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NUVEEN CALIFORNIA TAX-FREE FUND, INC.

Prospectus

June 13, 1995

NUVEEN CALIFORNIA TAX-FREE VALUE FUND
NUVEEN CALIFORNIA INSURED TAX-FREE VALUE FUND

Nuveen California Tax-Free Fund, Inc. is an open-end investment company consisting of three tax-free mutual funds. The two tax-free mutual funds named above (the "Funds"), each representing a separate portfolio designed to provide as high a level of current interest income exempt from both regular federal and applicable California personal income taxes as is consistent, in the view of the Fund's management, with preservation of capital, are covered by this Prospectus. The third tax-free mutual fund, Nuveen California Tax-Free Money Market Fund, is covered by a separate Prospectus.

Nuveen California Tax-Free Value Fund (the "California Fund") invests in investment grade quality, long-term California Municipal Obligations. Nuveen California Insured Tax-Free Value Fund (the "California Insured Fund") invests in long-term California Municipal Obligations which are either covered by insurance guaranteeing the timely payment of principal and interest or backed by an escrow or trust account containing sufficient U.S. Government or U.S. Government agency securities to ensure timely payment of principal and interest. SEE PAGE 17 FOR FURTHER INFORMATION ABOUT MUNICIPAL BOND INSURANCE. Each Fund invests in those California Municipal Obligations judged by the Fund's investment adviser to offer the best values among California Municipal Obligations of similar credit quality.

Each Fund has adopted a Flexible Sales Charge Program which provides you with alternative ways of purchasing Fund shares based upon your individual investment needs and preferences. You may purchase Class A Shares at a price equal to their net asset value plus an up-front sales charge. You may purchase Class C Shares without any up-front sales charge at a price equal to their net asset value, but subject to an annual distribution fee designed to compensate securities dealers over time for the sale of Fund shares. Class C Shares issued on or after June 13, 1995 are subject to a 1% contingent deferred sales charge ("CDSC") for redemptions within 12 months of purchase. Class C Shares automatically convert to Class A Shares six years after purchase. Both Class A Shares and Class C Shares are also subject to annual service fees, which are used to compensate securities dealers for providing you with ongoing account services. Under the Flexible Sales Charge Program, all Fund shares outstanding as of September 6, 1994, have been designated as Class R Shares. Class R Shares are available for purchase at a price equal to their net asset value only under certain limited circumstances, or by specified investors, as described herein. See "How to Buy Fund Shares."

This Prospectus contains information you should know before investing in the Funds. Please retain it for future reference. You can find more detailed information about the Funds (and Nuveen California Tax-Free Money Market Fund) in the "Statement of Additional Information" dated June 13, 1995. For a free copy of this Statement, write to the Funds, c/o John Nuveen & Co. Incorporated, 333 West Wacker Drive, Chicago, IL 60606, or call Nuveen toll-free at 800-621-7227. The Statement has been filed with the Securities and Exchange Commission and is incorporated by reference into this Prospectus.

Shares of the Funds are not deposits or obligations of, or guaranteed or endorsed by, any bank and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other agency. Shares of the Funds involve investment risks, including possible loss of principal.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES

AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

JOHN NUVEEN & CO. INCORPORATED
FOR INFORMATION, CALL TOLL-FREE 800-621-7227

CONTENTS

Appendix A--Special State Factors and State Tax Treatment

Appendix B--Taxable Equivalent Yield Tables

Application

SUMMARY OF FUND EXPENSES

SHAREHOLDER TRANSACTION EXPENSES (AS A PERCENT OF OFFERING PRICE)	EACH FUND CLASS A	CLASS C	CLASS R
Maximum Sales Load Imposed on Purchases	4.50%	None	None
Maximum Sales Load Imposed on Reinvested Dividends	None	None	None
Deferred Sales Charge (for redemptions within 12 months of purchase)	None	1.00%	None
Redemption Fees	None	None	None
Exchange Fees	None	None	None

ANNUAL OPERATING EXPENSES, AFTER FEE WAIVERS AND EXPENSE REIMBURSEMENTS (AS A PERCENT OF AVERAGE DAILY NET ASSETS)(1)	MANAGEMENT FEES	RULE 12B-1 FEES (2)	OTHER OPERATING EXPENSES	TOTAL EXPENSES	TOTAL EXPENSES, WITHOUT FEE WAIVERS AND EXPENSE REIMBURSEMENTS
CALIFORNIA FUND					
Class A	.13%	.25%	.62%	1.00%	1.42%
Class C	None	1.00%	.75%	1.75%	2.42%
Class R	.55%	None	.16%	.71%	.71%
CALIFORNIA INSURED FUND					
Class A	.36%	.25%	.44%	1.05%	1.24%
Class C	None	1.00%	.80%	1.80%	2.44%
Class R	.55%	None	.15%	.70%	.70%

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(1) In order to prevent total operating expenses (excluding any distribution or service fees) from exceeding .75 of 1% of the average daily net asset value of any class of shares of a Fund, Nuveen Advisory has agreed to waive all or a portion of its management fees or reimburse certain expenses of each Fund. Nuveen Advisory may also voluntarily agree to reimburse additional expenses from time to time, which voluntary reimbursements may be terminated at any time in its discretion.

(2) Class C Shares are subject to an annual distribution fee of .75 of 1% of average daily net assets to compensate Authorized Dealers over time for the sale of Fund shares. Both Class A Shares and Class C Shares of each Fund are subject to an annual service fee of .25 of 1% of average daily net assets to compensate Authorized Dealers for ongoing account services. See "Distribution and Service Plans." Long-term holders of Class C Shares may pay more in Rule 12b-1 fees than the economic equivalent of the maximum front-end sales charge permitted under the National Association of Securities Dealers Rules of Fair Practice.

The purpose of the tables above is to help you understand all expenses and fees that you would bear directly or indirectly as a Fund shareholder. The expenses and fees shown are for the fiscal year ended February 28, 1995.

EXAMPLE*

The following example applies to each of the Funds. You would pay the following expenses on a $1,000 investment over various time periods, assuming (1) a 5% annual rate of return and (2) redemption at the end of each time period:

<TABLE>
<CAPTION>

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
<S>	<C>	<C>	<C>	<C>
CALIFORNIA FUND				
Class A	$55	$75	$98	$162
Class C	$28**	$55	$95	$168
Class R	$ 7	$23	$40	$ 88
<CAPTION>				
CALIFORNIA INSURED FUND				
<S>	<C>	<C>	<C>	<C>
Class A	$55	$77	$100	$167
Class C	$28**	$57	$ 97	$174
Class R	$ 7	$22	$ 39	$ 87

</TABLE>

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*This example does not represent past or future expenses. Actual expenses may be greater or less than those shown. Moreover, a Fund's actual rate of return may be greater or less than the hypothetical 5% return shown in this example. This example assumes that the percentage amounts listed under Annual Operating Expenses remain the same in each of the periods. The ten-year figure for Class C Shares reflects the automatic conversion of Class C Shares into Class A Shares six years after purchase. Based on the foregoing assumptions, the expenses incurred on an investment in Class

C Shares will exceed the expenses incurred on an investment in Class A Shares sometime in the sixth year after purchase. You should also note that Class R Shares are available for purchase only under certain limited circumstances, or by specified investors. For additional information about each Fund's fees and expenses, see "Distribution and Service Plans" and "Management of the Funds."

**If shares were purchased before June 13, 1995 or held longer than 12 months, so that no CDSC is imposed, expenses in the first year would be $18 for the California and California Insured Funds.

HOW TO DETERMINE IF ONE OF THE FUNDS IS RIGHT FOR YOU

There are many reasons why you might invest in one of the Funds.
These can include:

- lowering the tax burden on your investment income
- earning regular monthly dividends
- seeking to preserve your investment capital
- systematically setting money aside for retirement, college funding or estate planning purposes

While there can be no assurance that the Funds will enable you to achieve your individual investment goals, they have been designed for investors who have these kinds of investment goals in mind.

In addition, the Funds incorporate the following features and benefits. You should carefully review the more detailed description of these features and benefits elsewhere in the Prospectus to make sure they serve your individual investment goals.

MONTHLY, DOUBLE TAX-FREE INCOME
Each Fund provides monthly dividends exempt from regular federal and applicable California personal income taxes for in-state residents.

DIVERSIFIED, INVESTMENT GRADE QUALITY OR INSURED PORTFOLIO
The California Fund purchases investment grade quality California Municipal Obligations. The California Insured Fund purchases California Municipal Obligations which are either covered by insurance guaranteeing the timely payment of principal and interest or backed by an escrow or trust account containing sufficient U.S. Government or U.S. Government agency securities to ensure timely payment of principal and interest. Each Fund is diversified and maintains diversity within its portfolio by selecting California Municipal Obligations of different issuers. Each Fund further enhances its portfolio mix by purchasing California Municipal Obligations of different types and purposes.

EXPERIENCED MANAGEMENT
Each Fund is managed by Nuveen Advisory Corp. ("Nuveen Advisory"), a wholly-owned subsidiary of John Nuveen & Co. Incorporated ("Nuveen"). Founded in 1898, Nuveen is the oldest and largest investment banking firm in the country devoted exclusively to tax-exempt securities. Nuveen Advisory currently manages 76 different tax-free

portfolios representing approximately $30 billion in assets.

VALUE INVESTING As a guiding policy, Nuveen Advisory's portfolio managers seek investment grade quality undervalued or underrated California Municipal Obligations which offer the best values among Municipal Obligations of similar credit quality. By selecting these California Municipal Obligations, Nuveen Advisory seeks to position each Fund better to achieve its investment objective of as high a level of current interest income exempt from both regular federal and applicable California personal income taxes as is consistent, in the view of the Fund's management, with preservation of capital, regardless of which direction the market may move. The California Insured Fund's policy of investing in insured California Municipal Obligations may limit the extent to which it will achieve its value investing strategy.

NUVEEN RESEARCH Nuveen Advisory's portfolio managers call upon the resources of Nuveen's Research Department, the largest in the investment banking industry devoted exclusively to tax-exempt securities. Nuveen research analysts reviewed in 1994 more than $100 billion of tax-exempt securities sold in new issue and secondary markets.

LOW MINIMUMS You can start earning tax-free income with a low initial investment of $1,000 in a particular class of a Fund. See "How to Buy Fund Shares."

FLEXIBLE SALES CHARGE PROGRAM For many investors, working with a professional financial adviser is an important part of their financial strategy. Because Nuveen recognizes the value a financial adviser can provide in developing and implementing a comprehensive plan for your financial future, Nuveen's open-end, long-term bond funds ("Nuveen Mutual Funds") are sold with a sales charge, either at the time of purchase or over time in the form of a distribution fee. This provides your financial adviser with compensation for the professional advice and service you receive in financial planning and investment selection.

Each Fund has adopted a Flexible Sales Charge Program which provides you with alternative ways of purchasing Fund shares based upon your individual investment needs and preferences. As described below, each Fund offers Class A Shares, Class C Shares and, under certain limited circumstances, Class R Shares. In deciding which class of a Fund's shares to purchase, you should consider all relevant factors, including the dollar amount of your purchase, the length of time you expect to hold the shares and whether a CDSC would apply, the amount of any applicable up-front sales charge, the amount of any applicable distribution or service fee that may be incurred while you own the shares, and whether or not you will be reinvesting income or capital gain distributions in additional shares. For assistance with this decision, please refer to the tables under "Summary of Fund Expenses" on page 3 of this Prospectus which set forth examples of the expenses applicable to each class of shares, or consult your financial adviser. The following summary describes the three classes of shares offered by each Fund:

Class A Shares
- available at net asset value plus an up-front sales charge
- certain purchasers qualify for a reduction or waiver of the up-front sales charge
- annual service fee to compensate securities dealers who have sales agreements with Nuveen ("Authorized Dealers") for providing you with ongoing account services

Class C Shares
- available at net asset value without any up-front sales charge
- annual distribution fee to compensate Authorized Dealers over time for the sale of Fund shares
- automatic tax-free conversion to Class A Shares six years after purchase
- annual service fee to compensate Authorized Dealers for providing you with ongoing account services
- 1% CDSC on shares purchsed on or after June 13, 1995 and redeemed within 12 months of purchase

Class R Shares
- if you owned Fund shares as of September 6, 1994, those shares have been designated as Class R Shares
- available for purchase under certain limited circumstances, or by specified investors, at net asset value without any sales charge or annual distribution or service fees

See "Flexible Sales Charge Program" and "How to Buy Fund Shares" for additional information about the three classes of shares offered by each Fund.

AUTOMATIC DEPOSIT PLANS

The Funds offer a number of investment options, including automatic deposit, direct deposit and payroll deduction, to help you add to your account on a regular basis.

AUTOMATIC REINVESTMENT

All monthly dividends or capital gains paid by your Fund on each class of shares will be reinvested automatically into additional shares of the same class without a sales charge, unless you elect to receive them in cash. Separately, distributions from any Nuveen unit investment trust (a "Nuveen UIT") may be used to buy Class A Shares and, under certain circumstances, Class R Shares of a Fund, in either case without a sales charge at net asset value.

EXCHANGE PRIVILEGE	Shares of a class of either of the Funds may be quickly and easily exchanged by telephone, without a sales charge, for shares of the same or equivalent class of another Nuveen Mutual Fund or for shares of certain Nuveen money market funds. Class R Shares of a Fund may be exchanged for Class A Shares of the same Fund at any time, provided that the current net asset value of those Class R Shares is at least $1,000 or you already own Class A Shares of that Fund.
LIQUIDITY	You may redeem all or a portion of your Fund shares on any business day at the net asset value next computed for the class of shares you are redeeming. An investor purchasing Class C Shares on or after June 13, 1995 agrees to pay a CDSC of 1% if Class C Shares are redeemed within 12 months of purchase. Each Fund will redeem shares at net asset value and deduct any applicable CDSC from the proceeds of the redemption. Remember that share prices will fluctuate with market conditions and upon redemption may be worth more or less than their original cost. See "How to Redeem Fund Shares."
AUTOMATIC WITHDRAWAL	If you own shares totalling $10,000 or more, you can arrange to have $50 or more sent to you from your account either monthly or quarterly.
TELEPHONE REDEMPTIONS	You may establish free telephone redemption privileges for your account.
NO REDEMPTION FEES	There are no fees imposed by the Funds for selling shares when redeeming all or part of your holdings. However, your financial adviser may charge you for serving as agent in the redemption of shares.

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RISKS AND SPECIAL CONSIDERATIONS	You should consider certain other factors about the Funds before investing. As with other bond mutual funds or any long-term, fixed income investment, the value of a Fund's portfolio will tend to vary inversely with changes in prevailing interest rates. Accordingly, each Fund should be considered a long-term investment, designed to provide the best results when held for a multi-year period. A Fund may not be suitable if you have a short-term investment horizon. Additionally, each Fund's portfolio may be susceptible to political, economic or regulatory developments affecting issuers of California Municipal Obligations. The Funds also have the ability to engage in certain investment practices, including the purchase of California Municipal Obligations that pay interest subject to the federal alternative minimum tax, the purchase or sale of securities on a when-issued or delayed delivery basis, the purchase or sale of municipal lease and installment purchase obligations, and the purchase or sale of futures or options for hedging purposes. As described elsewhere in this Prospectus, the Funds have no present intention of purchasing or selling futures or options, and may engage in the other investment practices listed above only under strict limits.

FINANCIAL HIGHLIGHTS

The following financial information has been derived from Nuveen California Tax-Free Fund, Inc.'s financial statements, which have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report appearing in the Annual Report to Shareholders, and should be read in conjunction with the financial statements and related notes appearing in the Annual Report. A copy of the Annual Report to Shareholders which contains additional unaudited performance information can be obtained without charge by writing to Nuveen California Tax-Free Fund, Inc.

<TABLE>
<CAPTION>

		Income from investment operations		Less distributions	
CA	Net asset value beginning of period	Net investment income	Net realized and unrealized gain (loss) from investments+++	Dividends from net investment income	Distributions from capital gains
Class A					
9/7/94 to 2/28/95	$10.210	$.270*	$(.031)	$(.275)	$(.074)
Class C					
9/19/94 to 2/28/95	10.040	.218*	.139	(.223)	(.074)
Class R					
Year ended, 2/28/95	10.740	.582	(.531)	(.587)	(.074)
2/28/94	10.850	.598	(.054)	(.596)	(.058)
2/28/93	10.140	.633	.707	(.626)	(.004)
8 Months ended 2/29/92	9.920	.429	.218	(.427)	--
Year ended, 6/30/91	9.790	.639	.133	(.642)	--
6/30/90	9.850	.641	(.058)	(.643)	--
6/30/89	9.240	.649*	.610	(.649)	--
6/30/88	9.280	.647*	(.040)	(.647)	--
6/30/87**	9.600	.652*	(.320)	(.652)	--

</TABLE>
See notes on page 12.

FINANCIAL HIGHLIGHTS (CONTINUED)

On September 6, 1994, the Fund commenced selling Class A and Class C Shares. All Fund shares outstanding as of September 6, 1994, have been designated as Class R Shares.

Selected data for a Class A, Class C and Class R Share outstanding throughout each period is as follows:

<TABLE>
<CAPTION>

Net asset value end of period	Total return on net asset value++	Net assets end of period (in thousands)	Ratios/Supplemental data: Ratio of expenses to average net assets	Ratio of net investment income to average net assets	Portfolio turnover rate
$10.100	2.52%	$ 3,146	1.00%*+	5.81%*+	32%
10.100	3.71	200	1.75*+	5.03*+	32
10.130	.78	208,080	.71	5.83	32
10.740	5.08	218,430	.73	5.47	19
10.850	13.66	183,215	.71	6.05	5
10.140	6.61	133,377	.67+	6.30+	--
9.920	8.16	107,508	.69	6.48	15
9.790	6.14	78,704	.69	6.51	8
9.850	14.12	52,048	.75*	6.79*	22
9.240	6.87	29,640	.70*	7.09*	48
9.280	3.28	19,094	.18*	6.62*	17

</TABLE>

FINANCIAL HIGHLIGHTS (CONTINUED)

<TABLE>
<CAPTION>

	Net asset value beginning of period	Income from investment operations: Net investment income	Income from investment operations: Net realized and unrealized gain (loss) from investments+++	Less distributions: Dividends from net investment income	Less distributions: Distributions from capital gains
CA INS					
Class A					
9/7/94 to 2/28/95	$10.220	$.255*	$.068	$(.265)	$(.028)
Class C					
9/13/94 to 2/28/95	10.060	.210*	.123	(.215)	(.028)
Class R					
Year ended, 2/28/95	10.670	.559	(.412)	(.559)	(.028)
2/28/94	10.850	.560	(.101)	(.556)	(.083)
2/28/93	10.010	.584	.871	(.579)	(.036)
8 Months ended 2/29/92	9.650	.401	.360	(.401)	--
Year ended, 6/30/91	9.480	.600	.176	(.606)	--
6/30/90	9.630	.608	(.151)	(.607)	--
6/30/89	9.020	.607	.610	(.607)	--
6/30/88	8.980	.600*	.040	(.600)	--
6/30/87**	9.600	.630*	(.620)	(.630)	--

</TABLE>

* Reflects the waiver of certain management fees and reimbursement of certain other expenses by Nuveen Advisory. For additional information about Nuveen Advisory's fee waivers and expense reimbursement, see note 7 of Notes to Financial Statements in the Annual Report to Shareholders.
** Shares in the California and California Insured Funds were first offered for sale on July 1, 1986.

+ Annualized.
++ Total Return on Net Asset Value is the combination of reinvested dividend income, reinvested capital gain distributions if any, and changes in net asset value per share.
+++ Net of taxes, if applicable. See note 1 of Notes to Financial Statements in the Annual Report to Shareholders.

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		Ratios/Supplemental data			
Net asset value end of period	Total return on net asset value++	Net assets end of period (in thousands)	Ratio of expenses to average net assets	Ratio of net investment income to average net assets	Portfolio turnover rate
$ 10.250	3.33%	$ 4,753	1.05%*+	5.45%*+	25%
10.150	3.45	222	1.80*+	4.69*+	25
10.230	1.68	198,928	.70	5.60	25
10.670	4.27	208,115	.71	5.12	14
10.850	15.05	168,852	.75	5.72	9
10.010	7.99	100,933	.64+	5.97+	7
9.650	8.43	74,551	.68	6.26	29
9.480	4.93	50,625	.70	6.36	13
9.630	13.97	35,032	.82	6.52	23
9.020	7.44	22,394	.82*	6.77*	31
8.980	(.13)	16,192	.17*	6.48*	4

WHO IS RESPONSIBLE FOR THE OPERATION OF THE FUNDS?
The following organizations work together to provide the services and features offered by the Funds:

ORGANIZATION	FUNCTION	DUTIES
John Nuveen & Co. Incorporated ("Nuveen")	Fund Sponsor and Principal Underwriter	Sponsors and manages the offering of Fund shares; provides certain administrative services
Nuveen Advisory Corp. ("Nuveen Advisory")	Investment Adviser	Manages the Funds' investment portfolios and provides day-to-day administrative services to the Funds
Shareholder Services, Inc. ("SSI")	Transfer Agent; Shareholder Services Agent; Dividend Paying Agent	Maintains shareholder accounts, handles share redemptions and exchanges and dividend payments
United States Trust Company of New York ("US Trust")	Custodian	Maintains custody of the Funds' investments and provides certain

accounting services to the Funds

</TABLE>

The Chase Manhattan Bank, N.A., has agreed to become successor to U.S. Trust, as Custodian and Fund Accountant. The succession is presently scheduled for July 2, 1995. No changes in the Funds' administration or in the amount of fees and expenses paid by the Funds for these services will result, and no action by shareholders will be required.

INVESTMENT OBJECTIVES

Each Fund is designed to provide income free from federal and California state personal income taxes.

WHAT ARE THE FUNDS' INVESTMENT OBJECTIVES AND POLICIES?
The investment objective of each Fund is to provide you with as high a level of current interest income exempt from both regular federal and applicable California personal income taxes as is consistent, in the view of the Fund's management, with preservation of capital. This investment objective is a fundamental policy of each Fund and may not be changed without the approval of the holders of a majority of the shares of that Fund. There can be no assurance that the investment objective of either Fund will be achieved.

HOW THE FUNDS PURSUE THEIR OBJECTIVES

The Funds seek Municipal Obligations considered to be undervalued.

Value Investing. Nuveen Advisory believes that in any market environment there are quality Municipal Obligations whose current price, yield, credit quality and future prospects make them seem underpriced or exceptionally attractive when compared with other Municipal Obligations in the market. Value investing for the California Insured Fund will ordinarily involve purchases of undervalued or underrated uninsured Municipal Obligations which would then be covered by insurance, or undervalued insured Municipal Obligations. In selecting investments for the Funds, Nuveen Advisory will attempt to identify and purchase those undervalued or underrated California Municipal Obligations that meet the investment criteria of each Fund and that in each case offer the best values among California Municipal Obligations of similar credit quality. By selecting these Municipal Obligations, each Fund will seek to provide attractive current tax-free income and to protect the Fund's net asset value in both rising and declining markets. In this way, regardless of the direction the market may move, value investing, if successful, will better position each Fund to achieve its investment objective of as high a level of current interest income exempt from both regular federal and applicable California personal income taxes as is consistent, in the view of the Fund's management, with preservation of capital. The California Insured Fund's policy of investing in insured California Municipal Obligations may limit the extent to which it will achieve its value investing strategy. Any net capital appreciation realized by a Fund will generally result in the distribution of taxable gains to Fund shareholders. See "Distributions and Taxes."

Thorough research can help identify values.

The Importance of Thorough Research. Successful value investing depends on identifying and purchasing undervalued or underrated securities before the rest of the marketplace finds them. Nuveen Advisory believes the municipal market provides these opportunities, in part because of the relatively large number of issuers of tax-exempt securities and the relatively small number of full-time, professional municipal market analysts. For

example, there are currently about 7,500 common stocks that are followed by about 23,000 analysts. By contrast, there are about 60,000 entities that issue tax-exempt securities and less than 1,000 professional municipal market analysts.

Nuveen and Nuveen Advisory believe that together they employ the largest number of research analysts in the investment banking industry devoted exclusively to the review and surveillance of tax-exempt securities. Their team of more than 40 individuals has over 350 years of combined municipal market experience. Nuveen and Nuveen Advisory have access to information on approximately 60,000 municipal issuers, and review annually more than $100 billion of tax-exempt securities sold in new issue and secondary markets.

Which Municipal Obligations Are Selected As Investments? Each Fund will invest primarily in Municipal Obligations issued within the State of California so that the interest income on the Municipal Obligations will be exempt from both regular federal and applicable California personal income taxes. Because of the differences described below in the investment policies of each Fund, there will be differences in the yields on each Fund's classes of shares and in the degree of market and financial risk to which each Fund is subject.

The California Fund will seek to purchase investment grade quality California Municipal Obligations.

The California Fund's investment assets will consist of:

- California Municipal Obligations rated investment grade at the time of purchase (Baa or BBB or better) by Moody's Investors Service, Inc. ("Moody's") or Standard and Poor's Corporation ("S&P");

- unrated California Municipal Obligations of investment grade quality in the opinion of Nuveen Advisory, with no fixed percentage limitations on these unrated Municipal Obligations; and

- temporary investments, within the limitations and for the purposes described below.

Municipal Obligations rated Baa are considered by Moody's to be medium grade obligations which lack outstanding investment characteristics and in fact have speculative characteristics as well, while Municipal Obligations rated BBB are regarded by S&P as having an adequate capacity to pay principal and interest. The California Fund may invest up to 20% of its net assets in Municipal Obligations that pay interest subject to the federal alternative minimum tax ("AMT Bonds"). The California Fund intends to emphasize investments in Municipal Obligations with long-term maturities in order to maintain an average portfolio maturity of 20-30 years, but the average maturity may be shortened from time to time depending on market conditions in order to help limit the California Fund's exposure to market risk. As a result, the California Fund's portfolio at any given time may include both long-term and intermediate-term Municipal Obligations.

Under ordinary circumstances, the California Fund will invest substantially all (at least 80%) of its net assets in California Municipal Obligations, and not more than 20% of its net assets in "temporary investments," described below, provided that temporary investments subject to regular federal income tax and AMT Bonds may not comprise more than 20% of the California Fund's net assets.

