for the Acquiring Fund and the financial highlights for the Acquiring Fund contained in the Fund's Annual Report for the fiscal year ended February 29, 2016 (File No. 811-09161); and

- (2) the audited financial statements and related independent registered public accounting firm's report for each of Dividend Advantage 2 and Dividend Advantage 3 and the financial highlights for such Target Fund contained in each Fund's Annual Report for the fiscal year ended February 29, 2016 (File Nos. 811-10197 and 811-10347, respectively).

No other parts of the Funds' Annual or Semi-Annual Reports are incorporated by reference herein.

Copies of the foregoing may be obtained without charge by calling (800) 257-8787 or writing the Funds at 333 West Wacker Drive, Chicago, Illinois 60606. In addition, each Fund will furnish, without charge, a copy of its most recent Annual Report or Semi-Annual Report to a shareholder upon request. Any such request should be directed to the Funds by calling (800) 257-8787 or by writing the Funds at 333 West Wacker Drive, Chicago, Illinois 60606.

The Funds are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Investment Company Act of 1940, as amended (the 1940 Act), and in accordance therewith file reports and other information with the SEC. Reports, proxy statements, registration statements and other information filed by the Funds may be inspected without charge and copied (for a duplication fee at prescribed rates) at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549 or at the SEC's New York Regional Office (Brookfield Place, 200 Vesey Street, Suite 400, New York, New York 10281) or Chicago Regional Office (175 West Jackson Boulevard, Suite 900, Chicago, Illinois 60604). You may call the SEC at (202) 551-8090 for information about the operation of the public reference room. You may obtain copies of this information, with payment of a duplication fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Branch, Office of Consumer Affairs and Information Services, Securities and Exchange Commission, Washington, D.C. 20549. You may also access reports and other information about the Funds on the EDGAR database on the SEC's Internet site at <http://www.sec.gov>. Reports, proxy statements and other information concerning the Funds also can be inspected at the offices of the NYSE, 11 Wall Street, New York, New York 10005.

JOINT PROXY STATEMENT

JULY 13, 2016

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND (NAC)

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2 (NVX)

AND

NUVEEN CALIFORNIA DIVIDEND ADVANTAGE MUNICIPAL FUND 3 (NZH)

(EACH, A FUND AND COLLECTIVELY, THE FUNDS)

TABLE OF CONTENTS

<u>PROPOSAL NO. 1 THE ELECTION OF BOARD MEMBERS (PREFERRED SHAREHOLDERS OF EACH FUND)</u>	1
<u>Board Nominees/Board Members</u>	2
<u>Share Ownership</u>	11
<u>Compensation</u>	12
<u>Board Leadership Structure and Risk Oversight</u>	13
<u>The Officers</u>	23
<u>PROPOSAL NO. 2 REORGANIZATION OF EACH TARGET FUND INTO THE ACQUIRING FUND (PREFERRED SHAREHOLDERS OF EACH FUND)</u>	26
A. <u>SYNOPSIS</u>	26
<u>Background and Reasons for the Reorganizations</u>	26
<u>Material Federal Income Tax Consequences of the Reorganizations</u>	27
<u>Comparison of the Acquiring Fund and each Target Fund</u>	27
<u>Comparative Risk Information</u>	36
<u>Comparative Expense Information</u>	37
<u>Comparative Performance Information</u>	38
B. <u>RISK FACTORS</u>	39
C. <u>INFORMATION ABOUT THE REORGANIZATIONS</u>	39
<u>General</u>	39
<u>Terms of the Reorganizations</u>	40
<u>Reasons for the Reorganizations</u>	42
<u>Capitalization</u>	45
<u>Expenses Associated with the Reorganizations</u>	46
<u>Dissenting Shareholders Rights of Appraisal</u>	46
<u>Material Federal Income Tax Consequences of the Reorganizations</u>	46
<u>Shareholder Approval</u>	49
<u>Description of Common Shares to Be Issued by the Acquiring Fund; Comparison to Target Funds</u>	50
<u>Description of VRDP Shares to Be Issued by the Acquiring Fund</u>	51