The California Insured Fund will seek to purchase insured California Municipal Obligations.

Under ordinary circumstances, the California Insured Fund will invest (1) substantially all (at least 80%) of its net assets in California Municipal Obligations which are either covered by insurance guaranteeing the timely payment of principal and interest or backed by an escrow or trust account containing sufficient U.S. Government or U.S. Government agency securities to ensure timely payment of principal and interest and which meet the investment criteria of the California Fund, and (2) not more than 20% of its net assets in "temporary investments," within the limitations and for the purposes described below, provided that temporary investments subject to regular federal income tax and AMT Bonds may not comprise more than 20% of the California Insured Fund's net assets. The California Insured Fund will pursue the same investment policies as the California Fund with respect to AMT Bonds and the average maturity of its portfolio.

The foregoing investment policies are fundamental policies of each Fund and may not be changed without the approval of the holders of a majority of the shares of that Fund.

California Municipal Obligations can be insured in one of three ways.

Each insured California Municipal Obligation held by the California Insured Fund will either be (1) covered by an insurance policy applicable to a specific security and obtained by the issuer of the security or a third party at the time of original issuance ("Original Issue Insurance"), (2) covered by an insurance policy applicable to a specific security and obtained by the California Insured Fund or a third party subsequent to the time of original issuance ("Secondary Market Insurance"), or (3) covered by a master municipal insurance policy purchased by the California Insured Fund ("Portfolio Insurance"). The California Insured Fund currently maintains policies of Portfolio Insurance with MBIA Insurance Corporation, AMBAC Indemnity Corporation, Financial Security Assurance, Inc., and Financial Guaranty Insurance Company, and may in the future obtain other policies of Portfolio Insurance depending on the availability

of these policies on terms favorable to the California Insured Fund. However, the California Insured Fund may determine not to obtain these policies and to emphasize investments in California Municipal Obligations insured under Original Issue Insurance or Secondary Market Insurance. In any event, the California Insured Fund will only obtain policies of Portfolio Insurance issued by mono-line insurers specializing in insuring municipal debt, whose claims-paying ability is rated Aaa by Moody's or AAA by S&P. In determining whether to insure Municipal Obligations held by the California Insured Fund, an insurer will apply its own standards, which correspond generally to the standards it has established for determining the insurability of new issues of Municipal Obligations. See the Statement of Additional Information for further information about each type of insurance described above.

In addition to insured California Municipal Obligations, the California Insured Fund may invest in California Municipal Obligations that are entitled to the benefit of an escrow or trust account which contains securities issued or guaranteed by the U.S. Government or U.S. Government agencies, backed by the full faith and credit of the United States, and sufficient in amount to ensure the payment of interest and principal on the original interest payment and maturity dates ("collateralized obligations"). Collateralized obligations generally will not be insured and are regarded as having the credit characteristics of the underlying U.S. Government or U.S. Government agency securities. Uninsured collateralized obligations will not constitute more than 20% of the California Insured Fund's net assets.

The California Insured Fund may insure permanently Municipal Obligations covered by Portfolio Insurance.

One or more policies of Portfolio Insurance may provide the California Insured Fund, pursuant to an irrevocable commitment of the insurer, with the option to exercise the right to obtain permanent insurance ("Permanent Insurance") with respect to a Municipal Obligation that is to be sold by the California Insured Fund. The California Insured Fund would exercise the right to obtain Permanent Insurance upon payment of a single, predetermined insurance premium payable from the proceeds of the sale of that Municipal Obligation. It is expected that the California Insured Fund will exercise the right to obtain Permanent Insurance for a Municipal Obligation only if, in the opinion of Nuveen Advisory, upon exercise the net proceeds from the sale by the California Insured Fund of that obligation, as insured, would exceed the proceeds from the sale of that obligation without insurance.

Premiums for a Portfolio Insurance policy are paid by the California Insured Fund monthly, and are adjusted for purchases and sales of California Municipal Obligations covered by the policy during the month. The

yield on the California Insured Fund is reduced to the extent of the insurance premiums it pays. Depending upon the characteristics of the California Municipal Obligations held by the California Insured Fund, the annual premium rate for the policies of Portfolio Insurance is estimated to range from .15% to .30% of the value of the California Municipal Obligations covered under the policies. Because the majority of California Municipal Obligations in the California Insured Fund were not covered by policies of Portfolio Insurance during the fiscal year ended February 28, 1995, total premiums as a percentage of the value of the California Municipal Obligations held by the California Insured Fund (.01%) were significantly less than that estimated rate.

DESCRIPTION OF THE FUNDS' INVESTMENTS

Municipal Obligations are issued by states, cities and local authorities to support a variety of public activities.

Municipal Obligations. Municipal Obligations, as the term is used in this Prospectus, are federally tax-exempt debt obligations issued by states, cities and local authorities and by certain U.S. possessions or territories to obtain funds for various public purposes, such as the construction of public facilities, the payment of general operating expenses and the refunding of outstanding debts. They may also be issued to obtain funding for various private activities, including loans to finance the construction of housing, educational and medical facilities or privately owned industrial development and pollution control projects.

The two principal classifications of Municipal Obligations are general obligation and revenue bonds. GENERAL OBLIGATION bonds are secured by the issuer's pledge of its full faith, credit and taxing power for the payment of principal and interest. REVENUE bonds are payable only from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise or other specific revenue source. Industrial development and pollution control bonds are in most cases revenue bonds and do not generally constitute the pledge of the credit or taxing power of the issuer of these bonds.

Municipal Obligations may also include participations in lease obligations or installment purchase contract obligations (collectively, "lease obligations") of municipal authorities or entities. Certain "non-appropriation" lease obligations may present special risks because the municipality's obligation to make future lease or installment payments depends on money being appropriated each year for this purpose. Each Fund will seek to minimize these risks by not investing more than 10% of its assets in non-appropriation lease obligations, and by only investing in those non-appropriation lease obligations that meet certain criteria of the Fund. See the Statement of Additional Information for further information about lease obligations.

The yields on Municipal Obligations depend on a variety of factors, including the condition of financial markets in general and the municipal market in particular, as well as the size of a particular offering, the maturity of the obligation and the rating of the issue. Certain Municipal Obligations may pay variable or floating rates of interest based upon certain market rates or indexes such as a bank prime rate or a tax-exempt money market index. The ratings of Moody's and S&P represent their opinions as to the quality of the Municipal Obligations that they undertake to rate. It should be emphasized, however, that ratings are general and are not absolute standards of quality. Consequently, Municipal Obligations with the same maturity, coupon and rating may have different yields, while those having the same maturity and coupon with different ratings may have the same yield. The market value of Municipal Obligations will vary with changes in prevailing interest rate levels and as a result of changing evaluations of the ability of their issuers to meet interest and principal payments. Similarly, the market value and net asset value of the Funds will change in response to interest rate changes; they will tend to decrease when interest rates rise and increase when interest rates fall.

All temporary investments will be U.S. Government or high quality securities.

Temporary Investments. Each Fund under ordinary circumstances may invest up to 20% of its net assets in "temporary investments," but may invest without limit in temporary investments during temporary defensive periods in order to limit the exposure of its portfolio to market risk from temporary imbalances of supply and demand or other temporary circumstances affecting the municipal market. Each Fund will seek to make temporary investments in short-term securities the interest on which is exempt from regular federal income tax, but may be subject to California state income tax. If suitable federally tax-exempt temporary investments are not available at reasonable prices and yields, a Fund may make temporary investments in taxable securities whose interest is subject to both California state and federal income taxes. A Fund will invest only in those taxable temporary investments that are either U.S. Government securities or are rated within the highest grade by Moody's or S&P, and mature within one year from the date of purchase or carry a variable or floating rate of interest. A Fund will not be in a position to achieve its investment objective of tax-exempt income to the extent it invests in taxable temporary investments. See the Statement of Additional Information for further information about the temporary investments in which the Funds may invest.

SPECIAL FACTORS PERTAINING TO CALIFORNIA MUNICIPAL OBLIGATIONS

California Municipal Obligations are issued by the State of California and cities and local authorities in the State of California, and bear interest that is exempt from regular federal and applicable California personal income taxes, although the interest on these Municipal Obligations may be subject to the federal alternative minimum tax. The Funds will invest primarily in California Municipal Obligations that are issued by the State of California and cities and local authorities in the State of California, except that the Funds may invest not more than 10% of their net assets in Municipal Obligations issued by certain U.S. possessions or territories, which also bear interest that is exempt from regular federal as well as applicable California personal income taxes and are therefore considered to be California Municipal Obligations for purposes of this Prospectus.

Because each Fund will concentrate its investment in California Municipal Obligations, it may be affected by political, economic or regulatory factors that may impair the ability of issuers in that state to pay interest on or to repay the principal of their debt obligations. These special factors are briefly described in Appendix A to this Prospectus. See the Statement of Additional Information for further information about these factors.

CERTAIN INVESTMENT STRATEGIES AND LIMITATIONS

Portfolio Trading and Turnover. Each Fund will make changes in its investment portfolio from time to time in order to take advantage of opportunities in the municipal market and to limit exposure to market risk. A Fund may engage to a limited extent in short-term trading consistent with its investment objective, but a Fund will not trade securities solely to realize a profit. Changes in a Fund's investments are known as "portfolio turnover." While each Fund's annual portfolio turnover rate is not expected to exceed 50%, actual portfolio turnover rates are impossible to predict, and may exceed 50% in particular years depending upon market conditions.

Each Fund will focus on long-term investment strategies, and will engage in short-term trading only when consistent with its stated investment objective.

When-issued or Delayed Delivery Transactions. A Fund may purchase and sell Municipal Obligations on a when-issued or delayed delivery basis, which calls for the Fund to make payment or take delivery at a future date, normally 15-45 days after the trade date. The commitment to purchase securities on a when-issued or delayed delivery basis may involve an element of risk because the value of the securities is subject to market fluctuation, no interest accrues to the purchaser prior to settlement of the transaction, and at the time of delivery the market value may be less than cost. A Fund commonly engages in when-issued transactions in order to purchase or sell newly-issued Municipal Obligations, and may engage in

delayed delivery transactions in order to manage its operations more effectively. See the Statement of Additional Information for further information about when-issued and delayed delivery transactions.

The Funds do not presently intend to use futures or options.

Financial Futures and Options Transactions. Although the Funds have no present intent to do so, each Fund reserves the right to engage in certain hedging transactions involving the use of financial futures contracts, options on financial futures or options based on either an index of long-term tax-exempt securities or on debt securities whose prices, in the opinion of Nuveen Advisory, correlate with the prices of the Fund's investments. These hedging transactions are designed to limit the risk of fluctuations in the prices of a Fund's investments. See the Statement of Additional Information for further information on futures and options and associated risks.

Each Fund will take steps to ensure that its assets are not concentrated in just a few holdings.

Other Investment Policies and Restrictions. Each Fund has adopted certain fundamental policies intended to limit the risk of its investment portfolio. In accordance with these policies, each Fund may not:

. invest more than 5% of its total assets in securities of any one issuer, except that this limitation shall not apply to securities of the U.S. government, its agencies and instrumentalities or to the investment of 25% of the Fund's assets;

. invest more than 5% of its total assets in securities of unseasoned issuers which, together with their predecessors, have been in operation for less than three years;

. invest more than 10% of its assets in illiquid municipal lease obligations and other securities that are unmarketable, illiquid or not readily marketable (securities that cannot reasonably be sold within seven days, including repurchase agreements maturing in more than seven days);

. invest more than 25% of its total assets in securities of issuers in any one industry, provided, however, that such limitation shall not be applicable to Municipal Obligations issued by governments or political subdivisions of governments, and obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities;

. borrow money, except from banks for temporary or emergency purposes and then only in an amount not exceeding (a) 10% of the value of its total assets at the time of borrowing or (b) one-third of the value of its total assets, including the amount borrowed, in order to meet redemption requests which might otherwise require the untimely disposition of securities; or

. hold securities of a single bank, including securities backed by a letter of credit of that bank, if these holdings would exceed 10% of the total assets of the Fund.

In applying these policies, the "issuer" of a security is deemed to be the entity whose assets and revenues are committed to the payment of principal and interest on that security, provided that the guarantee of an instrument will generally be considered a separate security.

See the Statement of Additional Information for a more complete description of the fundamental investment policies summarized above and the Funds' other fundamental investment policies. Each Fund's fundamental investment policies may not be changed without the approval of the Fund's shareholders.

FLEXIBLE SALES CHARGE PROGRAM

Each Fund offers various sales charge options designed to meet your individual investment needs and preferences.

For many investors, working with a professional financial adviser is an important part of their financial strategy. Because Nuveen recognizes the value a financial adviser can provide in developing and implementing a comprehensive plan for your financial future, Nuveen Mutual Funds are sold with a sales charge, either at the time of purchase or at the time of redemption (in the case of Class C Shares purchased on or after June 13, 1995 and redeemed within 12 months of purchase), or over time in the form of a distribution fee. This provides your financial adviser with compensation for the professional advice and service you receive in financial planning and investment selection.

Each Fund has adopted a Flexible Sales Charge Program which provides you with alternative ways of purchasing Fund shares based upon your individual investment needs and preferences. You may purchase Class A Shares at a price equal to their net asset value plus an up-front sales charge. You may purchase Class C Shares without any up-front sales charge at a price equal to their net asset value, but subject to an annual distribution fee designed to compensate Authorized Dealers over time for the sale of Fund shares and a 1% CDSC if Class C Shares are purchased on or after June 13, 1995 and redeemed within 12 months of purchase. See "How to Buy Fund Shares--Class C Shares" and "How to Redeem Funds Shares." Class C Shares automatically convert to Class A Shares six years after purchase. Both Class A Shares and Class C Shares are also subject to annual service fees, which are used to compensate Authorized

Dealers for providing you with ongoing account services. Under the Flexible Sales Charge Program, all Fund shares outstanding as of September 6, 1994, have been designated as Class R Shares. Class R Shares are available for purchase at a price equal to their net asset value only under certain limited circumstances, or by specified investors, as described herein. The price at which the purchase of any Fund's shares is effected is based on the next calculation of the Fund's net asset value after the order is placed.

Which Option is Right For You?

When you purchase Class A Shares of a Fund, you will pay an up-front sales charge. As a result, you will have less money invested initially and you will own fewer Class A Shares than you would in the absence of an up-front sales charge. Alternatively, when you purchase Class C Shares of a Fund, you will not pay an up-front sales charge and all of your monies will be fully invested at the time of purchase. However, Class C Shares are subject to an annual distribution fee to compensate Authorized Dealers over time for the sale of Fund shares and a CDSC of 1% if purchased on or after June 13, 1995 and redeemed within 12 months of purchase. Class C Shares automatically convert to Class A Shares six years after purchase. This automatic conversion is designed to ensure that holders of Class C Shares would pay over the six-year period a distribution fee that is approximately the economic equivalent of the one-time, up-front sales charge paid by holders of Class A Shares on purchases of up to $50,000. Class A Shares and Class C Shares are also subject to annual service fees which are identical in amount and which are used to compensate Authorized Dealers for providing you with ongoing account services. You may qualify for a reduced sales charge or a sales charge waiver on a purchase of Class A Shares, as described below under "How the Sales Charge on Class A Shares May Be Reduced or Waived." Under certain limited circumstances, Class R Shares are available for purchase at a price equal to their net asset value.

In deciding whether to purchase Class A Shares, Class C Shares or Class R Shares of a Fund, you should consider all relevant factors, including the dollar amount of your purchase, the length of time you expect to hold the shares, the amount of any applicable up-front sales charge, the amount of any applicable distribution or service fee that may be incurred while you own the shares, and whether or not you will be reinvesting income or capital gain distributions in additional shares. For assistance with this decision, please refer to the tables under "Summary of Fund Expenses" on page 3 of this Prospectus which set forth examples of the expenses applicable to each class of shares, or consult your financial adviser.

Differences

Each class of shares of a Fund represents an interest in

Between the Classes of Shares — the same portfolio of investments. Each class of shares of a Fund is identical in all respects

except that each class bears its own class expenses, including administration and distribution expenses, and each class has exclusive voting rights with respect to any distribution or service plan applicable to its shares. In addition, the Class C Shares are subject to a conversion feature and a CDSC of 1% if purchased on or after June 13, 1995 and redeemed within 12 months of purchase, as described below. As a result of the differences in the expenses borne by each class of shares, net income per share, dividends per share and net asset value per share will vary among each Fund's classes of shares.

Dealer Incentives

Upon notice to all Authorized Dealers, Nuveen may reallow to Authorized Dealers electing to participate up to the full applicable sales charge during periods and for transactions specified in the notice. The reallowances made during these periods may be based upon attainment of minimum sales levels. Further, Nuveen may from time to time make additional reallowances only to certain Authorized Dealers who sell or are expected to sell certain minimum amounts of the Funds or other Nuveen Mutual Funds and Nuveen UITs during specified time periods. The staff of the Securities and Exchange Commission takes the position that dealers who receive 90% or more of the applicable sales charge may be deemed underwriters under the Securities Act of 1933, as amended.

Nuveen may also from time to time provide additional promotional support to certain Authorized Dealers who sell or are expected to sell certain minimum amounts of Nuveen Mutual Funds and Nuveen UITs during specified time periods. Such promotional support may include providing sales literature to and holding informational or educational programs for the benefit of such Authorized Dealers' representatives, seminars for the public, and advertising and sales campaigns. Any such support would be provided by Nuveen out of its own assets, and not out of the assets of the Funds, and will not change the price an investor pays for shares or the amount that a Fund will receive from such a sale.

HOW TO BUY FUND SHARES

CLASS A SHARES

Class A Shares are offered at their net asset value plus an up-front sales charge.

You may purchase Class A Shares of any Fund at a public offering price equal to the applicable net asset value per share plus an up-front sales charge imposed at the time of purchase as set forth below. You may qualify for a reduced sales charge, or the sales charge may be waived in its entirety, as described below under "How the Sales Charge on Class A Shares May Be Reduced or Waived." Class A Shares are also subject to an annual service fee to compensate Authorized Dealers for providing you with ongoing account services. See "Distribution and Service Plans."

The sales charges for each Fund's Class A Shares are as follows:

<TABLE>
<CAPTION>

AMOUNT OF PURCHASE	SALES CHARGE AS % OF PUBLIC OFFERING PRICE	SALES CHARGE AS % OF NET AMOUNT INVESTED	REALLOWANCE AS % OF PUBLIC OFFERING PRICE
<S>	<C>	<C>	<C>
Less than $50,000	4.50%	4.71%	4.00%
$50,000 but less than $100,000	4.25%	4.44%	3.75%
$100,000 but less than $250,000	3.50%	3.63%	3.25%
$250,000 but less than $500,000	2.75%	2.83%	2.50%
$500,000 but less than $1,000,000	2.00%	2.04%	1.75%
$1,000,000 but less than $2,500,000	1.00%	1.01%	1.00%
$2,500,000 but less than $5,000,000	0.75%	0.76%	0.75%
$5,000,000 but less than $7,500,000	0.50%	0.50%	0.50%
$7,500,000 and over	0.00%	0.00%	0.00%

</TABLE>

The Funds receive the entire net asset value of all Class A Shares that are sold. Nuveen retains the full applicable sales charge from which it pays the uniform reallowances shown above to Authorized Dealers. See "Flexible Sales Charge Program--Dealer Incentives" above for more information about reallowances and other compensation to Authorized Dealers.

Certain commercial banks may make Class A Shares of the Funds available to their customers on an agency basis. Pursuant to the agreements between Nuveen and these banks, some or all of the sales charge paid by a bank customer in connection with a purchase of Class A Shares may be retained by or paid to the bank. Certain banks and other financial institutions may be required to register as Authorized Dealers in certain states.

HOW THE SALES CHARGE ON CLASS A SHARES MAY BE REDUCED OR WAIVED

There are several ways to reduce or eliminate the sales charge.

Summary. There are several ways to reduce or eliminate the sales charge:

. cumulative discount;

. letter of intent;

. group purchase programs; and

. special sales charge waivers for certain categories of investors.

Cumulative Discount. You may qualify for a reduced sales charge as shown above on a purchase of Class A Shares of either Fund if the amount of your purchase, when added to the value that day of all of your prior purchases of shares of either Fund or of another Nuveen Mutual Fund, or units of a Nuveen UIT, on which an up-front sales charge or ongoing distribution fee is imposed, falls within the amounts stated in the table. You or your financial adviser must notify Nuveen or SSI of any cumulative discounts whenever you plan to purchase Class A Shares of a Fund that you wish to qualify for a reduced sales charge.

Letter of Intent. You may qualify for a reduced sales charge on a purchase of Class A Shares of either Fund if you plan to purchase Class A Shares of Nuveen Mutual

Funds over the next 13 months and the total amount of your purchases would, if purchased at one time, qualify you for one of the reduced sales charges shown above. In order to take advantage of this option, you must complete the applicable section of the Application Form or sign and deliver either to an Authorized Dealer or to SSI a written Letter of Intent in a form acceptable to Nuveen. A Letter of Intent states that you intend, but are not obligated, over the next 13 months to purchase a stated total amount of Class A Shares that would qualify you for a reduced sales charge shown above. You may count shares of a Nuveen Mutual Fund that you already own on which you paid an up-front sales charge or an ongoing distribution fee and any Class C Shares of a Nuveen Mutual Fund that you purchase over the next 13 months towards completion of your investment program, but you will receive a reduced sales charge only on new Class A Shares you purchase with a sales charge over the 13 months. You cannot count towards completion of your investment program Class A Shares that you purchase without a sales charge through investment of distributions from a Nuveen Mutual Fund or a Nuveen UIT, or otherwise.

By establishing a Letter of Intent, you agree that your first purchase of Class A Shares of a Fund following execution of the Letter of Intent will be at least 5% of the total amount of your intended purchases. You further agree that shares representing 5% of the total amount of your intended purchases will be held in escrow pending completion of these purchases. All dividends and capital gains distributions on Class A Shares held in escrow will be credited to your account. If total purchases, less redemptions, prior to the expiration of the 13 month period equal or exceed the amount specified in your Letter of Intent, the Class A Shares held in escrow will be transferred to your account. If the total purchases, less redemptions, exceed the amount specified in your Letter of Intent and thereby qualify for a lower sales charge than the sales charge specified in your Letter of Intent, you will receive this lower sales charge retroactively, and the difference between it and the higher sales charge paid will be used to purchase additional Class A Shares on your behalf. If the total purchases, less redemptions, are less than the amount specified, you must pay Nuveen an amount equal to the difference between the amounts paid for these purchases and the amounts which would have been paid if the higher sales charge had been applied. If you do not pay the additional amount within 20 days after written request by Nuveen or your financial adviser, Nuveen will redeem an appropriate number of your escrowed Class A Shares to meet the required payment. By establishing a Letter of Intent, you irrevocably appoint Nuveen as attorney to give instructions to

redeem any or all of your escrowed shares, with full power of substitution in the premises.

You or your financial adviser must notify Nuveen or SSI whenever you make a purchase of Fund shares that you wish to be covered under the Letter of Intent option.

Group Purchase Programs. If you are a member of a qualified group, you may purchase Class A Shares of either Fund or of another Nuveen Mutual Fund at the reduced sales charge applicable to the group's purchases taken as a whole. A "qualified group" is one which has been in existence for more than six months, has a purpose other than investment, has five or more participating members, has agreed to include Fund sales publications in mailings to members and has agreed to comply with certain administrative requirements relating to its group purchases.

Under any group purchase program, the minimum monthly investment in Class A Shares of any particular Fund or portfolio by each participant is $25, and the minimum monthly investment in Class A Shares of any particular Fund or portfolio for all participants in the program combined is $1,000. No certificates will be issued for any participant's account. All dividends and other distributions by a Fund will be reinvested in additional Class A Shares of same Fund. No participant may utilize a systematic withdrawal program.

To establish a group purchase program, both the group itself and each participant must fill out special application materials, which the group administrator may obtain from the group's financial adviser, by checking the applicable box on the enclosed Application Form or by calling Nuveen toll-free at 800-621-7227. See the Statement of Additional Information for more complete information about "qualified groups" and group purchase programs.

Special Sales Charge Waivers. Class A Shares of any Fund may be purchased at net asset value without a sales charge and in any amount by the following categories of investors:

. officers, directors and retired directors of the Funds;

. bona fide, full-time and retired employees of Nuveen, any parent company of Nuveen and subsidiaries thereof, or their immediate family members (as defined below);

. any person who, for at least 90 days, has been an officer, director or bona fide employee of any Authorized Dealer, or their immediate family members;

. officers and directors of bank holding companies that make Fund shares available directly or through subsidiaries or bank affiliates;

. bank or broker-affiliated trust departments investing funds over which they exercise exclusive discretionary investment authority and that are held in a fiduciary, agency, advisory, custodial or similar capacity; and

. registered investment advisers, certified financial planners and registered broker-dealers who in each case either charge periodic fees to their customers for financial planning, investment advisory or asset management services, or provide such services in connection with the establishment of an investment account for which a comprehensive "wrap fee" charge is imposed.

Any Class A Shares purchased pursuant to a special sales charge waiver must be acquired for investment purposes and on the condition that they will not be transferred or resold except through redemption by the Funds. You or your securities representative must notify Nuveen or SSI whenever you make a purchase of Class A Shares of any Fund that you wish to be covered under these special sales charge waivers. The above categories of investors are also eligible to purchase Class R Shares of any Fund, as described below under "Class R Shares."

You may also purchase Class A Shares of either Fund at net asset value without a sales charge if the purchase takes place through a broker-dealer and represents the reinvestment of the proceeds of the redemption of shares of one or more registered investment companies not affiliated with Nuveen. You must provide appropriate documentation that the redemption occurred not more than 60 days prior to the reinvestment of the proceeds in Class A Shares, and that you either paid an up-front sales charge or were subject to a contingent deferred sales charge in respect of the redemption of such shares of such other investment company. Finally, Class A Shares of either Fund may be issued at net asset value without a sales charge in connection with the acquisition by a Fund of another investment company. All purchases under the special sales charge waivers will be subject to minimum purchase requirements as established by the Funds.

In determining the amount of your purchases of Class A Shares of any Fund that may qualify for a reduced sales charge, the following purchases may be combined: (1) all purchases by a trustee or other fiduciary for a single trust estate or fiduciary account; (2) all purchases by individuals and their immediate family members (i.e., their spouses and their children under 21 years of age); or (3) all purchases made through a group purchase program as described above.

The reduced sales charge programs may be modified or discontinued by the Funds at any time upon prior written notice to shareholders of the Funds.

FOR MORE INFORMATION ABOUT THE PURCHASE OF CLASS A SHARES OR REDUCED SALES CHARGE PROGRAMS, OR TO OBTAIN THE REQUIRED APPLICATION FORMS, CALL NUVEEN TOLL-FREE AT 800-621-7227.

CLASS C SHARES

Class C Shares may be purchased at their net asset value, and are subject to an annual distribution fee.

You may purchase Class C Shares of either Fund at a public offering price equal to the applicable net asset value per share without any up-front sales charge. Class C Shares are subject to an annual distribution fee to compensate Authorized Dealers over time for the sale of Fund shares. See "Flexible Sales Charge Program--Dealer Incentives" above for more information about Compensation to Authorized Dealers. Class C Shares are also subject to an annual service fee to compensate Authorized Dealers for providing you with ongoing financial advice and other services. See "Distribution and Service Plans."

An investor purchasing Class C Shares on or after June 13, 1995 agrees to pay a CDSC of 1% if Class C Shares are redeemed within 12 months of purchase. Each Fund will redeem shares at net asset value and deduct any applicable CDSC from the proceeds of the redemption.

The Class C shares of the applicable Fund will effectively retain the CDSC: the Fund will pay the amount of the CDSC to Nuveen, but will be reimbursed by Nuveen in an equal amount by a reduction in the distribution fees payable to Nuveen.

The CDSC will be the lower of (i) the net asset value of Class C Shares at the time of purchase or (ii) the net asset value of Class C Shares at the time of redemption and will be charged for Class C Shares redeemed within 12 months of purchase. No CDSC will be charged on Class C Shares purchased as a result of automatic reinvestment of dividends or capital gains paid, or on exchanges for Class C Shares of another Nuveen Mutual Fund or money market fund. The CDSC will be calculated as if Class C Shares not subject to a CDSC are redeemed first, except if another order of redemption would result in a lower charge. The CDSC will be waived for redemptions following the disability (as determined in writing by the Social Security Administration) or death of the shareholder.

Class C Shares will automatically convert to Class A Shares six years after purchase. All conversions will be done at net asset value without the imposition of any sales load, fee, or other charge, so that the value of each

shareholder's account immediately before conversion will be the same as the value of the account immediately after conversion. Class C Shares acquired through reinvestment of distributions will convert into Class A Shares based on the date of the initial purchase to which such shares relate. For this purpose, Class C Shares acquired through reinvestment of distributions will be attributed to particular purchases of Class C Shares in accordance with such procedures as the Board of Directors may determine from time to time. The automatic conversion of Class C Shares to Class A Shares six years after purchase was designed to ensure that holders of Class C Shares would pay over the six-year period a distribution fee that is approximately the economic equivalent of the one-time, up-front sales charge paid by holders of Class A Shares on purchases of up to $50,000. Class C Shares that are converted to Class A Shares will no longer be subject to an annual distribution fee, but they will remain subject to an annual service fee which is identical in amount for both Class C Shares and Class A Shares. Since net asset value per share of the Class C Shares and the Class A Shares may differ at the time of conversion, a shareholder may receive more or fewer Class A Shares than the number of Class C Shares converted. Any conversion of Class C Shares into Class A Shares will be subject to the continuing availability of an opinion of counsel or a private letter ruling from the Internal Revenue Service to the effect that the conversion of shares would not constitute a taxable event under federal income tax law. Conversion of Class C Shares into Class A Shares might be suspended if such an opinion or ruling were no longer available.

CLASS R SHARES

Class R Shares are offered at their net asset value.

If you owned Fund shares as of September 6, 1994, those shares have been designated as Class R Shares. Purchases of additional Class R Shares of either Fund, which will not be subject to any sales charge or any distribution or service fee, will be limited to the following circumstances. You may purchase Class R Shares with monies representing distributions from Nuveen-sponsored UITs if, prior to September 6, 1994, you had purchased such UITs and elected to reinvest distributions from such UITs in shares of a Fund. You may also purchase Class R Shares with monies representing dividends and capital gain distributions on Class R Shares of a Fund. Finally, you may purchase Class R Shares if you are within the following specified categories of investors who are also eligible to purchase Class A Shares at net asset value without an up-front sales charge:

. officers, directors and retired directors of the Funds;

. bona fide, full-time and retired employees of Nuveen, any parent company of Nuveen, and subsidiaries thereof, or their immediate family members;

. any person who, for at least 90 days, has been an officer, director or bona fide employee of any Authorized Dealer, or their immediate family members;

. officers and directors of bank holding companies that make Fund shares available directly or through subsidiaries or bank affiliates;

. bank or broker-affiliated trust departments investing funds over which they exercise exclusive discretionary investment authority and that are held in a fiduciary, agency, custodial or similar capacity; and

. registered investment advisers, certified financial planners and registered broker-dealers who in each case either charge periodic fees for financial planning, investment advisory or asset management services, or provide such services in connection with the establishment of an investment account for which a comprehensive "wrap fee" charge is imposed.

Investors who are eligible to purchase either Class R Shares or Class A Shares of a Fund without a sales charge at net asset value should be aware of the differences between these two classes of shares. Class A Shares are subject to an annual service fee to compensate Authorized Dealers for providing you with ongoing account services. Class R Shares are not subject to a service fee and consequently holders of Class R Shares may not receive the same types or levels of services from Authorized Dealers. In choosing between Class A Shares and Class R Shares, you should weigh the benefits of the services to be provided by Authorized Dealers against the annual service fee imposed upon the Class A

Shares.

INITIAL AND SUBSEQUENT PURCHASES OF SHARES

The Funds offer a number of convenient ways to purchase shares.

You may buy Fund shares through Authorized Dealers or by directing your financial adviser to call Nuveen toll-free at 800-843-6765. You may pay for your purchase by Federal Reserve draft or by check made payable to "Nuveen California [Insured] Tax-Free Value Fund, Class [A], [C], [R]," delivered to the financial adviser through whom the investment is to be made for forwarding to the Funds' shareholder services agent, SSI. When making your initial investment, you must also furnish the information necessary to establish your Fund account by completing and enclosing with your payment the attached Application Form. After your initial investment, you may make subsequent purchases at any time by forwarding to SSI a check in the amount of your purchase made payable to "Nuveen California [Insured] Tax-Free Value Fund, Class [A], [C], [R]," and indicating on the check your account number. All payments must be in U.S. dollars and should be sent directly to SSI at its address listed on the back cover of this Prospectus. A check drawn on a foreign bank or payable other than to the order of a Fund generally will not be accept-

able. You may also wire Federal Funds directly to SSI, but you may be charged a fee for this. For instructions on how to make Fund purchases by wire transfer, call Nuveen toll-free at 800-621-7227. Authorized Dealers and other persons distributing the Funds' shares may receive different compensation for selling different classes of shares.

MINIMUM INVESTMENT REQUIREMENTS

Generally, your first purchase of any class of a Fund's shares must be for $1,000 or more. Additional purchases may be in amounts of $100 or more. These minimums may be changed at any time by the Funds. There are exceptions to these minimums for shareholders who qualify under one or more of the Funds' automatic deposit, group purchase or reinvestment programs.

SYSTEMATIC INVESTMENT PROGRAMS

The Funds offer you several opportunities to capture the benefits of "dollar cost averaging" through systematic investment programs. In a regularly followed dollar cost averaging program, you would purchase more shares when Fund share prices are lower and fewer shares when Fund share prices are higher, so that the average price paid for Fund shares is less than the average price of the Fund shares over the same time period. The chart below shows the cumulative effect that compound interest can have on a systematic investment program.

The Power of a Systematic Investment Program.

[GRAPH APPEARS HERE]

<TABLE>

<CAPTION>

DATE	TAXABLE EQUIVALENT BB 20	30 YEAR TREASURY	6 MONTH CD	TAXABLE MMF
<S>	<C>	<C>	<C>	<C>
1/86	12.63%	9.40%	7.54%	7.15%
1/87	10.41%	7.39%	5.60%	5.50%
1/88	12.08%	8.83%	6.75%	6.50%
1/89	11.48%	8.93%	8.12%	8.36%
1/90	11.09%	8.26%	7.62%	7.75%
1/91	11.06%	8.27%	6.75%	6.89%
1/92	10.18%	7.75%	3.72%	4.13%
1/93	9.62%	7.34%	2.87%	2.84%
1/94	8.29%	5.54%	2.72%	2.71%
1/95	10.21%	7.85%	5.43%	5.13%

</TABLE>

--- 6% Compound Interest
--- 5% Compound Interest
--- 4% Compound Interest
--- No Interest

SOURCE: NUVEEN MARKETING RESEARCH DEPARTMENT

In the above example, it is assumed that $100 is added to an investment account every month for 15 years. From the same $1,000 beginning, the chart shows the amount that would be in the account after 15 years, assuming no interest and interest compounded annually at the rates of 4%, 5% and 6%.

This chart is designed to illustrate the effects of compound interest, and is not intended to predict the results of an actual investment in a Fund. There are several important differences between the Funds and the hypothetical investment program shown. This example assumes no gain or loss in the net asset value of the investment over the entire 15-year period, whereas the net asset value of each of the Funds will rise and fall due to market conditions or other factors, which could have a significant impact on the total value of your investment. Similarly, this example shows four steady interest rates over the entire 15-year period, whereas the dividend rates of the Funds can be expected to fluctuate over time. The Funds may provide additional information to investors and advisers illustrating the benefits of systematic investment programs and dollar cost averaging.

The Funds offer automatic deposit and payroll deposit plans.

The Funds offer two different types of systematic investment programs:

Automatic Deposit Plan. Once you have established a Class A Share account or Class C Share account, or if you are eligible to purchase additional Class R Shares in one of the Funds, you may make regular investments in an amount of $25 or more each month by authorizing SSI to draw preauthorized checks on your bank account. There is no obligation to continue payments and you may terminate your participation at any time at your discretion. No charge in addition to the applicable sales charge is made in connection with this Plan, and there is no cost to the Funds. To obtain an application form for the Automatic Deposit Plan, check the applicable box on the enclosed Application Form or call Nuveen toll-free at 800-621-7227.

Payroll Direct Deposit Plan. Once you have established a Class A Share or Class C Share account in one of the Funds, you may, with your employer's consent, make regular investments in Fund shares of $25 or more per pay period by authorizing your employer to deduct this amount automatically from your paycheck. There is no obligation to continue payments and you may terminate your participation at any time at your discretion. No charge in addition to the applicable sales charge is made for this Plan, and there is no cost to the Funds. To obtain an application form for the Payroll Direct Deposit Plan, check the applicable box on the enclosed Application Form or call Nuveen toll-free at 800-621-7227.

OTHER SHAREHOLDER PROGRAMS

The Funds offer no-charge exchanges with other Nuveen Mutual Funds.

Exchange Privilege. You may exchange shares of a class of either Fund you own for shares of the same or equivalent class of the other Fund or for shares of another Nuveen Mutual Fund with reciprocal exchange privileges, by sending a written request to the Fund, c/o Shareholder Services, Inc., P.O. Box 5330, Denver, CO 80217-5330. The shares to be purchased must be offered in your state of residence and you must have held the shares you are exchanging for at least 15 days. For example, Class A Shares of a Fund may be exchanged for Class A Shares of another Nuveen Mutual Fund at net asset value without a sales charge. Similarly, Class A Shares of another Nuveen Mutual Fund purchased subject to a sales charge may be exchanged for Class A Shares of either Fund at net asset value without a sales charge. Shares of any Nuveen Mutual Fund purchased through dividend reinvestment or through investment of Nuveen UIT distributions may be exchanged for shares of a Fund or any other Nuveen Mutual Fund without a sales charge. Exchanges of shares from any Nuveen money market fund will be made into Class A Shares or Class C Shares of either Fund at the public offering price, which includes an up-front sales charge in the case of Class A Shares, and will be subject to an annual distribution fee in the case of Class C Shares. If, however, a sales charge has previously been paid on the investment represented by the exchanged shares (i.e., the shares to be exchanged were originally issued in exchange for shares on which a sales charge was paid), the exchange of shares from a Nuveen money market fund will be made into Class A Shares at net asset value without any up-front sales charge. Shares of any class of a Fund may be exchanged for shares of any Nuveen money market fund that does not impose a sales charge or have any distribution or service fees.

No CDSC will be charged on the exchange of Class C Shares of a Fund for Class C Shares of any other Nuveen Mutual Fund or shares of any Nuveen money market fund. The 12 month holding period for purposes of the CDSC applicable to Class C Shares will continue to run during any period in which Class C Shares of a Fund, Class C Shares of any other Nuveen Mutual Fund or shares of a Nuveen money market fund are held.

You must exchange shares whose total value at least equals the minimum investment requirement of the Nuveen Mutual Fund being purchased. For federal income tax purposes, any exchange constitutes a sale and purchase of shares and may result in capital gain or loss. Before making any exchange, you should obtain the Prospectus for the Nuveen Mutual Fund you are purchasing and read it carefully. If the registration of the account for the Fund you are purchasing is not exactly the same as that of the fund account from which the exchange is made, written instructions from all holders of the account from which the exchange is being made must

be received, with signatures guaranteed by a member of an approved Medallion Guarantee Program or in such other manner as may be acceptable to the Fund. You may also exchange shares by telephone if you authorize telephone exchanges by checking the applicable box on the enclosed Application Form or by calling Nuveen toll-free at 800-621-7227 to obtain an authorization form. The exchange privilege may be modified or discontinued by the Fund at any time upon prior written notice to shareholders of the Fund.

In addition, you may exchange Class R Shares of either Fund for Class A Shares of the same Fund without a sales charge if the current net asset value of those Class R Shares is at least $1,000 or you already own Class A Shares of that Fund.

Reinstatement Privilege. If you have redeemed Class A Shares of a Fund or Class A Shares of any other Nuveen Mutual Fund that were subject to a sales charge, you may reinvest without any added sales charge up to the full amount of the redemption in Class A Shares of the Fund at net asset value at the time of reinvestment. This reinstatement privilege can be exercised only once for all or a portion of the Class A Shares you redeemed and must be exercised within 90 days of the date of the redemption. As applied to Class C Shares of a Fund or of any other Nuveen Mutual Fund, this reinstatement privilege, if exercised within 90 days of the date of the redemption, will preserve the number of years credited to your ownership of Class C Shares for purposes of the conversion of these Class C Shares to Class A Shares. Any CDSC charged if the shares were purchased on or after June 13, 1995 and redeemed within 12 months of purchase will be refunded if ownership is reinstated within the 90 day period. The tax consequences of any capital gain realized on a redemption will not be affected by reinstatement, but a capital loss may be disallowed in whole or in part depending on the timing and amount of the reinvestment.

FOR MORE INFORMATION ABOUT THESE PURCHASE OPTIONS AND TO OBTAIN THE APPLICATION FORMS REQUIRED FOR SOME OF THEM, CALL NUVEEN TOLL-FREE AT 800-621-7227.

ADDITIONAL INFORMATION

If you choose to invest in a Fund, an account will be opened and maintained for you by SSI, the Funds' shareholder services agent. Share certificates will be issued to you only upon written request to SSI, and no certificates will be issued for fractional shares. Each Fund reserves the right to reject any purchase order and to waive or increase minimum investment requirements. A change in registration or transfer of shares

held in the name of your financial adviser's firm can only be made by an order in good form from the financial adviser acting on your behalf.

Authorized Dealers are encouraged to open single master accounts. However, some Authorized Dealers may wish to use SSI's sub-accounting system to minimize their internal recordkeeping requirements. An Authorized Dealer or other investor requesting shareholder servicing or accounting other than the master account or sub-accounting service offered by SSI will be required to enter into a separate agreement with another agent for these services for a fee that will depend upon the level of ser- vices to be provided.

Subject to the rules and regulations of the Securities and Exchange Commission, Nuveen California Tax-Free Fund, Inc. reserves the right to suspend the continuous offering of shares of any of its Funds at any time, but no suspension shall affect your right of redemption as described below.

DISTRIBUTION AND SERVICE PLANS

Each Fund has adopted a plan (the "Plan") pursuant to Rule 12b-1 under the Investment Company Act of 1940, which provides that Class C Shares will be subject to an annual distribution fee and that both Class A Shares and Class C Shares will be subject to an annual service fee. Class R Shares will not be subject to either distribution or service fees.

The distribution fee applicable to Class C Shares under each Fund's Plan will be payable to reimburse Nuveen for services and expenses incurred in connection with the distribution of Class C Shares. These expenses include payments to Authorized Dealers, including Nuveen, who are brokers of record with respect to the Class C Shares, as well as, without limitation, expenses of printing and distributing prospectuses to persons other than shareholders of the Fund, expenses of preparing, printing and distributing advertising and sales literature and reports to shareholders used in connection with the sale of Class C Shares, certain other expenses associated with the distribution of Class C Shares, and any distribution-related expenses that may be authorized from time to time by the Board of Directors.

The service fee applicable to Class A Shares and Class C Shares under each Fund's Plan will be payable to Authorized Dealers in connection with the provision of ongoing account services to shareholders. These services may include establishing and maintaining shareholder accounts, an-

swering shareholder inquiries and providing other personal services to shareholders.

Each Fund may spend up to .25 of 1% per year of the average daily net assets of Class A Shares as a service fee under the Plan applicable to Class A Shares. Each Fund may spend up to .75 of 1% per year of the average daily net assets of Class C Shares less the amount of any CDSC received by Nuveen as to which no reinstatement privilege has been exercised, as a distribution fee and up to .25 of 1% per year of the average daily net assets of Class C Shares as a service fee under the Plan applicable to Class C Shares.

HOW TO REDEEM FUND SHARES

You may require a Fund at any time to redeem for cash your shares of that Fund at the net asset value next computed after instructions and required documents and certificates, if any, are received in proper form. There is no charge for the redemption of Class A Shares or Class R Shares. An investor purchasing Class C Shares on or after June 13, 1995 agrees to pay a CDSC of 1% of the lower of (i) the net asset value of Class C Shares at the time of purchase or (ii) the net asset value of Class C Shares at the time of redemption, if such Class C Shares are redeemed within 12 months of purchase. Each Fund will redeem shares at net asset value and deduct any applicable CDSC from the proceeds of redemption. No CDSC will be charged on Class C Shares purchased as a result of automatic reinvestment of dividends or capital gains paid. The CDSC will be calculated as if Class C Shares not subject to a CDSC are redeemed first, except if another order of redemption would result in a lower charge. The CDSC will be waived for redemptions following the disability (as determined in writing by the Social Security Administration) or death of the shareholder. There is no CDSC on Class C Shares held more than 12 months.

The Funds offer a variety of redemption options.

By Written Request. You may redeem shares by sending a written request for redemption directly to the applicable Fund, c/o Shareholder Services, Inc., P.O. Box 5330, Denver, CO 80217-5330, accompanied by duly endorsed certificates, if issued. Requests for redemption and share certificates, if issued, must be signed by each shareholder, and, if the redemption proceeds exceed $25,000 or are payable other than to the shareholder of record at the address of record (which address may not have been changed in the preceding 60 days), the signature must be guaranteed by a member of an approved Medallion Guarantee Program or in such other

manner as may be acceptable to the Fund. You will receive payment equal to the net asset value per share next determined after receipt by the Fund of a properly executed redemption request in proper form. A check for the redemption proceeds will be mailed to you within seven days after receipt of your redemption request. However, if any shares to be redeemed were purchased by check within 15 days prior to the date the redemption request is received, a Fund will not mail the redemption proceeds until the check received for the purchase of shares has cleared, which may take up to 15 days.

By TEL-A-CHECK. If you have authorized telephone redemption and your account address has not changed within the last 60 days, you can redeem shares that are held in non-certificate form and that are worth $25,000 or less by calling Nuveen at 800-621-7227. While you or anyone authorized by you may make telephone redemption requests, redemption checks will be issued only in the name of the shareholder of record and will be mailed to the address of record. If your telephone request is received prior to 2:00 p.m. eastern time, the shares redeemed will earn income through the day the request is made and the redemption check will be mailed the next business day. For requests received after 2:00 p.m. eastern time, the shares redeemed earn income through the next business day and the check will be mailed on the second business day after the request.

By TEL-A-WIRE. If you have authorized TEL-A-WIRE redemption, you can take advantage of the following expedited redemption procedures to redeem shares held in non-certificate form that are worth at least $1,000. You may make TEL-A-WIRE redemption requests by calling Nuveen at 800-621-7227. If a redemption request is received by 4:00 p.m. eastern time, the redemption will be made as of 4:00 p.m. that day. If the redemption request is received after 4:00 p.m. eastern time, the redemption will be made as of 4:00 p.m. the following business day. Redemption proceeds will normally be wired on the second business day following the redemption, but may be delayed one additional business day if the Federal Reserve Bank of Boston or the Federal Reserve Bank of New York is closed on the day redemption proceeds would ordinarily be wired. The Funds reserve the right to charge a fee for TEL-A-WIRE.

Before you may redeem shares by TEL-A-CHECK or TEL-A-WIRE, you must complete the telephone redemption authorization section of the enclosed Application Form and return it to Nuveen or SSI. If you did not authorize telephone redemption when you opened your account, you may obtain a telephone redemption authorization form by writing the Funds or by calling Nuveen toll-free at 800-621-7227. Proceeds of share redemp-

tions made by TEL-A-WIRE will be transferred by Federal Reserve wire only to the commercial bank account specified by the shareholder on the application form. You must send a written request to Nuveen or SSI in order to establish multiple accounts, or to change the account or accounts designated to receive redemption proceeds. These requests must be signed by each account owner with signatures guaranteed by a member of an approved Medallion Guarantee Program or in such manner as may be acceptable to the Funds. Further documentation may be required from corporations, executors, trustees or personal representatives.

For the convenience of shareholders, the Funds have authorized Nuveen as their agent to accept orders from financial advisers by wire or telephone for the redemption of Fund shares. The redemption price is the first net asset value determined following receipt of an order placed by the financial adviser. A Fund makes payment for the redeemed shares to the financial adviser who placed the order promptly upon presentation of required documents with signatures guaranteed as described above. Neither the Funds nor Nuveen charges any redemption fees. However, your financial adviser may charge you for serving as agent in the redemption of shares.

The Funds reserve the right to refuse telephone redemptions and, at their option, may limit the timing, amount or frequency of these redemptions. This procedure may be modified or terminated at any time, on 30 days' notice, by the Funds. The Funds, SSI and Nuveen will not be liable for following telephone instructions reasonably believed to be genuine. The Funds employ procedures reasonably designed to confirm that telephone instructions are genuine. These procedures include recording all telephone instructions and requiring up to three forms of identification prior to acting upon a caller's instructions. If a Fund does not follow reasonable procedures for protecting shareholders against loss on telephone transactions, it may be liable for any losses due to unauthorized or fraudulent telephone instructions.

Automatic Withdrawal Plan. If you own Fund shares currently worth at least $10,000, you may establish an Automatic Withdrawal Plan by completing an application form for the Plan. You may obtain an application form by checking the applicable box on the enclosed Application Form or by calling Nuveen toll-free at 800-621-7227.

The Plan permits you to request periodic withdrawals on a monthly, quarterly, semi-annual or annual basis in an amount of $50 or more. Depending upon the size of the withdrawals requested under the Plan and fluctuations in the net asset value of Fund shares, these withdrawals may reduce or even exhaust your account.

The purchase of Class A Shares, other than through reinvestment, while you are participating in the Automatic Withdrawal Plan with respect to Class A Shares will usually be disadvantageous because you will be paying a sales charge on any Class A Shares you purchase at the same time you are redeeming shares. Similarly, use of the Automatic Withdrawal Plan for Class C Shares purchased on or after June 13, 1995 and held 12 months or less will result in imposition of the 1% CDSC. Purchase of new Class C Shares, other than through reinvestment, while participating in the Automatic Withdrawal Plan may be disadvantageous because the newly-purchased Class C Shares will be subject to the 1% CDSC until 12 months after purchase.

General. Each Fund may suspend the right of redemption of Fund shares or delay payment more than seven days (a) during any period when the New York Stock Exchange is closed (other than customary weekend and holiday closings), (b) when trading in the markets the Fund normally utilizes is restricted, or an emergency exists as determined by the Securities and Exchange Commission so that trading of the Fund's investments or determination of its net asset value is not reasonably practicable, or (c) for any other periods that the Securities and Exchange Commission by order may permit for protection of Fund shareholders.

Each Fund may, from time to time, establish a minimum total investment for Fund shareholders, and each Fund reserves the right to redeem your shares if your investment is less than the minimum after giving you at least 30 days' notice. If any minimum total investment is established, and if your account is below the minimum, you will be allowed 30 days following the notice in which to purchase sufficient shares to meet the minimum. So long as a Fund continues to offer shares at net asset value to holders of Nuveen UITs who are investing their Nuveen UIT distributions, no minimum total investment will be established for that Fund.

MANAGEMENT OF THE FUNDS

Nuveen Advisory has been managing similar tax-free funds since 1976, and has approximately $30 billion of assets under management.

Board of Directors. The management of Nuveen California Tax-Free Fund, Inc., including general supervision of the duties performed for each Fund by Nuveen Advisory under the Investment Management Agreement, is the responsibility of its Board of Directors.

Investment Adviser. Nuveen Advisory acts as the investment adviser for and manages the investment and reinvestment of the assets of each of the Funds. Its address is Nuveen Advisory Corp., 333 West Wacker Drive,

Chicago, Illinois 60606. Nuveen Advisory also administers the Funds' business affairs, provides office facilities and equipment and certain clerical, bookkeeping and administrative services, and permits any of its officers or employees to serve without compensation as directors or officers of Nuveen California Tax-Free Fund, Inc. if elected to such positions.

Nuveen Advisory was organized in 1976 and since then has exclusively engaged in the management of municipal securities portfolios. It currently serves as investment adviser to 21 open-end municipal securities portfolios (the "Nuveen Mutual Funds") and 55 exchange-traded municipal securities funds (the "Nuveen Exchange-Traded Funds"). Each of these invests substantially all of its assets in investment grade quality, tax-free municipal securities, and except for money-market funds, adheres to the value investing strategy described previously. As of the date of this Prospectus, Nuveen Advisory manages approximately $30 billion in assets held by the Nuveen Mutual Funds and the Nuveen Exchange-Traded Funds.

Nuveen Advisory is a wholly-owned subsidiary of John Nuveen & Co. Incorporated, 333 West Wacker Drive, Chicago, Illinois 60606, the oldest and largest investment banking firm (based on number of employees) specializing in the underwriting and distribution of tax-exempt securities. Nuveen, the principal underwriter of the Funds' shares, is sponsor of the Nuveen Tax-Exempt Unit Trust, a registered unit investment trust. It is also the principal underwriter for the Nuveen Mutual Funds, and served as co-managing underwriter for the shares of the Nuveen Exchange-Traded Funds. Over 1,000,000 individuals have invested to date in Nuveen's tax-exempt funds and trusts. Founded in 1898, Nuveen is a subsidiary of The John Nuveen Company which, in turn, is approximately 75% owned by The St. Paul Companies, Inc. ("St. Paul"). St. Paul is located in St. Paul, Minnesota, and is principally engaged in providing property-liability insurance through subsidiaries.

For the services and facilities furnished by Nuveen Advisory, each Fund has agreed to pay an annual management fee as follows:

<TABLE>
<CAPTION>

AVERAGE DAILY NET ASSET VALUE	MANAGEMENT FEE
<S>	<C>
For the first $125 million	.5500 of 1%
For the next $125 million	.5375 of 1%
For the next $250 million	.5250 of 1%
For the next $500 million	.5125 of 1%
For the next $1 billion	.5000 of 1%
For assets over $2 billion	.4750 of 1%

</TABLE>

All fees and expenses are accrued daily and deducted before payment of dividends to investors. In addition to the management fee of Nuveen

Advisory, each Fund pays all its other costs and expenses and a portion of Nuveen California Tax-Free Fund, Inc.'s general administrative expenses allocated in proportion to the net assets of each Fund (including the Nuveen California Tax-Free Money Market Fund). In order to prevent total operating expenses (excluding any distribution or service fees) in any fiscal year from exceeding .75 and .975 of 1% of the average daily net asset value of any class of shares of the California Fund and the Insured California Fund, respectively, Nuveen Advisory has agreed to waive all or a portion of its management fees or reimburse certain expenses of each Fund. Nuveen Advisory may also voluntarily agree to reimburse additional expenses from time to time, which reimbursements may be terminated at any time in its discretion. For information regarding the management fees and total operating expenses of each class of shares of each of the Funds for the year ended February 28, 1995, see the table under "Summary of Fund Expenses" on page 3 of this Prospectus.

Portfolio Management. Overall portfolio management strategy for the Funds is determined by Nuveen Advisory under the general supervision of Thomas C. Spalding, Jr., a Vice President of Nuveen Advisory and of the Funds. Mr. Spalding has been employed by Nuveen since 1976 and by Nuveen Advisory since 1978, and has responsibility with respect to the portfolio management of all Nuveen open-end and exchange-traded funds managed by Nuveen Advisory. See the Statement of Additional Information for further information about Mr. Spalding.

The day-to-day management of each of the Funds is the responsibility of Steven J. Krupa, a Vice President of Nuveen Advisory since October 1990 and portfolio manager of the Funds since December 1990. Prior to joining Nuveen Advisory he was a Vice President in Nuveen's Municipal Trading department. Mr. Krupa currently manages nine Nuveen sponsored investment companies. See the

Statement of Additional Information for further information about Mr. Krupa.

Consistent with the Funds' investment objectives, the day-to-day management of each Fund is characterized by an emphasis on value investing, a process that involves the search for Municipal Obligations with favorable characteristics that, in Nuveen Advisory's judgment, have not yet been recognized in the marketplace. The process of searching for such undervalued or underrated securities is an ongoing one that draws upon the resources of the portfolio managers of the various Nuveen funds and senior management of Nuveen Advisory. All portfolio management decisions are subject to weekly review by Nuveen Advisory's management and to quarterly review by the Board of Directors of Nuveen California Tax-Free Fund, Inc.

HOW THE FUNDS SHOW PERFORMANCE

The Funds may compare their performance with other tax-free and taxable investments, often on a taxable equivalent basis.

Each Fund from time to time may quote various performance measures in order to illustrate the historical returns available from an investment in the Fund. These performance measures, which are determined for each class of shares of a Fund, include:

Yield Information. YIELD is a standardized measure of the net investment income earned over a specified 30-day period, expressed as a percentage of the offering price per share at the end of the period. Yield is an annualized figure, which means that it is assumed that the same level of net investment income is generated over a one-year period.

TAXABLE EQUIVALENT YIELD is the yield that a taxable investment would need to generate in order to equal the yield on an after-tax basis for an investor in a stated tax bracket. Taxable equivalent yield will consequently be higher than its yield. See the chart below and Appendix B for examples of taxable equivalent yields and how you can use them to compare other investments with investments in the Funds.

HISTORICAL YIELDS

[GRAPH APPEARS HERE]

<TABLE>
<CAPTION>

YEAR	6%	5%	4%	0%
<S>	<C>	<C>	<C>	<C>
0	1,000	1,000	1,000	1,000
1	2,184	2,170	2,156	2,100
2	3,553	3,509	3,466	3,300
3	5,005	4,916	4,829	4,500
4	6,548	6,396	6,248	5,700
5	8,185	7,951	7,725	6,900
6	9,923	9,586	9,262	8,100
7	11,769	11,304	10,862	9,300
8	13,728	13,110	12,526	10,500
9	15,809	15,009	14,259	11,700
10	18,017	17,004	16,062	12,900
11	20,362	19,102	17,939	14,100

12	22,852	21,307	19,892	15,300
13	25,494	23,625	21,925	16,500
14	28,300	26,062	24,040	17,700
15	31,280	28,623	26,242	18,900

</TABLE>

SOURCES: BOND BUYER, BANXQUOTE, IBC/DONOGHUE'S MONEY FUND REPORT

As this chart shows, interest rates on various long- and short-term investments will fluctuate over time, and not always in the same direction or to the same degree. For convenience, the taxable equivalent yield of the Bond Buyer 20 Index shown here was calculated using a 36% federal income tax rate. Other federal income tax rates, both higher and lower, were in existence for all or part of the period shown in the chart. This chart is not intended to predict the future direction of interest rates. See the discussion below under the subcaption "General" for a description of the indices and investments shown in the chart.

DISTRIBUTION RATE is determined based upon the latest dividend, annualized, expressed as a percentage of the offering price per share at the end of the measurement period. Distribution rate may sometimes be different from yield because it may not reflect amortization of bond premiums to the extent such premiums arise after the bonds were purchased.

Total Return Information. AVERAGE ANNUAL TOTAL RETURN and CUMULATIVE TOTAL RETURN figures for a specified period measure both the net investment income generated by, and the effect of any realized and unrealized appreciation or depreciation of, an investment in a Fund, assuming the reinvestment of all dividends and capital gain distributions. Average annual total return figures generally are quoted for at least the one-, five- and ten-year (or life-of-fund, if shorter) periods, and represent the average annual percentage change over those periods. Cumulative total return figures are not annualized and represent the cumulative percentage or dollar value change over the period specified.

TAXABLE EQUIVALENT TOTAL RETURN represents the total return that would be generated by a taxable income fund that produced the same amount of net asset value appreciation or depreciation and after-tax income as a Fund in each year, assuming a specified tax rate. The taxable equivalent total return of a Fund will therefore be higher than its total return over the same period.

From time to time, a Fund may compare its risk-adjusted performance with other investments that may provide different levels of risk and return. For example, a Fund may compare its risk level, as measured by the variability of its periodic returns, or its RISK-ADJUSTED TOTAL RETURN, with those of other funds or groups of funds. Risk-adjusted total return would be calculated by adjusting each investment's total return to account for the risk level of the investment.

A Fund may also compare its TAX-ADJUSTED TOTAL RETURN with that of other funds or groups of funds. This measure would take into account the

tax-exempt nature of exempt-interest dividends and the payment of income taxes on a Fund's distributions of net realized capital gains and ordinary income.

General. Any given performance quotation or performance comparison for a Fund is based on historical earnings and should not be considered as representative of the performance of the Fund for any future period. See the Statement of Additional Information for further information concerning the Funds' performance. For information as to current yield and other performance information regarding the Funds, call Nuveen toll-free at 800-621-7227.

A comparison of the current yield or historic performance of a Fund to those of other investments is one element to consider in making an informed investment decision. Each Fund may from time to time in its advertising and sales materials compare its current yield or total return with the yield or total return on taxable investments such as corporate or U.S. Government bonds, bank certificates of deposit (CDs) or money market funds. These taxable investments have investment characteristics that differ from those of the Funds. U.S. Government bonds, for example, are long-term investments backed by the full faith and credit of the U.S. Government, and bank CDs are generally short-term, FDIC-insured investments, which pay fixed principal and interest but are subject to fluctuating rollover rates. Money market funds are short-term investments with stable net asset values, fluctuating yields and special features enhancing liquidity. Additionally, each Fund may compare its current yield or total return history with a widely-followed, unmanaged municipal market index such as the Bond Buyer 20 Index, the Merrill Lynch 500 Municipal Market Index or the Lehman Brothers Municipal Bond Index. Comparative performance information may also be used from time to time in advertising or marketing a Fund's shares, including data from Lipper Analytical Services, Inc., Morningstar, Inc. and other industry publications.

DISTRIBUTIONS AND TAXES

HOW THE FUNDS PAY DIVIDENDS

Each Fund pays monthly dividends.

Each Fund will pay monthly dividends to shareholders at a level rate that reflects the past and projected net income of the Fund and that results, over time, in the distribution of substantially all of the Fund's net income. Net income of each Fund consists of all interest income accrued on its portfolio less all expenses of Nuveen California Tax-Free Fund, Inc. accrued daily that are applicable to that Fund. To maintain a more stable monthly distribution, each Fund may from time to time distribute less than the entire amount of net income earned in a particular period. This undistributed net income would be available to supplement future distributions, which might otherwise have been reduced by a decrease in a Fund's monthly net income due to fluctuations in investment income or expenses. As a result, the distributions paid by a Fund for any particular monthly period may be more or less than the amount of net income actually earned by a Fund during such period. Undistributed net income is included in a Fund's net asset value and, correspondingly, distributions from previously undistributed net income are deducted from a Fund's net asset value. It is not expected that this dividend policy will impact the management of the Fund's portfolios.

Dividends paid by a Fund with respect to each class of shares will be calculated in the same manner and at the same time, and will be paid in the same amount except that different distribution and service fees and any other expense relating to a specific class of shares will be borne exclusively by that class. As a result, dividends per share will vary among a Fund's classes of shares.

Each Fund will declare dividends on the 9th of each month (or if the 9th is not a business day, on the immediately preceding business day), payable to shareholders of record as of the close of business on that day. This distribution policy is subject to change, however, by the Board of Directors without prior notice to or approval by shareholders. Dividends will be paid on the first business day of the following month and are reinvested in additional shares of a Fund at net asset value unless you have elected that your dividends be paid in cash. Net realized capital gains, if any, will be paid not less frequently than annually and will be reinvested at net asset value in additional shares of the Fund unless you have elected to receive capital gains distributions in cash.

TAX MATTERS

The following federal and state tax discussion, together with the additional information on California state taxes in Appendix A, is intended to provide you with an overview of the impact on the Funds or their share-

holders of federal as well as state and local income tax provisions. These tax provisions are subject to change by legislative or administrative action, and any changes may be applied retroactively. Because the Funds' taxes are a complex matter, you should consult your tax adviser for more detailed information concerning the taxation of the Funds and the federal, state and local tax consequences to Fund shareholders.

Income dividends are free from regular federal income tax.

Federal Income Tax. Each Fund intends to qualify, as it has in prior years, under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), for tax treatment as a regulated investment company. In order to qualify for treatment as a regulated investment company, a Fund must satisfy certain requirements relating to the sources of its income, diversification of its assets and distribution of its income to shareholders. As a regulated investment company, a Fund will not be subject to federal income tax on the portion of its net investment income and net realized capital gains that is currently distributed to shareholders. Each Fund also intends to satisfy conditions that will enable it to pay "exempt-interest dividends" to its shareholders. This means that you will not be subject to regular federal income tax on Fund dividends you receive from income on Municipal Obligations.

Your share of a Fund's taxable income, if any, from income on taxable temporary investments and net short-term capital gains, will be taxable to you as ordinary income. If a Fund purchases a Municipal Obligation at a market discount, any gain realized by the Fund upon sale or redemption of the Municipal Obligation will be treated as taxable ordinary income to the extent such gain does not exceed the market discount, and any gain realized in excess of the market discount will be treated as capital gains. Distributions, if any, of net long-term capital gains are taxable as long-term capital gains, regardless of the length of time you have owned shares of a Fund. You are required to pay tax on all taxable distributions even if these distributions are automatically reinvested in additional Fund shares. Certain distributions paid by a Fund in January of a given year may be taxable to shareholders as if received the prior December 31. As long as a Fund qualifies as a regulated investment company under the Code, distributions will not qualify for the dividends received deduction for corporate shareholders. Investors should consider the tax implications of buying shares immediately prior to a distribution. Investors who purchase shares shortly before the record date for a distribution will pay a per share price that includes the value of the anticipated distribution and will be taxed on the distribution (unless it is exempt from tax) even though the distribution represents a return of a portion of the purchase price.

If in any year a Fund should fail to qualify under Subchapter M for tax treatment as a regulated investment company, the Fund would incur a regular corporate federal income tax upon its taxable income for that year, and the entire amount of your distributions would be taxable as ordinary income.

The Code does not permit you to deduct the interest on borrowed monies used to purchase or carry tax-free investments, such as shares of a Fund. Under Internal Revenue Service rules, the purchase of Fund shares may be considered to have been made with borrowed monies even though those monies are not directly traceable to the purchase of those shares.

Because the net asset value of each Fund's shares includes net tax-exempt interest earned by the Fund but not yet declared as an exempt-interest dividend, each time an exempt-interest dividend is declared, the net asset value of the Fund's shares will decrease in an amount equal to the amount of the dividend. Accordingly, if you redeem shares of a Fund immediately prior to or on the record date of a monthly exempt-interest dividend, you may realize a taxable gain even though a portion of the redemption proceeds may represent your pro rata share of undistributed tax-exempt interest earned by the Fund.

The redemption or exchange of Fund shares normally will result in capital gains or loss to shareholders. Any loss you may realize on the redemption or exchange of shares of a Fund held for six months or less will be disallowed to the extent of any distribution of exempt-interest dividends received on these shares and will be treated as a long-term capital loss to the extent of any distribution of long-term capital gain received on these shares.

If you receive social security or railroad retirement benefits you should note that tax-exempt income is taken into account in calculating the amount of these benefits that may be subject to federal income tax.

The Funds may invest in private activity bonds, the interest on which is not exempt from federal income tax to "substantial users" of the facilities financed by these bonds or "related persons" of such substantial users. Therefore, the Funds may not be appropriate investments for you if you are considered either a substantial user or a related person.

Each Fund may invest up to 20% of its net assets in AMT Bonds, the interest on which is a specific tax preference item for purposes of computing the alternative minimum tax on corporations and individuals. If your tax liability is determined under the alternative minimum tax, you will

APPENDIX A--SPECIAL STATE FACTORS AND STATE TAX TREATMENT

SPECIAL FACTORS PERTAINING TO CALIFORNIA MUNICIPAL OBLIGATIONS

The following information is a brief summary of special factors that affect the risk of investing in California Municipal Obligations issued within that state. This information was obtained from official statements of issuers located in California as well as from other publicly available official documents and statements and is not intended to be a complete description. The Funds have not independently verified any of the information contained in these statements and documents. See the Statement of Additional Information for further information relating to certain political, economic or regulatory risk factors as well as information relating to legal proceedings which may adversely affect California's financial position.

As a result of "Proposition 13" and other amendments to the California Constitution and the adoption of other statutes, the taxing authority of California governmental entities has been limited. In recent years California experienced substantial financial difficulties related to the severe recession from 1990-93, the worst since the 1930's, and which hit particularly hard in Southern California. The recession caused substantial, broad-based revenue shortfalls. During this period, the State incurred substantial budget deficits, of which around $1.8 billion still remained as of June 30, 1994. The State has cut back assistance to its public authorities and political subdivisions, and further cuts are likely to occur. These cutbacks could adversely affect the financial condition of cities, counties and school districts previously subject to severe fiscal constraints and facing a fall in their own tax collections. California's economy has, however, been in a steady recovery since the start of 1994, and the State projects that its accumulated budget deficit will be repaid by June 30, 1996. The State has for several years had to rely on short-term external borrowing to meet its cash requirements, and may have to continue such reliance for some time to come. On July 15, 1994, S&P lowered the rating on the State of California's general obligation bonds from A+ to A and Moody's reduced its rating from Aa to A1.

On December 6, 1994, Orange County and its pooled investment funds (the "Pools") filed for protection under Chapter 9 of the federal Bankruptcy Law, as a result of investment losses in the Pools, which have been estimated by the County at 23%, or some $1.7 billion. Over 180 government agencies, most but not all located in Orange County, had investments in the Pools. The County and some of the participating agencies in the Pools have defaulted on certain of their obligations because of the bankruptcy, and others may in the future. As of the fiscal year end, the

California Insured Fund owned no uninsured bonds issued by Orange County or invested in the Pools. The California Fund owned no bonds issued by Orange County, and owned bonds (comprising 0.7% of the Fund's net assets) of one issuer that had invested in the Pools; those bonds are supported by a dedicated stream of incremental tax revenues and a debt service fund, equal to the maximum annual debt service, which is held by a trustee and is not invested in the Pools.

California Municipal Obligations may be subject to greater price volatility than Municipal Obligations in general as a result of the effect of supply and demand for these securities, which in turn could cause greater volatility in the value of the shares of each Fund. Additional considerations relating to the risks of investing in California Municipal Obligations are presented in the Statement of Additional Information.

DESCRIPTION OF CALIFORNIA STATE TAX TREATMENT

The following California state tax information applicable to the Funds and their shareholders is based upon the advice of special state tax counsel, and represents a summary of certain provisions of California's tax laws presently in effect. These provisions are subject to change by legislative or administrative action, which may be applied retroactively to Fund transactions. The state tax information below assumes that each Fund qualifies as a regulated investment company for federal income tax purposes under Subchapter M of the Code and that amounts so designated by each Fund to its shareholders qualify as "exempt-interest dividends" under Section 852(b)(5) of the Code. You should consult your own tax adviser for more detailed information concerning state taxes to which you may be subject.

Each Fund intends to satisfy conditions which will enable it to pay dividends that are exempt from California personal income taxes ("California exempt-interest dividends"), but not from California franchise tax or California corporate income tax. The total amount of California exempt-interest dividends paid by any Fund with respect to any taxable year cannot exceed the amount of interest received by the Fund during that year on California Municipal Obligations. Amounts paid on defaulted California Municipal Obligations held by the Funds under policies of insurance issued with respect to such Municipal Obligations will be excludable from gross income for California income tax purposes if, and to the same extent as, these amounts would have been so excludable if paid by the respective issuers of these California Municipal Obligations. For California income tax purposes, distributions paid from capital gains are taxable at ordinary income rates.

APPENDIX B--TAXABLE EQUIVALENT YIELD TABLES

TAXABLE EQUIVALENT YIELD TABLES AND THE EFFECT OF TAXES AND INTEREST RATES ON INVESTMENTS

The following tables show the combined effects for individuals of federal and state income taxes on:

- what you would have to earn on a taxable investment to equal a given tax-free yield; and

- the amount that those subject to a given combined tax rate would have to put into a tax-free investment in order to generate the same after-tax income as a taxable investment.

These tables are for illustrative purposes only and are not intended to predict the actual return you might earn on a Fund investment. The Funds occasionally may advertise their performance in similar tables using other current combined tax rates than those shown here. The combined tax rates used in these tables have been rounded to the nearest one-half of one percent. They are based upon published 1995 marginal federal tax rates and marginal state tax rates currently available and scheduled to be in effect, and do not take into account changes in tax rates that are proposed from time to time. They are calculated using the highest state tax rate applicable within each federal bracket, and assume taxpayers are not subject to any alternative minimum taxes and deduct any state income taxes paid on their federal income tax returns. They also reflect the current federal tax limitations on itemized deductions and personal exemptions, which may raise the effective tax rate and taxable equivalent yield for taxpayers above certain income levels. The combined tax rates shown here may be higher or lower than your actual combined tax rate. A higher combined tax rate would tend to make the dollar amounts in the third table lower, while a lower combined tax rate would make the amounts higher. You should consult your tax adviser to determine your actual combined tax rate.

CALIFORNIA

COMBINED MARGINAL TAX RATES FOR

JOINT TAXPAYERS
WITH FOUR
PERSONAL
EXEMPTIONS
<TABLE>
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Federal Taxable Income (1,000's)	Federal Adjusted Gross Income (1,000's)	Combined State and Federal Tax Rate	TAX-FREE YIELD 3.50%	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%
			TAXABLE EQUIVALENT YIELD						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$ 0- 39.0	$ 0-114.7	20.0%	4.38	5.00	5.63	6.25	6.88	7.50	8.13
39.0- 94.3	0-114.7	34.5	5.34	6.11	6.87	7.63	8.40	9.16	9.92
	114.7-172.1	35.5	5.43	6.20	6.98	7.75	8.53	9.30	10.08
94.3-143.6	0-114.7	37.5	5.60	6.40	7.20	8.00	8.80	9.60	10.40
	114.7-172.1	38.5	5.69	6.50	7.32	8.13	8.94	9.76	10.57
	172.1-214.9	40.5	5.88	6.72	7.56	8.40	9.24	10.08	10.92
143.6-214.9	114.7-172.1	43.0	6.14	7.02	7.89	8.77	9.65	10.53	11.40
	172.1-214.9	45.5	6.42	7.34	8.26	9.17	10.09	11.01	11.93
	214.9-239.9	46.5	6.54	7.48	8.41	9.35	10.28	11.21	12.15
	239.9-294.6	46.0	6.48	7.41	8.33	9.26	10.19	11.11	12.04
	Over 294.6	43.5	6.19	7.08	7.96	8.85	9.73	10.62	11.50
214.9-256.5	172.1-214.9	46.0	6.48	7.41	8.33	9.26	10.19	11.11	12.04
	214.9-239.9	47.0	6.60	7.55	8.49	9.43	10.38	11.32	12.26
	239.9-294.6	46.5	6.54	7.48	8.41	9.35	10.28	11.21	12.15
	Over 294.6	44.0	6.25	7.14	8.04	8.93	9.82	10.71	11.61
256.5-429.9	239.9-294.6	50.0	7.00	8.00	9.00	10.00	11.00	12.00	13.00
	Over 294.6	47.0	6.60	7.55	8.49	9.43	10.38	11.32	12.26
Over 429.9	Over 294.6	47.5	6.67	7.62	8.57	9.52	10.48	11.43	12.38

</TABLE>

COMBINED MARGINAL
TAX RATES FOR
SINGLE TAXPAYERS
WITH ONE PERSONAL
EXEMPTION
<TABLE>
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Federal Taxable Income (1,000's)	Federal Adjusted Gross Income (1,000's)	Combined State and Federal Tax Rate	TAX-FREE YIELD 3.50%	4.00%	4.50%	5.00%	5.50%	6.00%	6.50%
			TAXABLE EQUIVALENT YIELD						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>

$ 0-23.4	$ 0-107.5	20.0%	4.38	5.00	5.63	6.25	6.88	7.50	8.13
23.4-56.6	0-107.5	34.5	5.34	6.11	6.87	7.63	8.40	9.16	9.92
56.6-107.5	0-107.5	37.5	5.60	6.40	7.20	8.00	8.80	9.60	10.40
	107.5-114.7	38.0	5.65	6.45	7.26	8.06	8.87	9.68	10.48
	114.7-132.5	39.5	5.79	6.61	7.44	8.26	9.09	9.92	10.74
	132.5-237.2	39.0	5.74	6.56	7.38	8.20	9.02	9.84	10.66
107.5-118.0	0-107.5	38.0	5.65	6.45	7.26	8.06	8.87	9.68	10.48
	107.5-114.7	38.5	5.69	6.50	7.32	8.13	8.94	9.76	10.57
	114.7-132.5	40.0	5.83	6.67	7.50	8.33	9.17	10.00	10.83
	132.5-237.2	39.5	5.79	6.61	7.44	8.26	9.09	9.92	10.74
118.0 - 214.9	114.7-132.5	44.5	6.31	7.21	8.11	9.01	9.91	10.81	11.71
	132.5-237.2	44.5	6.31	7.21	8.11	9.01	9.91	10.81	11.71
	Over 237.2	44.0	6.25	7.14	8.04	8.93	9.82	10.71	11.61
214.9 - 256.5	132.5-237.2	45.0	6.36	7.27	8.18	9.09	10.00	10.91	11.82
	Over 237.2	44.5	6.31	7.21	8.11	9.01	9.91	10.81	11.71
Over 256.5	Over 237.2	47.5	6.67	7.62	8.57	9.52	10.48	11.43	12.38

</TABLE>

FOR AN EQUAL AFTER-TAX RETURN, YOUR TAX-FREE INVESTMENT MAY BE LESS*

For example, $50,000 in a 6% taxable investment earns the same after-tax return as $37,500 in a 5% tax-free Nuveen investment.

<TABLE>
<CAPTION>

$50,000 INVESTMENT	3.5% TAX-FREE	4.0% TAX-FREE	4.5% TAX-FREE	5.0% TAX-FREE	5.5% TAX-FREE	6.0% TAX-FREE	6.5% TAX-FREE
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
COMPARE 4% TAXABLE	$35,714	$31,250	$27,778	$25,000	$22,727	$20,833	$19,231
COMPARE 5% TAXABLE	$44,643	$39,063	$34,722	$31,250	$28,409	$26,042	$24,038

COMPARE 6% TAXABLE	$53,571	$46,875	$41,667	$37,500	$34,091	$31,250	$28,846
COMPARE 7% TAXABLE	$62,500	$54,688	$48,611	$43,750	$39,773	$36,458	$33,654
COMPARE 8% TAXABLE	$71,429	$62,500	$55,556	$50,000	$45,455	$41,667	$38,462

</TABLE>

*The dollar amounts in the table reflect a 37.5% combined federal and state tax rate.

NUVEEN CALIFORNIA TAX-FREE FUND, INC.

Prospectus
June 13, 1995

NUVEEN CALIFORNIA TAX-FREE MONEY MARKET FUND

Nuveen California Tax-Free Fund, Inc. is an open-end, diversified management investment company presently offering shares in three separate investment portfolios. Only shares of Nuveen California Tax-Free Money Market Fund (the "Fund" or the "Money Market Fund") are being offered by this Prospectus. Shares of the other two portfolios, Nuveen California Tax-Free Value Fund and Nuveen California Insured Tax-Free Value Fund, are offered through a separate Prospectus which may be obtained by writing to Nuveen California Tax-Free Fund, Inc. or by calling John Nuveen & Co. Incorporated at the toll-free number provided below.

The Money Market Fund has the objective of providing, through investment in professionally managed portfolios of California Municipal Obligations, as high a level of current interest income exempt from both federal and California income taxes as is consistent with its investment policies and with preservation of capital.

The Money Market Fund invests primarily in high quality short-term California tax-exempt money market instruments. The Fund seeks to maintain its net asset value at $1.00 per share. The Fund has adopted plans applicable to shares of the Fund sold through banks or securities dealers whereby certain of the costs of administration and/or distribution with respect to such shares will be borne by the Fund and allocated to the shares that are subject to those plans.

This Prospectus, which should be retained for future reference, sets forth concisely the information about the Fund that a prospective investor should know before investing in the Fund. A "Statement of Additional Information" dated June 13, 1995, containing additional information about the Fund (and Nuveen California Tax-Free Value Fund and Nuveen California Insured Tax-Free Value Fund) has been filed with the Securities and Exchange Commission and is incorporated by reference into this Prospectus. A copy of this Statement may be obtained without charge by writing to Nuveen California Tax-Free Fund, Inc. or by calling John Nuveen & Co. Incorporated at the toll-free number provided below.

An investment in the Fund is neither insured nor guaranteed by the U.S. Government and there can be no assurance that the Fund will be able to maintain a stable net asset value of $1.00 per share.

Shares of the Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other agency.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

JOHN NUVEEN & CO. INCORPORATED
FOR INFORMATION, CALL TOLL-FREE 800-621-7227

CONTENTS

33 Application

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HIGHLIGHTS

Nuveen California Tax-Free Fund, Inc. is an open-end, diversified management investment company that currently offers shares in three separate investment portfolios. Only shares of Nuveen California Tax-Free Money Market Fund (the "Fund" or the "Money Market Fund") are being offered by this Prospectus. Shares of the other two portfolios, Nuveen California Tax-Free Value Fund and Nuveen California Insured Tax-Free Value Fund, are offered through a separate Prospectus.

The Money Market Fund has the objective of providing, through investment in professionally managed portfolios of California Municipal Obligations, as high a level of current interest income exempt both from federal and California income taxes as is consistent with its investment policies and with preservation of capital. The Money Market Fund invests primarily in high quality short-term California tax-exempt instruments and seeks to maintain a net asset value of $1.00 per share. There is no guarantee that this value will be maintained. See "Net Asset Value" on page 18, "The Fund and its Investment Objective" on page 9, and "Investment Policies of the Fund" on page 9.

The Fund intends to qualify, as it has in prior years, for tax treatment as a regulated investment company and to satisfy conditions that will enable interest income that is exempt from federal and California income taxes in the hands of the Fund to retain such tax-exempt status when distributed to the shareholders. See "Dividends and Taxes--Tax Matters" on page 28.

HOW TO PURCHASE FUND SHARES

Shares of the Money Market Fund may be purchased on days on which the Federal Reserve Bank of Boston is normally open for business at the net asset value next determined after receipt of an order and receipt of payment in federal funds. The minimum initial investment for purchases of shares of the Money Market Fund is $5,000 and subsequent purchases must be in amounts of $100 or more. See "How to Purchase Fund Shares"on page 18. For further information about the Fund, please call Nuveen toll-free at 800-621-7227.

HOW TO REDEEM FUND SHARES

Shareholders may redeem shares at net asset value next computed after receipt of a redemption request in proper form. Shareholders may make redemption requests in writing or, for shareholders of the Distribution Plan series, by check. Shareholders who have completed and filed the necessary authorization form may make redemption requests by telephone with proceeds to be transferred by wire to a predesignated bank account

or by check to the address of record. A fee may be charged for wire redemption. See "How to Redeem Fund

Shares" on page 24. There is no redemption fee.

DIVIDENDS AND REINVESTMENT	All of the net income of the Fund is declared daily as a dividend on shares entitled to such dividend. The Fund will distribute its dividends monthly. Distributions will be made in the form of additional shares of the Fund or, at the option of the shareholder, in cash. See "Dividends and Taxes" on page 28.
INVESTMENT ADVISER AND PRINCIPAL UNDERWRITER	John Nuveen & Co. Incorporated ("Nuveen") will act as principal underwriter of the Money Market Fund's shares. The Fund has adopted Distribution and Service Plans under which qualifying organizations may be paid a fee for servicing shareholder accounts. A portion of the fees paid under these Plans is charged to the Distribution Plan and Service Plan series of shares of the Fund. See "How to Purchase Fund Shares--Distribution and Service Plans" on page 22. Nuveen Advisory Corp. ("Nuveen Advisory"), a wholly-owned subsidiary of Nuveen, will act as the investment adviser for the Fund and will receive annual fees based upon the average daily net assets of the Fund. The management fees will be reduced or Nuveen Advisory will assume certain expenses in amounts necessary to prevent the total expenses of each series of the Fund (excluding interest, taxes, fees incurred in acquiring and disposing of portfolio securities and, to the extent permitted, extraordinary expenses) in any fiscal year from exceeding .55 of 1% of its average daily net asset value. See "Management of the Fund" on page 16.
INVESTMENTS	The Fund will invest primarily in California Municipal Obligations having ratings or other credit and risk characteristics as described on pages 9-14, the income on which is exempt from federal and California income taxes. In addition, as described below, the Fund may purchase, but to date has not purchased and has no present intention to purchase, taxable "temporary investments," limited to obligations issued or guaranteed by the full faith and credit of the United States, or certificates of deposit issued by U.S. banks with assets of at least $1 billion, or "high grade" commercial paper or corporate notes, bonds or debentures, with a remaining maturity of 397 days or less, or repurchase agreements in respect of any of the foregoing with selected dealers, U.S. banks or other recognized financial institutions, subject to the specific limitations stated below. The Fund may from time to time invest a portion of its assets in debt

obligations which are not rated, and in variable rate or floating rate obligations. Investors are urged to read the descriptions of these investments and practices set forth in this Prospectus. See "Investment Policies of the Fund" on page 9.

The information set forth above should be read in conjunction with the detailed information set forth elsewhere in this Prospectus.

FUND EXPENSES

The following tables illustrate all expenses and fees that a shareholder of a series of the Money Market Fund will incur. The expenses and fees shown are for the fiscal year ended February 28, 1995.

SHAREHOLDER TRANSACTION EXPENSES	INSTITUTIONAL SERIES	DISTRIBUTION PLAN SERIES	SERVICE PLAN SERIES
Sales Load Imposed on Purchases......................	None	None	None
Sales Load Imposed on Reinvested Dividends...........	None	None	None
Redemption Fees.............	None	None	None
Exchange Fees...............	None	None	None

ANNUAL OPERATING EXPENSES (AS A PERCENTAGE OF AVERAGE DAILY NET ASSETS)			
Management Fees.............	.40%	.40%	.40%
12b-1 Fees (or Service Fees).......................	None	.09%	.12%
Other Operating Expenses, After Expense Reimbursements......................	.07%	.06%	.03%
Total Expenses, After Expense Reimbursements......	.47%	.55%	.55%

The purpose of the foregoing tables is to help you understand all expenses and fees that you would bear directly or indirectly as an investor in the Money Market Fund.

As discussed under "Management of the Fund" and reflected in the tables above, the management fee is reduced or Nuveen Advisory assumes certain expenses so as to prevent the total expenses of each series of the Money Market Fund in any fiscal year from exceeding .55 of 1% of the average daily net asset value of the series. Without expense reimbursements, for the fiscal year ended February 28, 1995, other operating expenses would have been .07, .15 and .08 of 1%, and total expenses would have been .47, .64 and .60 of 1% of the average daily net assets of the Institutional series, the Distribution Plan series and the Service Plan series, respectively, of the Money Market Fund. See "Management of the Fund."

The following example illustrates the expenses that you would pay on a $1,000 investment over various time periods assuming (1) a 5% annual rate of return and (2) redemption at the end of each time period. As noted in the table above, the Fund charges no redemption fees of any kind.

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
Institutional Series...............	$ 5	$15	$26	$59

Distribution and Service Plan Series	$ 6	$18	$31	$69

This example should not be considered a representation of past or future expenses or performance. Actual expenses may be greater or less than those shown. This example assumes that the percentage amounts listed under Annual Operating Expenses remain the same in each of the periods.

FINANCIAL HIGHLIGHTS

The following financial information has been derived from Nuveen California Tax-Free Fund, Inc.'s financial statements, which have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report appearing in the Fund's Annual Report, and should be read in conjunction with the financial statements and related notes appearing in the Annual Report.

Selected data for a share of common stock of the Money Market Fund outstanding throughout each period is as follows:**

		Income from Investment Operations		Less Distributions			
	Net Asset Value Beginning of Period	Net Investment Income	Net Realized and Unrealized Gain (Loss) from Investments	Dividends from Net Investment Income	Distributions from Capital Gains	Net Asset Value End of Period	Total Return on Net Asset Value
Year Ended 2/28/95							
Service Plan Series	$1.000	$.026*	$--	$(.026)	$--	$1.000	2.59%
Distribution Plan Series	1.000	.026*	--	(.026)	--	1.000	2.60
Institutional Series	1.000	.027	--	(.027)	--	1.000	2.69
Year Ended 2/28/94							
Service Plan Series	1.000	.019	--	(.019)	--	1.000	1.94
Distribution Plan Series	1.000	.019*	--	(.019)	--	1.000	1.92
Institutional Series	1.000	.021	--	(.021)	--	1.000	2.07
Year Ended 2/28/93							
Service Plan Series	1.000	.023*	--	(.023)	--	1.000	2.28
Distribution Plan Series	1.000	.023*	--	(.023)	--	1.000	2.29
Institutional Series	1.000	.024	--	(.024)	--	1.000	2.36
8 Months Ended 2/29/92							
Service Plan Series	1.000	.024*	--	(.024)	--	1.000	2.39

Ratios/Supplemental Data		
Net Assets End of Period (in thousands)	Ratio of Expenses to Average Net Assets	Ratio of Net Investment Income to Average Net Assets

Distribution Plan Series	1.000	.024*	--	(.024)	--	1.000	2.39
Institutional Series	1.000	.025	--	(.025)	--	1.000	2.45
Year Ended 6/30/91							
Service Plan Series	1.000	.047*	--	(.047)	--	1.000	4.70
Distribution Plan Series	1.000	.047*	--	(.047)	--	1.000	4.70
Institutional Series	1.000	.048	--	(.048)	--	1.000	4.80
Year Ended 6/30,							
1990++	1.000	.054*	--	(.054)	--	1.000	5.37
1989++	1.000	.056*	--	(.056)	--	1.000	5.62
1988++	1.000	.043*	--	(.043)	--	1.000	4.28
1987++	1.000	.039*	--	(.039)	--	1.000	3.90
3/27/86 to 6/30/86++	1.000	.011*	--	(.011)	--	1.000	1.10

<S>	<C>	<C>	<C>
Year Ended 2/28/95			
Service Plan Series	$41,772	.55%*	2.19%*
Distribution Plan Series	67,157	.55*	2.56*
Institutional Series	50,772	.47	2.74
Year Ended 2/28/94			
Service Plan Series	415,238	.53	1.94
Distribution Plan Series	72,380	.55*	1.92*
Institutional Series	32,299	.41	2.06
Year Ended 2/28/93			
Service Plan Series	469,812	.55*	2.26*
Distribution Plan Series	80,652	.55*	2.26*
Institutional Series	24,156	.47	2.33
8 Months Ended 2/29/92			
Service Plan Series	478,886	.55*+	3.54*+
Distribution Plan Series	91,670	.55*+	3.54*+
Institutional Series	18,334	.45+	3.64+
Year Ended 6/30/91			
Service Plan Series	431,590	.55*	4.67*
Distribution Plan Series	90,031	.55*	4.67*
Institutional Series	22,342	.45	4.77
Year Ended 6/30,			
1990++	452,465	.55*	5.38*
1989++	362,927	.55*	5.70*
1988++	207,897	.55*	4.31*
1987++	284,956	.50*	3.92*
3/27/86 to 6/30/86++	80,871	.05*+	4.16*+

</TABLE>

*Reflects the waiver of certain management fees and reimbursement of certain other expenses by Nuveen Advisory. For additional information about Nuveen Advisory's fee waivers and expense reimbursements, see note 4 to Notes to Financial Statements in the Annual Report to Shareholders.

**Effective for fiscal year ending June 30, 1991, Nuveen California Tax-Free Fund, Inc. has presented the above per share data by series.

+Annualized.

++Represents combined per share data and ratios for the Service Plan, Distribution Plan and Institutional series.

YIELD

From time to time, Nuveen California Tax-Free Fund, Inc. may advertise the "yield," "effective yield" and "taxable equivalent yield" of the various series of its Money Market Fund. The "yield" of a series refers to the rate of income generated by an investment in the series over a specified seven-day period, expressed as an annualized figure. "Effective yield" is calculated similarly except that, when annualized, the income earned by the investment is assumed to be reinvested. Due to this compounding effect, the effective yield will be slightly higher than the yield. "Taxable equivalent yield" is the yield that a taxable investment would need to generate in order to equal the series' yield on an after-tax basis for an investor in a stated tax bracket (often the bracket with the highest marginal tax rate). A taxable equivalent yield quotation for a given series will be higher than the yield or the effective yield quotations for the series. The yield figures for the various series of the Money Market Fund will fluctuate over time.

Based on the seven-day period ended February 28, 1995, the yield, effective yield and taxable equivalent yield (using a combined federal and California income tax rate of 46.0%) for the Fund were as follows:

	CURRENT YIELD	EFFECTIVE YIELD	TAXABLE EQUIVALENT YIELD
Distribution and Service Plan Series...	3.51%	3.57%	6.50%
Institutional Series..................	3.51%	3.58%	6.50%

A comparison of tax-exempt and taxable equivalent yields is one element to consider in making an investment decision. Nuveen California Tax-Free Fund, Inc. may from time to time in its advertising and sales materials compare the then current yield or total return as of the most recent quarter of the Money Market Fund with the yield or total return on taxable investments such as corporate or U.S. Government bonds, bank CD's and money market accounts or money market funds, each of which has investment characteristics that may differ from those of the Fund. U.S. Government bonds, for example, are backed by the full faith and credit of the U.S. Government, and bank CD's and money market accounts are insured by an agency of the federal government. Bank money market accounts and money market funds provide stability of principal, but pay interest at rates that vary with the condition of the short-term taxable debt market. The investment characteristics of the Money Market Fund are described more fully elsewhere in this Prospectus.

Any given performance quotation or performance comparison for the Money Market Fund is based on historical earnings and should not be considered as representative of the performance of the Fund for any future period. Additional information concerning the Fund's performance appears in the Statement of Additional Information. For information as to current yield and other performance information regarding the Money Market Fund, call 800-621-7227.

THE FUND AND ITS INVESTMENT OBJECTIVE

Nuveen California Tax-Free Fund, Inc. is an open-end, diversified management investment company that currently offers shares in three separate investment portfolios, only one of which, the Money Market Fund, is being offered by this Prospectus. The Money Market Fund has the objective of providing, through investment in a professionally managed portfolio of California Municipal Obligations (described below), as high a level of current interest income exempt from both federal and California income taxes as is consistent with its investment policies and with preservation of capital. The Money Market Fund's investment objective is a fundamental policy of the Fund and may not be changed without the approval of the holders of a majority of the shares of the Fund. There is risk in all investments and, therefore, there can be no assurance that the objective of the Fund will be achieved.

INVESTMENT POLICIES OF THE FUND

The Fund will, as a fundamental policy, pursue its investment objective by investing at least 80% of its investment assets in California Municipal Obligations except during temporary defensive periods. The Money Market Fund intends to remain as fully invested in California Municipal Obligations as is prudent or practical under the circumstances.

The Money Market Fund's investment assets will consist primarily of short-term California Municipal Obligations which at the time of purchase are eligible for purchase by money market funds under applicable guidelines of the Securities and Exchange Commission ("SEC"), and are: (1) rated within the two highest long-term grades by Moody's Investors Service, Inc. ("Moody's")--Aaa or Aa, or by Standard & Poor's Corporation ("S&P")--AAA or AA, or, in the case of municipal notes, rated MIG-1, MIG-2, VMIG-1 or VMIG-2 by Moody's or SP-1 or SP-2 by S&P, or, in the case of municipal commercial paper, rated Prime-1 or

Prime-2 by Moody's or A-1 or A-2 by S&P; (2) unrated but which, in the opinion of Nuveen Advisory, have credit characteristics equivalent to the foregoing and are deemed to be of "high quality" by Nuveen Advisory. To the extent that unrated Municipal Obligations may be less liquid, there may be somewhat greater risk in purchasing unrated Municipal Obligations than in purchasing comparable but rated Municipal Obligations. The investment portfolio of the Money Market Fund will be limited to obligations maturing within 397 days from the date of acquisition or which have variable or floating rates of interest, and the Fund will maintain a dollar-weighted average portfolio maturity of not more than 90 days. During the fiscal year ended February 28, 1995, the average maturity of the Money Market Fund's portfolio ranged from 27 to 75 days. The Money Market Fund generally intends to hold securities to maturity rather than to engage in portfolio trading. However, reflecting the short-term maturities of the investments of the Fund, the annual portfolio turnover rate will be relatively high.

The types of short-term California Municipal Obligations in which the Money Market Fund may invest include bond anticipation notes, tax anticipation notes, revenue anticipation notes, construction loan notes and bank notes issued by governmental authorities to commercial banks as evidence of borrowings. Since these short-term securities frequently serve as interim financing pending receipt of anticipated funds from the issuance of long-term bonds, tax collections, or other anticipated future revenues, a weakness in an issuer's ability to obtain such funds as anticipated could adversely affect the issuer's ability to meet its obligations on these short-term securities.

The Fund may also invest in variable and floating rate instruments even if they carry stated maturities in excess of 397 days, upon certain conditions contained in rules and regulations issued by the SEC under the Investment Company Act of 1940, but will do so only if they carry demand features that meet the conditions of applicable SEC rules and permit the Fund to redeem upon specified notice at par. The Fund's right to obtain payment at par on a demand instrument upon demand could be affected by events occurring between the date the Fund elects to redeem the instrument and the date redemption proceeds are due which affect the ability of the issuer to pay the instrument at par value.

The Money Market Fund may obtain standby commitments with respect to Municipal Obligations it purchases. Under a standby commitment (often referred to as a put), the party issuing the commitment agrees in a writing delivered to the Fund to purchase at the Fund's option the Muni-

cipal Obligation at an agree-upon price on certain dates or within a specific period. The Fund intends to acquire standby commitments if needed to facilitate portfolio liquidity and to help maintain a constant net asset value of $1.00 per share. A standby commitment would not be exercised if the market value of the underlying security exceeded the exercise price.

The Fund has obtained commitments (each, a "Commitment") from MBIA Insurance Corporation ("MBIA") with respect to certain designated bonds held by the Fund for which credit support is furnished by one of the banks ("Approved Banks") approved by MBIA under its established credit approval standards. Under the terms of a Commitment, if the Fund were to determine that certain adverse circumstances relating to the financial condition of the Approved Bank had occurred, the Fund could cause MBIA to issue a "while-in-fund" insurance policy covering the underlying bonds; after time and subject to further terms and conditions, the Fund could obtain from MBIA an "insured-to-maturity" insurance policy as to the covered bonds. Each type of insurance policy would insure payment of interest on the bonds and payment of principal at maturity. Although such insurance would not guarantee the market value of the bonds or the value of the Fund's shares, the Fund believes that its ability to obtain insurance for such bonds under such adverse circumstances will enable the Fund to hold or dispose of such bonds at a price at or near their par value.

The Money Market Fund may purchase but to date has not purchased and has no present intention to purchase "temporary investments," the income from which is subject to California income tax or to both federal and California income taxes. Under ordinary circumstances, the Fund may not invest more than 20% of its investment assets in such temporary investments. However, during extraordinary circumstances the Fund may, for defensive purposes, invest more than 20% of its net assets in such temporary investments. The Fund may only invest in temporary investments with remaining maturities of 397 days or less which, in the opinion of Nuveen Advisory, are of "high grade" quality.

The SEC has proposed amendments to Rule 2a-7 under the Investment Company Act of 1940 that would, among other things, further limit the types of securities eligible for purchase by tax-exempt money market funds. If these amendments are adopted, the Fund will make any necessary adjustments to its portfolio to ensure compliance with Rule 2a-7.

The foregoing restrictions and other limitations discussed herein will apply only at the time of purchase of securities and will not be considered

violated unless an excess or deficiency occurs or exists immediately after and as a result of an acquisition of securities.

MUNICIPAL OBLIGATIONS

Municipal Obligations include debt obligations issued by states, cities and local authorities to obtain funds for various public purposes, such as airports, highways, housing, hospitals, mass transportation, water and sewer works, and include industrial development bonds and pollution control bonds. The two principal classifications of Municipal Obligations are "general obligation" and "revenue" bonds. General obligation bonds are secured by the issuer's pledge of its full faith, credit and taxing power for the payment of principal and interest. Revenue bonds are payable only from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise or other specific revenue source. Industrial development and pollution control bonds are in most cases revenue bonds and do not generally constitute the pledge of the credit or taxing power of the issuer of such bonds. There are, of course, variations in the security of Municipal Obligations, both within a particular classification and between classifications, depending on numerous factors.

Notes are short-term instruments with a maturity of two years or less. Most notes are general obligations of the issuer and are sold in anticipation of a bond sale, collection of taxes or receipt of other revenues. Payment of these notes is primarily dependent upon the issuer's receipt of the anticipated revenues. Other notes include construction loan notes issued to provide construction financing for specific projects and bank notes issued by local governmental bodies and agencies to commercial banks as evidence of borrowings.

Municipal Obligations also include very short-term unsecured, negotiable promissory notes, issued by states, municipalities, and their agencies which are known as "tax-exempt commercial paper" or "municipal commercial paper." Payment of principal and interest on issues of municipal commercial paper may be made from various sources, to the extent the funds are available therefrom. There is a limited secondary market for issues of municipal commercial paper.

While these various types of notes as a group represent the major portion of the tax-exempt note market, other types of notes are occasionally available in the marketplace and the Money Market Fund may invest in such other types of notes to the extent permitted under its investment policies and limitations. Such notes may be issued for different purposes and with different security than those mentioned above.

The yields on Municipal Obligations are dependent on a variety of factors, including the condition of the general money market and the Municipal Obligation market, the size of a particular offering, the maturity of the obligation and the rating of the issue. The ratings of Moody's and S&P represent their opinions as to the quality of the Municipal Obligations which they undertake to rate. It should be emphasized, however, that ratings are general and are not absolute standards of quality. Consequently, Municipal Obligations with the same maturity, coupon and rating may have different yields while obligations of the same maturity and coupon with different ratings may have the same yield. The market value of outstanding Municipal Obligations will vary with changes in prevailing interest rate levels and as a result of changing evaluations of the ability of their issuers to meet interest and principal payments.

CALIFORNIA MUNICIPAL OBLIGATIONS

California Municipal Obligations are issued by the State of California and cities and local authorities in the State of California, and bear interest that, in the opinion of bond counsel to the issuer, is exempt from federal and California income taxes, although such interest may be subject to the Federal alternative minimum tax. The Fund will invest primarily in California Municipal Obligations that are issued by the State of California and cities and local authorities in the State of California, except that the Fund may invest not more than 10% of its net assets in Municipal Obligations issued by United States possessions or territories, which also bear interest that is exempt from regular Federal as well as California individual income taxes and are therefore considered to be California Municipal Obligations for purposes of this Prospectus.

Because the Money Market Fund will concentrate its investment in California Municipal Obligations, it may be affected by political, economic or regulatory factors that may impair the ability of California issuers to pay interest on or to repay the principal of their debt obligations. As a result of "Proposition 13" and other amendments to the California Constitution and the adoption of other statutes, the taxing authority of California governmental entities has been limited. In recent years California experienced substantial financial difficulties related to the severe recession from 1990-93, the worst since the 1930's, and which hit particularly hard in Southern California. The recession caused substantial, broad-based revenue shortfalls. During this period, the State incurred substantial budget deficits, of which around $1.8 billion still remained as of June 30, 1994. The State has cut back assistance to its public authorities and political subdivisions, and further cuts are likely to occur. These cutbacks could adversely affect the financial condition of cities, counties and school districts previously subject to severe fiscal constraints and facing a fall in

their own tax collections. California's economy has, however, been in a steady recovery since the start of 1994, and the State projects that its accumulated budget deficit will be repaid by June 30, 1996. The State has for several years had to rely on short-term external borrowing to meet its cash requirements, and may have to continue such reliance for some time to come.

On December 6, 1994, Orange County and its pooled investment funds (the "Pools") filed for protection under Chapter 9 of the federal Bankruptcy Law, as a result of investment losses in the Pools, which have been estimated by the County at 23%, or some $1.7 billion. Over 180 government agencies, most but not all located in Orange County, had investments in the Pools. The County and some of the participating agencies in the Pools have defaulted on certain of their obligations because of the bankruptcy, and others may in the future. The Fund does not own any securities of Orange County or of any participants in the Pools.

In July, 1994 both S&P and Moody's lowered their ratings on the State of California's general obligation bonds to A and A1, respectively. Municipal Obligations may be subject to greater price volatility than Municipal Obligations in general as a result of the effect of supply and demand for these securities, which in turn could cause greater volatility in the value of the shares of each Fund. Additional considerations relating to the risks of investing in California Municipal Obligations are presented in the Statement of Additional Information.

Obligations of issuers of Municipal Obligations are subject to the provisions of bankruptcy, insolvency and other laws affecting the rights and remedies of creditors, such as the Federal Bankruptcy Reform Act of 1978. In addition, the obligations of such issuers may become subject to the laws enacted in the future by Congress or the California legislature or by referenda extending the time for payment of principal and/or interest, or imposing other constraints upon enforcement of such obligations or upon municipalities to levy taxes. There is also the possibility that, as a result of legislation or other conditions, the power or ability of any issuer to pay, when due, the principal of and interest on its Municipal Obligations may be materially affected.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS

The Money Market Fund may purchase and sell Municipal Obligations on a when-issued or delayed delivery basis. When-issued and delayed delivery transactions arise when securities are purchased or sold with payment and delivery beyond the regular settlement date. (When-issued transactions normally settle within 30-45 days.) On such transactions the pay-

ment obligation and the interest rate are fixed at the time the buyer enters into the commitment to purchase. The commitment to purchase securities on a when-issued or delayed delivery basis may involve an element of risk because the value of the securities is subject to market fluctuation, no interest accrues to the purchaser prior to settlement of the transaction, and at the time of delivery the market value may be less than cost.

CERTAIN FUNDAMENTAL INVESTMENT POLICIES

The Money Market Fund, as a fundamental policy, may not, without the approval of the holders of a majority of the outstanding shares of the Fund, (1) invest more than 5% of its total assets in securities of any one issuer, except that this limitation shall not apply to securities of the United States government, its agencies and instrumentalities or to the investment of 25% of the Fund's assets; (2) borrow money, except from banks for temporary or emergency purposes and then only in an amount not exceeding (a) 10% of the value of the Fund's total assets at the time of borrowing or (b) one-third of the value of the Fund's total assets including the amount borrowed, in order to meet redemption requests which might otherwise require the untimely disposition of securities; (3) pledge, mortgage or hypothecate its assets, except that, to secure permitted borrowings for temporary or emergency purposes it may pledge securities having a market value at the time of the pledge not exceeding 10% of the value of the Fund's total assets; (4) make loans, other than by entering into repurchase agreements and through the purchase of Municipal Obligations or temporary investments in accordance with its investment objective, policies and limitations; (5) invest more than 5% of its total assets in securities of unseasoned issuers which, together with their predecessors, have been in operation for less than three years; (6) invest more than 10% of its assets in repurchase agreements maturing in more than seven days, "illiquid" securities (such as non-negotiable CD's) and securities without readily available market quotations; or (7) invest more than 25% of its total assets in securities of issuers in any one industry, provided, however, that such limitation shall not be applicable to municipal bonds issued by governments or political subdivisions of governments, and obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities. For purposes of the foregoing sentence, the "issuer" of a security shall be deemed to be the entity whose assets and revenues are committed to the payment of principal and interest on such security, provided that the guarantee of an instrument will be considered a separate security (subject to certain exclusions allowed under the Investment Company Act of 1940). It is a fundamental policy of the Fund, which cannot be changed without the approval of the holders of a majority of shares of the Fund, that the Fund will not hold securities of a single

bank, including securities backed by a letter of credit of such bank, if such holdings would exceed 10% of the total assets of the Fund.

Under the Investment Company Act of 1940, the Money Market Fund may not purchase portfolio securities from any underwriting syndicate of which Nuveen is a member except under certain limited conditions set forth in Rule 10f-3.

For a more complete description of the investment restrictions summarized above and the other investment restrictions applicable to the Money Market Fund, see the Statement of Additional Information.

MANAGEMENT OF THE FUND

The management of Nuveen California Tax-Free Fund, Inc., including general supervision of the duties performed for the Money Market Fund by the investment adviser under the Investment Management Agreement, is the responsibility of its Board of Directors.

Nuveen Advisory, 333 West Wacker Drive, Chicago, Illinois 60606, acts as the investment adviser for and manages the investment and reinvestment of the assets of the Money Market Fund, as well as the assets of the other portfolios of Nuveen California Tax-Free Fund, Inc. Nuveen Advisory also administers Nuveen California Tax-Free Fund, Inc.'s business affairs, provides office facilities and equipment and certain clerical, bookkeeping and administrative services, and permits any of its officers or employees to serve without compensation as directors or officers of Nuveen California Tax-Free Fund, Inc. if elected to such positions.

For the services and facilities furnished by Nuveen Advisory, the Money Market Fund has agreed to pay an annual management fee as follows:

<TABLE>
<CAPTION>

AVERAGE DAILY NET ASSET VALUE	MANAGEMENT FEE
<S>	<C>
For the first $500 million..........................	.400 of 1%
For the next $500 million...........................	.375 of 1%
For assets over $1 billion..........................	.350 of 1%

</TABLE>

All fees and expenses are accrued daily and deducted before payment of dividends to investors. In addition to the management fee of Nuveen Advisory, the Money Market Fund pays all other costs and expenses of its operations and a portion of Nuveen California Tax-Free Fund, Inc.'s general administrative expenses allocated in the proportion its net assets bear to the total net assets of each portfolio. Included in the expenses paid by the Money Market Fund and allocated to the Distribution Plan series and

Service Plan series are the payments made under the Distribution and Service Plans with respect to those series (see "How to Purchase Fund Shares--Distribution Plan, Service Plan and Institutional Series").

The management fees will be reduced or Nuveen Advisory will assume certain expenses of each series of the Money Market Fund in amounts necessary to prevent the total expenses (including Nuveen Advisory's management fees and share of payments of each of the Distribution Plan series and Service Plan series under the Distribution and Service Plans, but excluding interest, taxes, fees incurred in acquiring and disposing of portfolio securities and, to the extent permitted, extraordinary expenses) of each series in any fiscal year from exceeding .55 of 1% of the series' average daily net assets. For the fiscal year ended February 28, 1995, management fees amounted to .40 of 1% of the average daily net assets of the Fund. For the fiscal year ended February 28, 1995, net of applicable expense reimbursements, total expenses amounted to .47, .55 and .55 of 1% of the average daily net assets of the Institutional series, the Distribution Plan series and the Service Plan series, respectively. Without expense reimbursements, total expenses for the fiscal year ended February 28, 1995, would have been .47, .64 and .60 of 1% of the average daily net assets of the Institutional series, the Distribution Plan series and the Service Plan series, respectively.

Nuveen Advisory was organized in 1976 and since then has exclusively engaged in the management of municipal securities portfolios. It currently serves as investment adviser to 21 open-end municipal securities portfolios (the "Nuveen Mutual Funds") and 55 exchange-traded municipal securities funds (the "Nuveen Exchange-Traded Funds"). Each of these invests substantially all of its assets in investment grade quality, tax-free municipal securities. As of the date of this Prospectus, Nuveen Advisory manages approximately $30 billion in assets held by the Nuveen Mutual Funds and the Nuveen Exchange-Traded Funds.

Nuveen Advisory is a wholly-owned subsidiary of John Nuveen & Co. Incorporated ("Nuveen"), 333 West Wacker Drive, Chicago, Illinois 60606, an investment banking firm specializing in the underwriting and distribution of tax-exempt securities. Nuveen, the principal underwriter of the shares of Nuveen California Tax-Free Fund, Inc., is sponsor of the Nuveen Tax-Exempt Unit Trust, a registered unit investment trust. It is also the principal underwriter for the Nuveen Mutual Funds, and served as co-managing underwriter for the shares of the Nuveen Exchange-Traded Funds. Over 1,000,000 individuals have invested to date in Nuveen's tax-exempt funds and trusts. Founded in 1898, Nuveen is a subsidiary of The John Nuveen Company which, in turn, is approxi-

mately 75% owned by The St. Paul Companies, Inc. ("St. Paul"). St. Paul is located in St. Paul, Minnesota, and is principally engaged in providing property-liability insurance through subsidiaries.

NET ASSET VALUE

Net asset value of shares of the Money Market Fund will be determined by United States Trust Company of New York, the custodian of Nuveen California Tax-Free Fund, Inc., as of 12:00 noon eastern time on each day on which the Federal Reserve Bank of Boston is normally open for business and on any other day during which there is a sufficient degree of trading in the portfolio securities held by the Fund such that the current net asset value of the Fund's shares might be materially affected by changes in the value of the securities held by the Fund.

The net asset value per share of the Fund will be computed by dividing the sum of the value of the portfolio securities held by the Fund, plus any cash or other assets, less liabilities, by the total number of shares of the Fund outstanding at such time.

The Money Market Fund will seek to maintain a net asset value of $1.00 per share. In this connection, the Fund values its portfolio securities on the basis of their amortized cost. This method values a security at its cost on the date of purchase and thereafter assumes a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the security. For a more complete description of the amortized cost valuation method and its effect on existing and prospective shareholders of the Money Market Fund, see the Statement of Additional Information. There can be no assurance that the Fund will be able at all times to maintain the net asset value of $1.00 per share.

HOW TO PURCHASE FUND SHARES

IN GENERAL

Shares of the Money Market Fund may be purchased on days on which the Federal Reserve Bank of Boston is open for business at the net asset value which is next computed after receipt of an order in proper form and receipt of payment in federal funds.

Shares of the Money Market Fund are issued in three series: (i) the "Distribution Plan" series intended for purchase by or through securities dealers

that have entered into Distribution Agreements with Nuveen with respect to the distribution of shares of the Fund pursuant to a Distribution Plan adopted by the Fund, (ii) the "Service Plan" series intended for purchase by or through banks and other organizations ("Service Organizations") that have agreed to perform services for their customers who are shareholders of this series of the Fund pursuant to a Service Plan adopted by the Fund and (iii) the "Institutional" series intended for purchase by trustees, bank trust departments, corporations and investment bankers or advisers. The Distribution Plan was adopted by the Fund in accordance with Rule 12b-1 under the 1940 Act which permits an investment company to bear distribution expenses (as that term is construed by the Securities and Exchange Commission) in connection with certain services provided by securities dealers. The Service Plan, although not a Rule 12b-1 plan, is a comparable agreement entered into with Service Organizations who provide certain administrative services. There is no sales load on purchases of shares of any of the three series of the Fund. Under the Distribution Plan and the Service Plan, the Distribution Plan series and the Service Plan series of shares of the Fund and Nuveen pay fees to securities dealers and Service Organizations for services rendered in the distribution of shares of the Fund or the servicing of shareholder accounts. Payment of these fees by the Service Plan series and the Distribution Plan series will ordinarily result in a lower yield on shares of these series as compared with shares of the Institutional series. These fees are described below under the caption "Distribution and Service Plans." Nuveen may, in its discretion and from its own resources, pay to organizations that satisfy certain criteria an additional amount not to exceed .05 of 1% per year based on average assets of accounts serviced by such organizations. Shares of the Service Plan series and the Distribution Plan series enjoy certain exclusive voting rights on matters related to the payment of fees by these two series. Except for the payment of these fees and the special voting rights related thereto, shares of each of the three series of the Money Market Fund are identical.

Purchases of shares of the Money Market Fund by Federal Reserve wire are recommended. However, purchases may also be made by bank wire, Federal Reserve draft or check. The minimum initial investment in the Fund is $5,000, and subsequent investments must be in amounts of $100 or more.

In order to maximize the earnings on its assets, the Money Market Fund strives to be invested as completely as practicable. The Fund is normally required to make settlement in federal funds for securities purchased. Accordingly, orders for shares of the Fund may be made and become effec-

tive on days on which the Federal Reserve Bank of Boston is normally open for business, as follows:

Purchase By Telephone

To open an account, call Nuveen toll-free at 800-858-4084 to obtain an account number, control number and instructions. Information needed to establish the account will be taken over the telephone. An application form should be completed promptly and mailed to Nuveen California Tax-Free Fund, Inc. Federal funds should be wired to:

United Missouri Bank of Kansas City, N.A.
ABA # 101000695
Nuveen California Tax-Free Fund, Inc.--
Nuveen California Tax-Free Money Market Fund
Account No. _________________________________ (see above)
Account Name:____

If an order is received by Nuveen by 12:00 noon eastern time (9:00 a.m. pacific time), and federal funds are received by United Missouri Bank of Kansas City, N.A. on the same day by 3:00 p.m. eastern time (12:00 noon pacific time), the order is effective that day. If either the order or federal funds are received after the times specified above, the order will become effective the following business day.

Purchase by Mail

To open an account, complete the application form and mail it with a check or Federal Reserve draft to Nuveen California Tax-Free Money Market Fund, P.O. Box 5330, Denver, Colorado 80217-5330. Subsequent investments may be made by mailing a check with the investor's account number to the above address. The order becomes effective as soon as the check or draft is converted to federal funds. This usually occurs one business day after receipt, but may take longer.

Purchase Through a Securities

To open an account through a securities dealer, bank or other Service Organization, investors should send money

Dealer or Service Organization	to that organization for transmission to Nuveen California Tax-Free Fund, Inc. and furnish it with the information required in the application form. The Money Market Fund has Distribution and Service Plans pursuant to which payments are made, in the case of the Distribution Plan series to dealers who provide assistance in distributing shares of such series of the Fund, and in the case of the Service Plan series to Service Organizations who provide assistance in servicing shareholder accounts of such series. See "Distribution and Service Plans."

Purchase By Reinvestment of Nuveen Unit Investment Trust Distributions	California resident unitholders of Nuveen Unit Investment Trusts ("UITs") may purchase shares of the Money Market Fund by automatically reinvesting distributions from their Nuveen UIT. To obtain information on share purchases through investment of Nuveen UIT distributions, check the applicable box on the enclosed Application Form or call Nuveen toll-free at 800-237-0910.
COMMENCEMENT OF DIVIDENDS	Shares of the Money Market Fund are deemed to have been purchased when an order becomes effective and are entitled to income commencing on the day the order becomes effective.
OTHER SHAREHOLDER OPTIONS	Automatic Deposit Plan. Once you have established a Fund account, you may make regular investments in your Fund in an amount of $25 or more each month by authorizing Shareholder Services, Inc. to draw preauthorized checks on your bank account. There is no obligation to continue payments and you may terminate your participation at any time at your discretion. No charge is made in connection with this Plan, and there is no cost to the Fund. To obtain an application form for the Automatic Deposit Plan, check the applicable box on the enclosed Application Form or call Nuveen toll-free at 800-621-7227.
	Payroll Direct Deposit Plan. Once you have established an account with the Fund, you may, with your employer's permission, make regular investments in Fund shares of $25 or more per pay period by authorizing your employer to deduct such amount from your paycheck. There is no obligation to continue payments and participation may be terminated at any time at your discretion. No charge is made for this service and there is no cost to the Fund. To obtain an application form for the Payroll Direct Deposit Plan, check the applicable box on the enclosed Application Form or call Nuveen toll-free at 800-621-7227.
	Exchange Privilege. You may exchange shares of the Fund for shares of any other open-end management investment company with reciprocal exchange privileges advised by Nuveen Advisory (the "Nuveen Funds"), provided that the Nuveen Fund into which shares are to be exchanged is offered in your state of residence and that the shares to be exchanged have been held by you for a period of at least 15 days. Shares of Nuveen Funds purchased subject to a front-end sales charge may be exchanged for shares of the Funds or any other Nuveen Fund at the next determined net asset value without any front-end sales charge. Shares of any Nuveen Fund purchased through dividend reinvestment or through reinvestment of Nuveen Tax-Exempt Unit Trust distributions (and any dividends

thereon) may be exchanged for shares of the Funds or any other Nuveen Fund without a front-end sales charge. Exchanges of shares with respect to which no front-end sales charge has been paid will be made at the public offering price, which may include a front-end sales charge, unless a front-end sales charge has previously been paid on the investment represented by the exchanged shares (i.e., the shares to be exchanged were originally issued in exchange for shares on which a front-end sales charge was paid), in which case the exchange will be made at net asset value. Because certain other Nuveen funds may determine net asset value and therefore honor purchase or redemption requests on days when the Fund does not (generally, Martin Luther King's Birthday, Columbus Day and Veterans Day), exchanges of shares of one of those funds for shares of the Fund may not be effected on such days.

The total value of shares being exchanged must at least equal the minimum investment requirement of the Nuveen Fund into which they are being exchanged. Exchanges are made based on the relative dollar values of the shares involved in the exchange, and will be effected by redemption of shares of the Nuveen Fund held and purchase of the shares of the other Nuveen Fund. For federal income tax purposes, any such exchange constitutes a sale and purchase of shares and may result in capital gain or loss. Before exercising any exchange, you should obtain the Prospectus for the Nuveen Fund into which shares are to be exchanged and read it carefully. If the registration of the account for the Fund you are purchasing is not exactly the same as that of the fund account from which the exchange is made, written instructions from all holders of the account from which the exchange is being made must be received, with signatures guaranteed by a member of an approved Medallion Guarantee Program or in such other manner as may be acceptable to the Fund. You may also make exchanges by telephone if a preauthorized exchange authorization, as provided on the account Application Form, is on file with Shareholder Services, Inc., Nuveen Tax-Free Money Market Fund's shareholder service agent. The exchange privilege may be modified or discontinued at any time upon prior written notice to Fund shareholders.

DISTRIBUTION AND SERVICE PLANS

The Fund has adopted a Distribution Plan pursuant to Rule 12b-1 under the 1940 Act and a Service Plan (collectively, the "Plans"), pursuant to which the Distribution Plan series and the Service Plan series of the Fund and Nuveen pay fees to securities dealers and Service Organizations for services rendered in the distribution of shares of the Fund or the servicing of shareholder accounts. These services may include, among other things, establishing and maintaining shareholder accounts, processing purchase and redemption transactions, arranging for bank wires, performing

sub-accounting, answering shareholder inquiries and such other services as Nuveen may request. Nuveen will enter into Distribution or Service Agreements with organizations who render such services. Service payments to such organizations in amounts of up to .25 of 1% per year of average assets of serviced accounts will be paid in part by the respective series of each Fund and in part by Nuveen.

The Plans continue in effect from year to year as long as their continuance is approved at least annually by a vote of the Board of Directors and a vote of the non-interested directors of Nuveen California Tax-Free Fund, Inc. The Plans may not be amended to increase materially the cost which the Distribution Plan series or the Service Plan series of the Money Market Fund may bear for distribution and services, respectively, without the approval of the non-interested directors and the shareholders of the affected series of that Fund. Any other material amendments of the Plans must be approved by the non-interested directors. Beneficial owners of shares of the Distribution Plan series and the Service Plan series should read this Prospectus in light of the terms governing their accounts with securities dealers and Service Organizations, respectively.

ADDITIONAL INFORMATION

An account will be maintained for each shareholder of record of the Money Market Fund by Shareholder Services, Inc. The Fund's Share certificates will be issued only upon written request of the shareholder to Shareholder Services, Inc. No certificates are issued for fractional shares. The Fund reserves the right to reject any purchase order and to waive or increase minimum investment requirements.

Institutions are encouraged to open single master accounts, and may wish to use the shareholder service agent's sub-accounting system to minimize their internal recordkeeping requirements. An institution or other investor requesting shareholder servicing or accounting other than the master account or sub-accounting service offered by the Fund will be required to enter into a separate agreement with the agent for these services for a fee to be determined in accordance with the level of services to be furnished. To assist those institutions performing their own sub-accounting, same day information as to the Fund's daily per share income to seven decimal places and the one-day yield to four decimal places are normally available by 12:30 p.m. pacific time.

Banks and other organizations through which investors may purchase shares of the Fund may impose charges in connection with purchase orders. Investors should contact their institutions directly to determine what charges, if any, may be imposed.

Subject to the rules and regulations of the SEC, the Money Market Fund reserves the right to suspend the continuous offering of its shares at any time, but such suspension shall not affect the shareholder's right of redemption as described below.

HOW TO REDEEM FUND SHARES

IN GENERAL

You may require the Money Market Fund to redeem for cash your shares of the Fund at the net asset value next computed after instructions and required documents and certificates, if any, are received in proper form. There is no charge for the redemption of shares. Nuveen California Tax-Free Fund, Inc. reserves the right not to honor redemption requests where shares of the Fund have been purchased by check within 15 days prior to the date the redemption request is received.

TELEPHONE REDEMPTION

Redemption requests by wire with respect to shares of the Money Market Fund held in non-certificate form may be made by calling Nuveen at 800-858-4084. If a redemption request with respect to such shares is received by Nuveen by 12:00 noon eastern time (9:00 a.m. pacific time), the shares to be redeemed do not earn income on the day the request is received, but proceeds are ordinarily wired on the same day. If the redemption request is received by Nuveen after 12:00 noon eastern time (9:00 a.m. pacific time) and prior to 4:00 p.m. eastern time (1:00 p.m. pacific time), the shares to be redeemed earn income on the day the request is received and proceeds are ordinarily wired the next business day. The wiring of redemption proceeds may be delayed one additional business day if the Federal Reserve Bank of Boston or the Federal Reserve Bank of New York is closed on the day redemption proceeds would ordinarily be wired under the foregoing procedures. Proceeds of telephone redemptions by wire will be transferred by Federal Reserve wire only to the commercial bank account specified by the shareholder on the application form.

Telephone redemptions payable by check permit shareholders whose account address has not changed within the last sixty days to redeem shares worth $25,000 or less by calling the Transfer Agent of Nuveen California Tax-Free Fund, Inc. Telephone requests can be made by the shareholder or any person. Redemption checks will be issued only in the name of the shareholder of record and will be mailed to the address of record. If the telephone request is received prior to 2:00 p.m. eastern time, the shares to be redeemed earn income on the day the request is made and the redemption check will be mailed the next business day. For requests re-

ceived after 2:00 p.m. eastern time, the shares to be redeemed earn income through the next business day and the check will be mailed on the second business day.

Shareholders redeeming by telephone must first have completed an authorization form and returned the form to Nuveen. Telephone redemptions by wire are limited to redemptions of $1,000 or more. Nuveen California Tax-Free Fund, Inc. reserves the right to charge a fee of approximately $5 for the cost of wire transferred redemptions of less than $5,000. The amount and terms of this fee are subject to change. Shares for which stock certificates have been issued will not be available for redemption by telephone.

In order to establish multiple accounts, or to change the account or accounts designated to receive wire redemption proceeds, or the address of record for the receipt of telephone redemption by check proceeds, a written request must be sent to Nuveen. This request must be signed by each shareholder with each signature guaranteed by a member of an approved Medallion Guarantee Program, or in such other manner as may be acceptable to the Fund. Further documentation may be required from corporations, executors, trustees or personal representatives.

The Fund reserves the right to refuse telephone redemptions and, at its option, may limit the timing, amount or frequency of these redemptions. This procedure may be modified or terminated at any time, on 30 days' notice, by the Fund. The Fund, Shareholder Services, Inc. and Nuveen will not be liable for following telephone instructions reasonably believed to be genuine. The Fund employs procedures reasonably designed to confirm that telephone instructions are genuine. These procedures include recording all telephone instructions and requiring up to three forms of identification prior to acting upon a caller's instructions. If the Fund does not follow reasonable procedures for protecting shareholders against loss on telephone transactions, it may be liable for any losses due to unauthorized or fraudulent telephone instructions.

CHECK REDEMPTION

Shareholders of the Distribution Plan series of the Money Market Fund may request that the Fund provide them with drafts ("Redemption Checks") drawn on the Fund's account. These Redemption Checks may be made payable to the order of any person in an amount of $500 or more, and dividends are earned until the Redemption Check clears. Redemption Checks clear through the United Missouri Bank of Kansas City, N.A. (the "Bank") and are subject to the same rules and regulations that the Bank applies to checking accounts.

When a Redemption Check is presented, a sufficient number of full and fractional shares in the shareholder's account will be redeemed to cover the amount of the Redemption Check. Shares for which stock certificates have been issued will not be available for redemption by the use of Redemption Checks. There must be sufficient shares in the shareholder's account to cover the amount of each Redemption Check written or the check will be returned. Checks should not be used to close an account. Shareholders wishing to use Redemption Checks must complete the appropriate section of the application form and submit the enclosed signature card.

This check redemption privilege may be modified or terminated at any time by the Money Market Fund or the Bank. The Check redemption feature does not constitute a bank checking account.

WRITTEN REDEMPTION

You may redeem shares by sending a written request for redemption directly to the Nuveen California Tax-Free Money Market Fund, c/o Shareholder Services, Inc., P.O. Box 5330, Denver, CO 80217-5330, accompanied by duly endorsed certificates, if issued. Requests for redemption and share certificates, if issued, must be signed by each shareholder and, if the redemption proceeds exceed $25,000 or are payable other than to the shareholder of record at the address of record (which address may not have been changed in the preceding 60 days), the signature must be guaranteed by a member of an approved Medallion Guarantee Program or in such other manner as may be acceptable to the Fund. Payment for shares redeemed will normally be made within seven days after receipt of a properly executed redemption request in proper form.

REDEMPTION THROUGH SERVICE ORGANIZATIONS

Shareholders of the Money Market Fund's Service Plan series may also redeem shares of such series through their accounts with Service Organizations in accordance with procedures established by each such Service Organization. The Fund has no redemption charge, but Service Organizations may impose transaction fees or other charges relating to the redemption of Fund shares. Individual shareholders should determine from their Service Organizations the procedures and charges, if any, that govern redemptions.

AUTOMATIC WITHDRAWAL PLAN

If you own Fund shares currently worth at least $10,000, you may establish an Automatic Withdrawal Plan by completing an application form for the Plan. You may obtain an application form by checking the applicable box on the enclosed Application Form or by calling Nuveen toll-free

at 800-621-6227. The Plan permits you to request periodic withdrawals on a monthly, quarterly, semi-annual or annual basis in an amount of $50 or more. All shares of the Fund you own will be accumulated in the Plan, with a sufficient number of shares being redeemed periodically to meet the requested withdrawal payments. Depending upon the size of the payments requested under the Plan, redemptions for the purpose of making such payments may reduce or even exhaust your account. Withdrawals under this Plan should not, therefore, be considered a yield on investment. An Automatic Withdrawal Plan may be terminated at any time by you or the Fund. To obtain an application form for the Automatic Withdrawal Plan, check the applicable box of the enclosed Application Form or call Nuveen toll-free at 800-621-6227.

REDEMPTION IN KIND

All redemptions of shares of the Money Market Fund shall be made in cash, except that the commitment to redeem shares in cash extends only to redemption requests made by each shareholder of the Fund during any 90 day period of up to the lesser of $250,000 or 1% of the net asset value of the Fund at the beginning of such period. This commitment is irrevocable without the prior approval of the SEC and is a fundamental policy of the Fund that may not be changed without shareholder approval. In the case of redemption requests by shareholders of the Fund in excess of such amounts, the Board of Directors reserves the right to have the Fund make payment in whole or in part in securities or other assets of the Fund in case of an emergency or any time a cash distribution would impair the liquidity of the Fund to the detriment of the existing shareholders. In this event, the securities would be valued in the same manner as the securities of the Money Market Fund are valued. If the recipient were to sell such securities, he or she would incur brokerage charges.

OTHER PRACTICES

The Money Market Fund may suspend the right of redemption or delay payment more than seven days (a) during any period when the New York Stock Exchange is closed (other than customary weekend and holiday closings), (b) when trading in the markets the Fund normally utilizes is restricted, or an emergency exists as determined by the SEC so that disposal of the Fund's investments or determination of its net asset value is not reasonably practicable, or (c) for such other periods as the SEC by order may permit for protection of the shareholders of the Fund.

DIVIDENDS AND TAXES

DIVIDENDS

All of the net income attributable to the respective series of the Money Market Fund is declared on each calendar day as a dividend on shares entitled to such dividend. Net income of each series consists of all interest income accrued and discount earned on portfolio assets (adjusted for amortization of premium on securities when required for federal income tax purposes), plus or minus any realized short-term gains or losses on portfolio instruments since the previous dividend declaration, less estimated expenses incurred subsequent to the previous declaration. For the Distribution Plan series and Service Plan series of the Money Market Fund, expenses will include, among other things, payments to banks or other organizations and securities dealers pursuant to Distribution Agreements and Service Agreements with Nuveen. See "How to Purchase Fund Shares--Distribution Plan, Service Plan and Institutional Series" above for additional information on these expenses. It is not expected that realized or unrealized gains or losses on portfolio instruments will be a meaningful factor in the computation of the net income of the Fund. Dividends are paid monthly and are reinvested in additional shares of the series of the Fund on which the dividends are declared at net asset value or, at the shareholder's option, paid in cash. Net realized long-term capital gains, if any, will be paid not less frequently than annually within 30 days of the end of the fiscal year of Nuveen California Tax-Free Fund, Inc. and reinvested in additional shares of the series of the Fund on which such gains are paid at net asset value unless the shareholder has elected to receive capital gains in cash.

TAX MATTERS

The Money Market Fund intends to qualify, as it has in prior years, under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), for tax treatment as a regulated investment company. In order to qualify for treatment as a regulated investment company, the Fund must satisfy certain requirements relating to the sources of its income, diversification of its assets and distribution of its income to shareholders. As a regulated investment company, the Fund will not be subject to federal income tax on the portion of its net investment income and net realized capital gains that is currently distributed to shareholders. Each Fund also intends to satisfy conditions which will enable interest from Municipal Obligations that is exempt from federal income tax in the hands of the Fund, to retain such tax-exempt status when distributed to the shareholders of the Fund. The Fund also intends to qualify as a diversified management company under the California Revenue and Taxation Code, and intends to satisfy conditions which will enable it to pay dividends that are exempt from California personal income taxes ("California exempt-interest dividends"), but not from California franchise tax or California corporate income tax. The total amount of California exempt-interest dividends paid by the Fund with respect to any taxable year cannot exceed the amount of interest received by the Fund during such year on obligations, interest on which is exempt from California personal income tax. The Fund will not be subject to California franchise or corporate income tax. Individual shareholders of the portfolios of Nuveen California Tax-Free Fund, Inc. will therefore not incur any federal or California personal income taxes on interest income derived from California Municipal Obligations, whether such dividends are taken in cash or reinvested in additional shares of a portfolio.

Distributions by the Money Market Fund of net income received, if any, from taxable temporary investments and net short-term capital gains, if any, realized by the Fund will be taxable to shareholders as ordinary income. As long as the Fund qualifies as a regulated investment company under the Code, distributions to shareholders will not qualify for the dividends received deduction for corporations. If in any year the Fund should fail to qualify under Subchapter M for tax treatment as a regulated investment company, the Fund would incur a regular corporate federal income tax upon its taxable income for that year, and the entire amount of distributions to shareholders would be taxable to shareholders as ordinary income.

The Code provides that interest on indebtedness incurred or continued to purchase or carry tax-free investments, such as shares of the Fund, is not deductible. Under rules used by the Internal Revenue Service for determining when borrowed funds are considered used for the purpose of purchasing or carrying particular assets, the purchase of shares may be considered to have been made with borrowed funds even though such funds are not directly traceable to the purchase of shares. Similarly, under California law interest on indebtedness incurred or continued by a shareholder in connection with the purchase of shares of the Fund will not be deductible for California personal income tax purposes.

Tax-exempt income is taken into account in calculating the amount of
social security and railroad retirement benefits that may be subject to federal income tax.

Because the Money Market Fund may invest in private activity bonds, the interest on which is not federally tax-exempt to persons who are "substantial users" of the facilities financed by such bonds or "related persons" of such "substantial users," the Fund may not be an appropriate investment

for shareholders who are considered either a "substantial user" or a "related person" thereof. Such persons should consult their tax advisers before investing in the Fund.

Although the Money Market Fund to date has not done so and has no present intention of doing so, the Fund may also invest in private activity bonds the interest on which is a specific item of tax preference for purposes of computing the alternative minimum tax on corporations and individuals. This type of private activity bond includes most industrial and housing revenue bonds. Shareholders whose tax liability is determined under the alternative minimum tax will be taxed on their share of the Fund's exempt-interest dividends that were paid from income earned on these bonds. In addition, the alternative minimum taxable income for corporations is increased by 75% of the difference between an alternative measure of income ("adjusted current earnings") and the amount otherwise determined to be alternative minimum taxable income. Interest on all Municipal Obligations, and therefore all distributions by the Fund that would otherwise be tax exempt, is included in calculating a corporation's adjusted current earnings.

The Fund is required in certain circumstances to withhold 31% of taxable dividends and certain other payments paid to non-corporate holders of shares who have not furnished to the Fund their correct taxpayer identification number (in the case of individuals, their social security number) and certain certificates, or who are otherwise subject to back-up withholding.

The foregoing is a general and abbreviated summary of the provisions of the Code and Treasury Regulations and California income tax provisions presently in effect as they directly govern the taxation of the Money Market Fund or its shareholders. These provisions are subject to change by legislative or administrative action, and any such change may be retroactive with respect to Fund transactions. Shareholders are advised to consult their own tax advisers for more detailed information concerning the taxation of the Fund and the federal, California and local tax consequences to its shareholders.

GENERAL INFORMATION

Investor Inquiries. Investor inquiries may be made directly of the Money Market Fund in writing or by calling John Nuveen & Co. Incorporated, the Money Market Fund's distributor, toll-free at 800-621-7227.

Custodian, Shareholder Services Agent and Transfer Agent. The Custodian of the assets of the Money Market Fund is United States Trust Company of New York, 114 West 47th Street, New York, New York 10036. The Chase Manhattan Bank, N.A., 1 Chase Manhattan Plaza, New York, NY 10081, has agreed to become successor to U.S. Trust, as Custodian and Fund Accountant. The succession is presently scheduled for July 1, 1995. No changes in the Fund's administration or in the amount of fees and expenses paid by the Funds for these services will result, and no action by shareholders will be required. Shareholder Services, Inc., P.O. Box 5330, Denver, Colorado 80217-5330, is the transfer, shareholder services and dividend paying agent for the Fund and performs bookkeeping, data processing and administrative services incident to the maintenance of shareholder accounts.

Capital Stock. Nuveen California Tax-Free Fund, Inc. was incorporated in Maryland on October 3, 1985. It is authorized to issue an aggregate of 2,600,000,000 shares of common stock, $.01 par value, consisting of 125,000,000 shares of the Nuveen California Tax-Free Value Fund, 125,000,000 shares of the Nuveen California Insured Tax-Free Value Fund and 2,350,000,000 shares of the Nuveen California Tax-Free Money Market Fund. Shares of the Nuveen California Tax-Free Money Market Fund consist of three series as follows: 400,000,000 shares of the Institutional series, 1,100,000 shares of the Service Plan series and 850,000,000 shares of the Distribution Plan series. The shares of each such series are identical in all respects except with respect to the allocation of a portion of the fees paid under the Distribution and Service Plans and voting rights with respect thereto. See "How to Purchase Fund Shares--Distribution Plan, Service Plan and Institutional Series." Shares of each portfolio class have equal non-cumulative voting rights and equal rights with respect to dividends declared by such portfolio class and the assets of such portfolio class upon liquidation, except for the special voting rights of holders of those series of Nuveen California Tax-Free Money Market Fund that are subject to Distribution or Service Plans. In addition, only shares of a particular portfolio class are entitled to vote on matters concerning solely that portfolio class. Shares are fully paid and nonassessable when issued and have no pre-emptive, conversion or exchange rights.

APPLICATION FORM--INSTRUCTIONS AND EXPLANATIONS

1 ACCOUNT REGISTRATION

Check the box that describes the type of account you are opening, and complete all required information which applies to your account type. This information will be used to establish your account; therefore, provide the requested information precisely as you wish it to appear on our records. Registration for two or more persons will be as joint tenants with right of survivorship unless noted otherwise. In the case of a Gift to a Minor account, you may only indicate one minor's name and Social Security Number. For a Custodian or Trust account, provide the Taxpayer Identification or Social Security Number of the appropriate entity.

2 DISTRIBUTIONS

Since open-end mutual funds pay monthly dividends, you have a choice of reinvesting dividend payments into additional shares, or you may receive monthly checks. Indicate how you want the monthly dividends from the Fund distributed. If no choice is indicated, dividends will be reinvested automatically into additional shares. Also, capital gains distributions, if any, will be reinvested automatically in additional shares unless you elect to receive them by check.

3 NAME AND ADDRESS OF SECURITIES REPRESENTATIVE

We urge you to supply the name and address of your securities representative. By providing this information, your securities representative will receive duplicate copies of your Fund statements, and therefore may be apprised of the status of your investments.

4 INITIAL INVESTMENT

Minimum initial investment is $5,000. Enclose a check with your completed, signed application. Your check should be in the amount specified and made payable to the Fund named.

You may also arrange to invest in the Fund through your securities representative. (See the Fund prospectus under "How to Purchase Fund Shares" for more complete information.)

If you are opening an account to automatically reinvest the distributions of your Nuveen Tax Exempt Unit Trust holdings and do not wish to make a direct investment at this time, leave this section blank.

5 SIGNATURE(S) This application must be signed by all registered account owners exactly as names appear in Section 1, under Account Registration, except if the account is registered as a Custodian, Gift to a Minor, or Trust account. In

(Instructions continued on page 35.)

Nuveen California Tax-Free Fund, Inc.--
Nuveen California Tax-Free Money Market Fund

APPLICATION FORM

Mail completed Application Form to:
Nuveen California Tax-Free Fund, Inc.
P.O. Box 5330
Denver, CO 80217-5330

If you prefer to wire funds to open an account, or need any assistance in completing this form, call Nuveen toll-free 800-621-7227.

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1. ACCOUNT REGISTRATION Print neatly or type.

[_] Individual [_] Joint [_] Custodian
[_] Gift to a Minor Under Uniform
Gift to Minors Act of (State) ____
[_] Trust dated______________________________, 19_______________________________

Individual or Joint Account
Last Name, First, Initial

Social Security Number

Joint Tenant (if any)

Custodian, Gift to a Minor, or Trust Account
Custodian's Name, or Name of Trustee

Trust's Taxpayer I.D. No.
--

Minor's Name (only one for a Gift), or Name of Trust

Minor's Social Security No.

Mailing Address and Telephone Number
Street Address

City State Zip Code

Telephone Number (include Area Code)
(   )

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2. DISTRIBUTIONS
[_] Pay monthly dividends by check
[_] Pay capital gains distributions by check

3. NAME AND ADDRESS OF SECURITIES REPRESENTATIVE
Name of Securities Representative

Firm Name

Street Address

City State Zip Code

- ---

4. INITIAL INVESTMENT
(Minimum initial investment is $5,000.)
[_] Enclosed is my check in the amount of $ made payable to Nuveen California Tax-Free Fund, Inc.
[_] Funds in the amount of $ were wired to United Missouri Bank of Kansas City for my account No. in the Fund. (Please call Nuveen at 800-858-4084 to obtain an account number before wiring funds.)

- ---

5. SIGNATURE(S) Sign exactly as name or names appear above in Section 1, Account Registration. Sign in blue or black ink.
I certify that I have received and read the current Fund prospectus. Under penalties of perjury, I certify (1) that the number shown on this Application Form is my correct Social Security or Taxpayer Identification Number, and (2) that the IRS has not notified me that I am presently subject to backup withholding. (Line out clause (2) if you are subject to backup withholding.)

Individual or Joint Account Signature(s):
Individual Date

Joint Tenant (if applicable) Date

Custodian or Trustee Signature:
BY: Date

See reverse side for Optional Fund Services.

OPTIONAL FUND SERVICES

6. OPTIONAL FUND SERVICES
Please send me application materials for these optional fund services described in the prospectus.
[_Automatic]Deposit Plan

[_Automatic]Withdrawal Plan
[_Payroll]Direct Deposit Plan
[_UIT]Reinvestment

---

7. TELEPHONE REDEMPTION BY WIRE AUTHORIZATION Select only one of the following, either Option A or B.

[_] OPTION A Wire proceeds to my personal commercial bank account. Attach a voided check and complete only the section below.

Your Bank Account Name

Your Bank Account Number Bank's Routing Code

Name of Bank

Bank's Street Address

City State Zip Code

Bank's Telephone Number (include Area Code)
( )

[_] OPTION B Wire proceeds to my securities representative firm's commercial bank account.

Your Account Name

Your Account Number

Name of Securities Representative

Firm's Street Address

City State Zip Code

Firm's Telephone Number (include Area Code)
( )

To be completed by the securities representative if Option B above is selected.

Name of Bank of Securities Representative Firm

Name of Branch Bank's Routing Code

Bank's Account Number

Bank's Street Address

City State Zip Code

Securities Representative's Signature Date

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8. TELEPHONE REDEMPTION BY CHECK AUTHORIZATION

[_] I hereby authorize the Fund and its agents to honor telephone instructions from me or any person to redeem shares worth $25,000 or less from my account and send those proceeds by check payable to me at my address of record, subject to the terms and conditions in the prospectus and the Instructions and Explanations section for this option.

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9. CHECK REDEMPTION AUTHORIZATION

[_] By checking this box, you authorize drafts drawn on the Fund to be honored and the redemption of a sufficient number of Fund shares to pay such draft. Read the Instructions and Explanation carefully before completing this section and return the completed signature card with this application form.

Joint Accounts: Check whether [_] either owner or [_] all owners are required to sign redemption checks.

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10. TELEPHONE EXCHANGE AUTHORIZATION

Check the box below to elect this option.

[_] I hereby authorize telephone exchanges from the Fund into other Nuveen open-end mutual funds subject to the terms and conditions in the Fund prospectus and the Instructions and Explanations section for this option.

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such cases, the appropriate person (e.g., trustee, custodian) should sign the Application Form.

By signing the Application Form you certify that you have power and authority to establish this account and select the privileges requested. You also release Nuveen California Tax-Free Fund, Inc., Shareholder Services, Inc. ("SSI"), John Nuveen & Co. Incorporated, United Missouri Bank of Kansas City, N.A. and their agents and representatives from all liability and agree to indemnify each of them from any and all losses, damages or costs for acting in good faith in accordance with instructions believed to be genuine. With respect to the actions identified on items #7, #8 and #10 of this application, you understand that the Fund, SSI and Nuveen will not be liable for following telephone instructions reasonably believed to be genuine. You also understand that the Fund employs procedures reasonably designed to confirm that telephone instructions are genuine, and, if these procedures are not followed, the Fund may be liable for any losses due to unauthorized or fraudulent telephone instructions. You agree that the authorization herein shall continue until SSI receives written notice of a change or modification signed by all owners. This account is subject to the terms of the Fund's prospectus, as amended from time to time, and subject to acceptance by the Fund in Chicago, Illinois, and to the laws of Illinois. All terms shall be binding upon the heirs, representatives and assigns of the account owners.

6 OPTIONAL FUND SERVICES	Read prospectus for a description of these optional fund services.
7 TELEPHONE REDEMPTION BY WIRE AUTHORIZATION	The telephone redemption option gives you quick and convenient access to your money. By electing this option, you are authorizing Shareholder Services, Inc. ("SSI"), and John Nuveen & Co. Incorporated to honor telephone, telegraphic or other instructions, without signature guarantee, from any person for the redemption of shares of the Fund (minimum $1,000), provided that proceeds are transmitted to either your personal checking, NOW or money market account at a commercial bank, or in your name to the commercial bank account of your securities representative firm.

Option A. By checking this box and completing the requested information, you elect to have all redemption proceeds wired to your personal checking, NOW or money market account at a commercial bank. Attach a check marked void.

Option B. By checking this box and completing the requested information, you elect to have all redemption proceeds wired in your name to your broker/investment adviser firm's commercial bank account. A representative of that firm must complete and sign the second part of subsection B.

8 TELEPHONE REDEMPTION BY CHECK AUTHORIZATION	By electing this option, you are authorizing Shareholder Services, Inc. and John Nuveen & Co. Incorporated to honor telephone requests from any person for redemption of Fund shares in the amount of $25,000 or less, provided that a check in the amount of such proceeds is made payable to you and sent to your address of record, which address has been the address of record for the prior 60 days.
9 CHECK REDEMPTION AUTHORIZATION	Redemption Checks--The following terms and conditions apply to the Redemption Check privilege:

A. Checks must be on forms provided by the Fund and for a minimum of $500 or they will not be honored. Checks are authorizations to redeem Fund shares and are payable through the United Missouri Bank of Kansas City, N.A. (the "Bank").

B. Check forms will not be issued until a completed signature card is received by the Fund.

C. Checks requiring redemption of shares held for 15 days or less that were not purchased by "wire transfer" of federal funds or for which there are insufficient shares to cover payment will not be honored.

D. Unless one signer is authorized on the Account Application form and signature card, each check must be signed by all account owners or it will not be honored. If SSI receives written notice by either owner of a revocation of the authorization to sign individually, all account owners will be required to sign Redemption Checks. Checks must be signed exactly as registered.

E. The privilege is subject to the Fund's and the Bank's rules and regulations, and applicable governmental regulations, as amended from time to time.

F. The Fund may refuse to honor checks and may refuse to effect redemptions to pay checks whenever the right of redemption has been suspended or postponed, or whenever the account is otherwise impaired.

G. The account owner agrees to examine confirmations and cancelled checks and to notify SSI of any unauthorized or missing signature or endorsement or alteration on the check or error on the confirmation within 30 days after mailing to owner. Failure to do so shall preclude any claim against the Fund, the Bank, SSI or their representatives and agents by reason of any unauthorized or missing signature or endorsement, alteration, error or forgery of any kind.

10 TELEPHONE EXCHANGE AUTHORIZATION — By electing this option, you are authorizing SSI and John Nuveen & Co. Incorporated to honor telephone requests from any person for the redemption of Fund shares, provided that the proceeds of such redemption are used to purchase shares of another Nuveen open-end mutual fund and such shares are registered exactly the same as this account.

Principal Underwriter John Nuveen & Co. Incorporated	Investment Adviser Nuveen Advisory Corp., Subsidiary of John Nuveen & Co. Incorporated	Transfer and Shareholder Services Agent Shareholders Services, Inc.
Chicago: 333 West Wacker Drive Chicago, Illinois 60606 312.917.7700	333 West Wacker Drive Chicago, Illinois 60606	P.O. Box 5330 Denver, Colorado 80217-5330
New York: 10 East 50th Street New York, New York 10022 212.207.2000	Custodian United States Trust Company of New York 114 West 47th Street New York, New York 10036	Independent Public Accountants for the Fund Arthur Andersen LLP 33 West Monroe Street Chicago, Illinois 60603

PART B--STATEMENT OF ADDITIONAL INFORMATION

NUVEEN CALIFORNIA TAX-FREE FUND, INC.

333 West Wacker Drive

Chicago, Illinois 60606

Statement of Additional Information
June 13, 1995
Nuveen California Tax-Free Fund, Inc.
333 West Wacker Drive
Chicago, Illinois 60606

NUVEEN CALIFORNIA TAX-FREE VALUE FUND
NUVEEN CALIFORNIA INSURED TAX-FREE VALUE FUND
NUVEEN CALIFORNIA TAX-FREE MONEY MARKET FUND

This Statement of Additional Information relates to the three portfolios of Nuveen California Tax-Free Fund, Inc.: Nuveen California Tax-Free Value Fund (the "California Fund"), Nuveen California Insured Tax-Free Value Fund (the "California Insured Fund") and Nuveen California Tax-Free Money Market Fund (the "Money Market Fund") (together, the "Funds"). This Statement of Additional Information is not a prospectus. A prospectus relating to the California Fund and the California Insured Fund, and a separate prospectus relating to the Money Market Fund may be obtained from certain securities representatives, banks and other financial institutions that have entered into sales agreements with John Nuveen & Co. Incorporated, or from the Funds, c/o John Nuveen & Co. Incorporated, 333 West Wacker Drive, Chicago, Illinois 60606. This Statement of Additional Information relates to, and should be read in conjunction with, the two separate prospectuses referred to above, both of which are dated June 13, 1995 (together, the "Prospectuses").

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The audited financial statements for the fiscal year ended February 28, 1995, appearing in the Annual Report of Nuveen California Tax-Free Fund, Inc. are incorporated herein by reference. The Annual Report accompanies this Statement of Additional Information.

FUNDAMENTAL POLICIES AND INVESTMENT FUND

FUNDAMENTAL POLICIES
The investment objective and certain fundamental investment policies of each Fund are described in the Prospectuses. Each of the Funds, as a fundamental policy, may not, without the approval of the holders of a majority of the shares of that Fund:

(1) Invest in securities other than Municipal Obligations and temporary investments, as those terms are defined in the Prospectuses, and in the case of the Money Market Fund, it may also invest in standby commitments with respect to Municipal Obligations purchased by the Money Market Fund;

(2) Invest more than 5% of its total assets in securities of any one issuer, except that this limitation shall not apply to securities of the United States government, its agencies and instrumentalities or to the investment of 25% of such Fund's assets;

(3) Borrow money, except from banks for temporary or emergency purposes and not for investment purposes and then only in an amount not exceeding (a) 10% of the value of its total assets at the time of borrowing or (b) one-third of the value of the Fund's total assets including the amount borrowed, in order to meet redemption requests which might otherwise require the untimely disposition of securities. While any such borrowings exceed 5% of such Fund's total assets, no additional purchases of investment securities will be made by such Fund. If due to market fluctuations or other reasons, the value of the Fund's assets falls below 300% of its borrowings, the Fund will reduce its borrowings within 3 business days. To do this, the Fund may have to sell a portion of its investments at a time when it may be disadvantageous to do so;

(4) Pledge, mortgage or hypothecate its assets, except that, to secure borrowings permitted by subparagraph (3) above, it may pledge securities having a market value at the time of pledge not exceeding 10% of the value of the Fund's total assets;

(5) Issue senior securities as defined in the Investment Company Act of 1940, except to the extent such issuance might be involved with respect to borrowings described under item (3) above or with respect to transactions involving futures contracts or the writing of options within the limits described in the Prospectuses and this Statement of Additional Information;

(6) Underwrite any issue of securities, except to the extent that the purchase of Municipal Obligations in accordance with its investment objective, policies and limitations, may be deemed to be an underwriting;

(7) Purchase or sell real estate, but this shall not prevent any Fund from investing in Municipal Obligations secured by real estate or interests therein or foreclosing upon and selling such security;

(8) Purchase or sell commodities or commodities contracts or oil, gas or other mineral exploration or development programs, except for transactions involving futures contracts within the limits described in the Prospectuses and this Statement of Additional Information;

(9) Make loans, other than by entering into repurchase agreements and through the purchase of Municipal Obligations or temporary investments in accordance with its investment objective, policies and limitations;

(10) Make short sales of securities or purchase any securities on margin, except for such short-term credits as are necessary for the clearance of transactions;

(11) Write or purchase put or call options, except to the extent that the pur-

chase of a stand-by commitment may be considered the purchase of a put, and except for transactions involving options within the limits described in the Prospectuses and this Statement of Additional Information;

(12) Invest more than 5% of its total assets in securities of unseasoned issuers which, together with their predecessors, have been in operation for less than three years;

(13) Invest more than 25% of its total assets in securities of issuers in any one industry; provided, however, that such limitations shall not be applicable to Municipal Obligations issued by governments or political subdivisions of governments, and obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities;

(14) Invest more than 10% of its total assets in repurchase agreements maturing in more than seven days, "illiquid" securities (such as non-negotiable CDs) and securities without readily available market quotations;

(15) Purchase or retain the securities of any issuer other than the securities of the Fund if, to the Fund's knowledge, those directors of Nuveen California Tax-Free Fund, Inc., or those officers and directors of Nuveen Advisory Corp. ("Nuveen Advisory") who individually own beneficially more than 1/2 of 1% of the outstanding securities of such issuer, together own beneficially more than 5% of such outstanding securities.

For the purpose of applying the limitations set forth in paragraphs (2) and (12) above, an issuer shall be deemed the sole issuer of a security when its assets and revenues are separate from other governmental entities and its securities are backed only by its assets and revenues. Similarly, in the case of a non-governmental user, such as an industrial corporation or a privately owned or operated hospital, if the security is backed only by the assets and revenues of the non-governmental user, then such non-governmental user would be deemed to be the sole issuer. Where a security is also backed by the enforceable obligation of a superior or unrelated governmental entity or other entity (other than a bond insurer), it shall also be included in the computation of securities owned that are issued by such governmental or other entity.

Where a security is guaranteed by a governmental entity or some other facility, such as a bank guarantee or letter of credit, such a guarantee or letter of credit would be considered a separate security and would be treated as an issue of such government, other entity or bank. Where a security is insured by bond insurance, it shall not be considered a security issued or guaranteed by the insurer; instead the issuer of such security will be determined in accordance with the principles set forth above. The foregoing restrictions do not limit the percentage of a Fund's assets that may be invested in securities insured by any single insurer. It is a fundamental policy of each Fund, which cannot be changed without the approval of the holders of a majority of shares of such Fund, that a Fund will not hold securities of a single bank, including securities backed by a letter of credit of such bank, if such holdings would exceed 10% of the total assets of such Fund.

The foregoing restrictions and limitations, as well as the Funds' policies as to ratings of fund investments, will apply only at the time of purchase of securities, and the percentage limitations will not be considered violated unless an excess or deficiency occurs or exists immediately after and as a result of an acquisition of securities, unless otherwise indicated.

The foregoing fundamental investment policies, together with the investment objective of each Fund, cannot be changed without approval by holders of a "majority of the Fund's outstanding voting shares." As defined in the Investment Company Act of 1940, this means the vote of (i) 67% or more of the Fund's shares present at a meeting, if the holders of more than 50% of the Fund's shares are present or represented by proxy, or (ii) more than 50% of the Fund's shares, whichever is less.

Nuveen California Tax-Free Fund, Inc. is a series company under SEC Rule 18f-2 and each Fund is a separate series issuing its own shares. Certain matters under the Investment Company Act of 1940 which must be submitted to a vote of the holders of the outstanding voting securities of a series company shall not be deemed to have been effectively acted upon unless approved by the holders of a majority of the outstanding voting securities of each series affected by such matter.

PORTFOLIO SECURITIES

As described in the Prospectuses, each Fund invests primarily in a diversified fund of California Municipal Obligations, except that each Fund may not invest more than 10% of its net assets in California Municipal Obligations issued within certain U.S. possessions or territories. In general, Municipal Obligations include debt obligations issued by states, cities and local authorities to obtain funds for various public purposes, including construction of a wide range of public facilities such as airports, bridges, highways, hospitals, housing, mass transportation, schools, streets and water and sewer works. Industrial development bonds and pollution control bonds that are issued by or on behalf of public authorities to finance various privately-rated facilities are included within the term Municipal Obligations if the interest paid thereon is exempt from federal income tax. California Municipal Obligations in which each Fund will primarily invest are issued by the State of California and cities and local authorities in that state, and bear interest that, in the opinion of bond counsel to the issuer, is exempt from federal and California personal income taxes.

Obligations of issuers of Municipal Obligations are subject to the provisions of bankruptcy, insolvency and other laws affecting the rights and remedies of creditors, such as the Federal Bankruptcy Reform Act of 1978. In addition, the obligations of such issuers may become subject to the laws enacted in the future by Congress, state legislatures or referenda extending the time for payment of principal and/or interest, or imposing other constraints upon enforcement of such obligations or upon municipalities to levy taxes. There is also the possibility that, as a result of legislation or other conditions, the power or ability of any issuer to pay, when due, the principal of and interest on its Municipal Obligations may be materially affected.

The California Fund and the California Insured Fund may invest in Municipal Obligations that constitute participations in a lease obligation or installment purchase contract obligation (hereafter collectively called "lease obligations") of a municipal authority or entity. Although lease obligations do not

constitute general obligations of the municipality for which the municipality's taxing power is pledged, a lease obligation is ordinarily backed by the municipality's covenant to budget for, appropriate and make the payments due under the lease obligation. However, certain lease obligations contain "non-appropriation" clauses which provide that the municipality has no obligation to make lease or installment purchase payments in future years unless money is appropriated for such purpose on a yearly basis. Although non-appropriation lease obligations are secured by the leased property, disposition of the property in the event of foreclosure might prove difficult. These Funds will seek to minimize the special risks associated with such securities by not investing more than 10% of its assets in lease obligations that contain non-appropriation clauses, and by only investing in those nonappropriation leases where (1) the nature of the leased equipment or property is such that its ownership or use is essential to a governmental function of the municipality, (2) the lease payments will commence amortization of principal at an early date resulting in an average life of seven years or less for the lease obligation, (3) appropriate covenants will be obtained from the municipal obligor prohibiting the substitution or purchase of similar equipment if lease payments are not appropriated, (4) the lease obligor has maintained good market acceptability in the past, (5) the investment is of a size that will be attractive to institutional investors, and (6) the underlying leased equipment has elements of portability and/or use that enhance its marketability in the event foreclosure on the underlying equipment were ever required. Lease obligations provide a premium interest rate which along with regular amortization of the principal may make them attractive for a portion of the assets of the California Fund or the California Insured Fund.

The following is a more complete description of certain California Municipal Obligations in which the Funds may invest.

California Fund

The California Fund's investment assets will consist of (1) California Municipal Obligations which are rated at the time of purchase within the four highest grades (Baa or BBB or better) by Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Corporation ("S&P"), (2) unrated California Municipal Obligations of investment grade quality in the opinion of Nuveen Advisory, with no fixed percentage limitations on these unrated California Municipal Obligations and (3) temporary investments as described below, the income from which may be subject to California income tax or to both federal and California income taxes.

California Insured Fund

The California Insured Fund will, under normal circumstances, invest substantially all (at least 80%) of its assets in California Municipal Obligations which meet the investment criteria of the California Fund and are either covered by insurance guaranteeing the timely payment of principal and interest thereon or backed by an escrow or trust account containing sufficient U.S. Government or U.S. Government agency securities to ensure timely payment of principal and interest.

Each insured California Municipal Obligation held by the California Insured Fund will either be (1) covered by an insurance policy applicable to a specific security and obtained by the issuer of the security or a third party at the time of original issuance ("Original Issue Insurance"), (2) covered by an insurance policy applicable to a specific security and obtained by the Fund or a third party subsequent

to the time of original issuance ("Secondary Market Insurance"), or (3) covered by a master municipal insurance policy purchased by the California Insured Fund ("Portfolio Insurance"). The California Insured Fund currently maintains a policy of Portfolio Insurance with MBIA Insurance Corporation, AMBAC Indemnity Corporation, Financial Security Assurance, Inc., and Financial Guaranty Insurance Company, and may in the future obtain other policies of Fund Insurance, depending on the availability of such policies on terms favorable to the Fund. However, the California Insured Fund may determine not to obtain such policies and to emphasize investments in California Municipal Obligations insured under Original Issue Insurance or Secondary Market Insurance. In any event, the California Insured Fund will only obtain policies of Portfolio Insurance issued by insurers whose claims-paying ability is rated Aaa by Moody's or AAA by S&P. The California Insured Fund currently intends to obtain insurance policies only from mono-line insurers specializing in insuring municipal debt. California Municipal Obligations covered by Original Issue Insurance or Secondary Market Insurance are themselves typically assigned a rating of Aaa or AAA, as the case may be, by virtue of the Aaa or AAA claims-paying ability of the insurer and would generally be assigned a lower rating if the rating were based primarily upon the credit characteristics of the issuer without regard to the insurance feature. By way of contrast, the ratings, if any, assigned to California Municipal Obligations insured under Portfolio Insurance will be based primarily upon the credit characteristics of the issuers without regard to the insurance feature, and will generally carry a rating that is below Aaa or AAA. While in the portfolio of the California Insured Fund, however, a California Municipal Obligation backed by Portfolio Insurance will effectively be of the same quality as a Municipal Obligation issued by an issuer of comparable credit characteristics that is backed by Original Issue Insurance or Secondary Market Insurance.

The California Insured Fund's policy of investing in California Municipal Obligations insured by insurers whose claims-paying ability is rated Aaa or AAA will apply only at the time of the purchase of a security, and the California Insured Fund will not be required to dispose of securities in the event Moody's or S&P, as the case may be, downgrades its assessment of the claims-paying ability of a particular insurer or the credit characteristics of a particular issuer. In this connection, it should be noted that in the event Moody's or S&P or both should downgrade its assessment of the claims-paying ability of a particular insurer, it could also be expected to downgrade the ratings assigned to California Municipal Obligations insured under Original Issue Insurance or Secondary Market Insurance issued by such insurer, and California Municipal Obligations insured under Portfolio Insurance issued by such insurer would also be of reduced quality in the portfolio of the California Insured Fund. Moody's and S&P continually assess the claims-paying ability of insurers and the credit characteristics of issuers, and there can be no assurance that they will not downgrade their assessments subsequent to the time the California Insured Fund purchases securities.

In addition to insured California Municipal Obligations, the California Insured Fund may invest in California Municipal Obligations that are entitled to the benefit of an escrow or trust account which contains securities issued or guaranteed by the U.S. Government or U.S. Government agencies, backed by the full faith and credit of the United States, and sufficient in amount to ensure the payment of interest and principal on the original interest payment and maturity dates ("collateralized obligations"). These collateralized obligations generally will not be insured and will include, but are not limited to, California Municipal Obligations that have been (1) advance refunded where the proceeds of

the refunding have been used to purchase U.S. Government or U.S. Government agency securities that are placed in escrow and whose interest or maturing principal payments, or both, are sufficient to cover the remaining scheduled debt service on the California Municipal Obligations, and (2) issued under state or local housing finance programs which use the issuance proceeds to fund mortgages that are then exchanged for U.S. Government or U.S. Government agency securities and deposited with a trustee as security for the California Municipal Obligations. These collateralized obligations are normally regarded as having the credit characteristics of the underlying U.S. Government or U.S. Government agency securities. Collateralized obligations will not constitute more than 20% of each Fund's assets.

Each insured California Municipal Obligation in which the California Insured Fund invests will be covered by Original Issue Insurance, Secondary Market Insurance or Portfolio Insurance. There is no limitation on the percentage of the Fund's assets that may be invested in Municipal Obligations insured by any given insurer.

Original Issue Insurance. Original Issue Insurance is purchased with respect to a particular issue of Municipal Obligations by the issuer thereof or a third party in conjunction with the original issuance of such California Municipal Obligations. Under such insurance, the insurer unconditionally guarantees to the holder of the California Municipal Obligation the timely payment of principal and interest on such obligation when and as such payments shall become due but shall not be paid by the issuer, except that in the event of any acceleration of the due date of the principal by reason of mandatory or optional redemption (other than acceleration by reason of a mandatory sinking fund payment), default or otherwise, the payments guaranteed may be made in such amounts and at such times as payments of principal would have been due had there not been such acceleration. The insurer is responsible for such payments less any amounts received by the holder from any trustee for the California Municipal Obligation issuers or from any other source. Original Issue Insurance does not guarantee payment on an accelerated basis, the payment of any redemption premium (except with respect to certain premium payments in the case of certain small issue industrial development and pollution control California Municipal Obligations), the value of the shares of the California Insured Fund, the market value of California Municipal Obligations, or payments of any tender purchase price upon the tender of the California Municipal Obligations. Original Issue Insurance also does not insure against nonpayment of principal of or interest on California Municipal Obligations resulting from the insolvency, negligence or any other act or omission of the trustee or other paying agent for such obligations.

In the event that interest on or principal of a California Municipal Obligation covered by insurance is due for payment but is unpaid by the issuer thereof, the applicable insurer will make payments to its fiscal agent (the "Fiscal Agent") equal to such unpaid amounts of principal and interest not later than one business day after the insurer has been notified that such nonpayment has occurred (but not earlier than the date such payment is due). The Fiscal Agent will disburse to the California Insured Fund the amount of principal and interest which is then due for payment but is unpaid upon receipt by the Fiscal Agent of (i) evidence of the California Insured Fund's right to receive payment of such principal and interest and (ii) evidence, including any appropriate instruments of assignment, that all of the rights to payment of such principal or interest then due for payment shall thereupon vest in the insurer. Upon payment by the insurer of any principal or interest payments with respect to any Califor-

nia Municipal Obligations, the insurer shall succeed to the rights of the California Insured Fund with respect to such payment.

Original Issue Insurance remains in effect as long as the California Municipal Obligations covered thereby remain outstanding and the insurer remains in business, regardless of whether the California Insured Fund ultimately disposes of such California Municipal Obligations. Consequently, Original Issue Insurance may be considered to represent an element of market value with respect to the California Municipal Obligations so insured, but the exact effect, if any, of this insurance on such market value cannot be estimated.

Secondary Market Insurance. Subsequent to the time of original issuance of a California Municipal Obligation, the California Insured Fund or a third party may, upon the payment of a single premium, purchase insurance on such California Municipal Obligation. Secondary Market Insurance generally provides the same type of coverage as is provided by Original Issue Insurance and remains in effect as long as the California Municipal Obligations covered thereby remain outstanding, the holder of such Municipal Obligation does not voluntarily relinquish the Secondary Market Insurance and the insurer remains in business, regardless of whether the California Insured Fund ultimately disposes of such California Municipal Obligations.

One of the purposes of acquiring Secondary Market Insurance with respect to a particular California Municipal Obligation would be to enable the California Insured Fund to enhance the value of such California Municipal Obligation. The California Insured Fund, for example, might seek to purchase a particular California Municipal Obligation and obtain Secondary Market Insurance with respect thereto if, in the opinion of Nuveen Advisory, the market value of such California Municipal Obligation, as insured, would exceed the current value of the California Municipal Obligation without insurance plus the cost of the Secondary Market Insurance. Similarly, if the California Insured Fund owns but wishes to sell a California Municipal Obligation that is then covered by Portfolio Insurance, the California Insured Fund might seek to obtain Secondary Market Insurance with respect thereto if, in the opinion of Nuveen Advisory, the net proceeds of a sale by the California Insured Fund of such obligation, as insured, would exceed the current value of such obligation plus the cost of the Secondary Market Insurance.

Portfolio Insurance. Portfolio Insurance guarantees the payment of principal and interest on specified eligible California Municipal Obligations purchased by the California Insured Fund. Except as described below, Portfolio Insurance generally provides the same type of coverage as is provided by Original Issue

Insurance or Secondary Market Insurance. California Municipal Obligations insured under one Portfolio Insurance policy would generally not be insured under any other policy purchased by the California Insured Fund. A California Municipal Obligation is eligible for coverage under a policy if it meets certain requirements of the insurer. Portfolio Insurance is intended to reduce financial risk, but the cost thereof and compliance with investment restrictions imposed under the policy will reduce the yield to shareholders of the California Insured Fund.

If a California Municipal Obligation is already covered by Original Issue Insurance or Secondary Market Insurance, then such California Municipal Obligation is not required to be additionally insured

under any policy of Portfolio Insurance that the California Insured Fund may purchase. All premiums respecting California Municipal Obligations covered by Original Issue Insurance or Secondary Market Insurance are paid in advance by the issuer or other party obtaining the insurance.

Portfolio Insurance policies are effective only as to California Municipal Obligations owned by and held by the California Insured Fund, and do not cover California Municipal Obligations for which the contract for purchase fails. A "when-issued" California Municipal Obligation will be covered under a Portfolio Insurance policy upon the settlement date of the issue of such "when-issued" Municipal Obligation. In determining whether to insure California Municipal Obligations held by the California Insured Fund, an insurer will apply its own standards, which correspond generally to the standards it has established for determining the insurability of new issues of California Municipal Obligations. See "Original Issue Insurance" above.

Each Portfolio Insurance policy will be noncancellable and will remain in effect so long as the California Insured Fund is in existence, the California Municipal Obligations covered by the policy continue to be held by the Funds, and the Funds pay the premiums for the policy. Each insurer will generally reserve the right at any time upon 90 days' written notice to the California Insured Fund to refuse to insure any additional securities purchased by the California Insured Fund after the effective date of such notice. The Board of Directors will generally reserve the right to terminate each policy upon seven days' written notice to an insurer if it determines that the cost of such policy is not reasonable in relation to the value of the insurance to the California Insured Fund.

Each Portfolio Insurance policy will terminate as to any California Municipal Obligation that has been redeemed from or sold by the California Insured Fund on the date of such redemption or the settlement date of such sale, and an insurer shall not have any liability thereafter under a policy as to any such California Municipal Obligation, except that if the date of such redemption or the settlement date of such sale occurs after a record date and before the related payment date with respect to any such California Municipal Obligation, the policy will terminate as to such California Municipal Obligation on the business day immediately following such payment date. Each policy will terminate as to all California Municipal Obligations covered thereby on the date on which the last of the covered California Municipal Obligations mature, are redeemed or are sold by the California Insured Fund.

One or more policies of Portfolio Insurance may provide the California Insured Fund, pursuant to an irrevocable commitment of the insurer, with the option to exercise the right to obtain permanent insurance ("Permanent Insurance") with respect to a California Municipal Obligation that is to be sold by the California Insured Fund. The California Insured Fund would exercise the right to obtain Permanent Insurance upon payment of a single, predetermined insurance premium payable from the proceeds of the sale of a California Municipal Obligation. It is expected that the California Insured Fund will exercise the right to obtain Permanent Insurance for a California Municipal Obligation only if, in the opinion of Nuveen Advisory, upon such exercise the net proceeds from the sale by California Insured Fund of such obligation, as insured, would exceed the proceeds from the sale of such obligation without insurance.

The Permanent Insurance premium with respect to each such obligation is determined based upon the insurability of each such obligation as of the date of purchase by the California Insured Fund and will not be increased or decreased for any change in the creditworthiness of such obligation unless such obligation is in default as to payment of principal or interest, or both. In such event, the Permanent Insurance premium shall be subject to an increase predetermined at the date of purchase by the California Insured Fund.

The California Insured Fund generally intends to retain any insured securities covered by Portfolio Insurance that are in default or in significant risk of default and to place a value on the insurance, which ordinarily will be the difference between the market value of the defaulted security and the market value of similar securities of minimum investment grade (i.e., rated BBB) that are not in default. In certain circumstances, however, Nuveen Advisory may determine that an alternative value for the insurance, such as the difference between the market value of the defaulted security and either its par value or the market value of securities of a similar nature that are not in default or in significant risk of default, is more appropriate. To the extent that the California Insured Fund holds such defaulted securities, it may be limited in its ability to manage its investment portfolio and to purchase other California Municipal Obligations. Except as described above with respect to securities covered by Portfolio Insurance that are in default or subject to significant risk of default, the California Insured Fund will not place any value on the insurance in valuing the California Municipal Obligations that it holds.

Because each Portfolio Insurance policy will terminate as to California Municipal Obligations sold by the California Insured Fund on the date of sale, in which event the insurer will be liable only for those payments of principal and interest that are then due and owing (unless Permanent Insurance is obtained by the California Insured Fund), the provision for this insurance will not enhance the marketability of securities held by the California Insured Fund, whether or not the securities are in default or in significant risk of default. On the other hand, since Original Issue Insurance and Secondary Market Insurance will remain in effect as long as California Municipal Obligations covered thereby are outstanding, such insurance may enhance the marketability of such securities, even when such securities are in default or in significant risk of default, but the exact effect, if any, on marketability cannot be estimated. Accordingly, the California Insured Fund may determine to retain or, alternatively, to sell California Municipal Obligations covered by Original Issue Insurance or Secondary Market Insurance that are in default or in significant risk of default.

Premiums for a Portfolio Insurance policy are paid monthly, and are adjusted for purchases and sales of California Municipal Obligations covered by the policy during the month. The yield on the California Insured Fund is reduced to the extent of the insurance premiums allocated to it. Depending upon the characteristics of the California Municipal Obligations held by the California Insured Fund, the annual premium rate for policies of Portfolio Insurance is estimated to range from .15% to .30% of the value of the California Municipal Obligations covered under the policy. Because the majority of the California Municipal Obligations in the California Insured Fund were not covered by policies of Portfolio Insurance during the fiscal year ended February 28, 1995, total premiums as a percentage of the value of the California Municipal Obligations held by the California Insured Fund for such period were .01%.

Set forth below is information about the various municipal bond insurers with whom the California Insured Fund currently maintains policies of Portfolio Insurance.

AMBAC INDEMNITY CORPORATION ("AMBAC INDEMNITY")

AMBAC Indemnity is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia and the Commonwealth of Puerto Rico, with admitted assets of approximately $2,145,000,000 (unaudited) and statutory capital of approximately $1,218,000,000 (unaudited) as of December 31, 1994. Statutory capital consists of AMBAC Indemnity's policyholders' surplus and statutory contingency reserve. AMBAC Indemnity is a wholly-owned subsidiary of AMBAC, Inc., a 100% publicly-held company. Moody's, S&P and Fitch Investors Service, Inc. each have assigned a triple-A claims-paying ability rating to AMBAC Indemnity.

AMBAC Indemnity has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by AMBAC Indemnity will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by AMBAC Indemnity under policy provisions substantially identical to those contained in its municipal bond insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the issuer of the bonds.

Copies of AMBAC Indemnity's financial statements prepared in accordance with statutory accounting standards are available from AMBAC Indemnity. The address of AMBAC Indemnity's administrative offices and its telephone number are One State Street Plaza, 17th Floor, New York, New York 10004 and (212) 668-0340.

FINANCIAL SECURITY ASSURANCE INC. ("FINANCIAL SECURITY")

Financial Security is a monoline insurance company incorporated under the laws of the State of New York. Financial Security is licensed, directly or through its subsidiaries, to engage in the financial guaranty insurance business in all 50 states, the District of Columbia, Puerto Rico and the United Kingdom.

Financial Security is approximately 61.1% owned by U S WEST Capital Corporation, 9.5% owned by Fund American Enterprises Holdings, Inc. and 7.4% owned by The Tokio Marine and Fire Insurance Co. Ltd. ("Tokio Marine"). No shareholder is obligated to pay any debts of or any claims against Financial Security. Financial Security is domiciled in the State of New York and is subject to regulation by the State of New York Insurance Department. As of March 31, 1995, the total policyholders' surplus and contingency reserves and the total unearned premium reserve, respectively, of Financial Security and its consolidated subsidiaries were, in accordance with statutory accounting principles, approximately $469,190,000 (unaudited) and $248,929,000 (unaudited), and the total shareholders' equity and the total unearned premium reserve, respectively, of Financial Security and its consolidated subsidiaries were, in accordance with generally accepted accounting principles, approximately $557,421,000 (unaudited) and $217,048,000 (unaudited). Copies of Financial Security's financial statements may be obtained by writing

to Financial Security at 350 Park Avenue, New York, New York 10022, Attention: Communications Department, Financial Security's telephone number is (212) 826-0100.

MBIA INSURANCE CORPORATION ("MBIA")

MBIA, formerly known as Municipal Bond Investors Assurance Corporation, is the principal operating subsidiary of MBIA Inc., A New York Stock Exchange listed company. MBIA Inc. is not obligated to pay the debts of or claims against MBIA. MBIA is a limited liability corporation rather than a several liability association. MBIA is domiciled in the State of New York and licensed to do business to all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam.

As of December 31, 1993, MBIA had admitted assets of $3.1 billion (audited), total liabilities of $2.1 billion (audited), and total capital and surplus of $978 million (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 1994, MBIA had admitted assets of $3.4 billion (audited), total liabilities of $2.3 billion (audited), and total capital and surplus of $1.1 billion (audited), determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. Copies of MBIA's year end financial statements prepared in accordance with statutory accounting practices are available from MBIA. The address of MBIA is 113 King Street, Armonk, New York 10504.

MBIA's policy unconditionally and irrevocably guarantees to the California Insured Fund the full and complete payment required to be made by or on behalf of the issuer to the applicable paying agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Municipal Obligations as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by MBIA's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration) and (ii) the reimbursement of any such payment which is subsequently recovered from the Fund of the Municipal Obligations pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to the California Insured Fund within the meaning of any applicable bankruptcy law (a "Preference").

MBIA's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Municipal Obligation. MBIA's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Municipal Obligations upon tender thereof; or (iv) any Preference relating to (i) through (iii) above. MBIA's policy also does not insure against nonpayment of principal of or interest on the Municipal Obligations resulting from the insolvency, negligence or any other act or omission of any paying agent for the Municipal Obligations.

With respect to small issue industrial development bonds and pollution control revenue bonds covered by the policy, MBIA guarantees the full and complete payments required to be made by or on behalf of an issuer of such bonds if there occurs pursuant to the terms of the bonds an event which results in the loss of the tax-exempt status of interest on such bonds, including principal, interest or premium payments payable thereon, if any, as and when required to be made by or on behalf of the issuer pursuant to the terms of such bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice registered or certified mail, by MBIA from the paying agent or the California Insured Fund that a required payment of any insured amount which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Municipal Obligations or presentment of such other proof of ownership of the Municipal Obligations, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Municipal Obligations as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for the California Insured Fund in any legal proceeding related to payment of insured amounts on Municipal Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to the California Insured Fund or the paying agent payment of the insured amounts due on such Municipal Obligations, less any amount held by the paying agent for the payment of such insured amounts and legally available therefor.

FINANCIAL GUARANTY INSURANCE COMPANY, DOING BUSINESS IN CALFORNIA AS FGIC INSURANCE COMPANY ("FINANCIAL GUARANTY")
The Portfolio Insurance Policy is non-cancellable except for failure to pay the premium. The premium rate for each purchase of a security covered by the Portfolio Insurance Policy is fixed for the life of the Insured Bond. The insurance premiums are payable monthly by the California Insured Fund and are adjusted for purchases, sales and payments prior to maturity of Insured Bonds during the month. In the event of a sale of any Insured Bond by the California Insured Fund or payment thereof prior to maturity, the Portfolio Insurance Policy terminates as to such Insured Bond.

Under the provisions of the Portfolio Insurance Policy, Financial Guaranty unconditionally and irrevocably agrees to pay to State Street Bank and Trust Company, or its successor, as its agent (the "Fiscal Agent"), that portion of the principal of and interest on the Insured Bonds which shall become due for payment but shall be unpaid by reason of nonpayment by the issuer of the Insured Bonds. The term "due for payment" means, when referring to the principal of an Insured Bond, its stated maturity date or the date on which it shall have been called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on an Insured Bond, the stated date for payment of interest. In addition, the Portfolio Insurance Policy covers nonpayment by the issuer that results from any payment of principal

or interest made by such issuer on the Insured Bond to the California Insured Fund which has been recovered from the California Insured Fund or its shareholders pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes due for payment or on the business day next following the day on which Financial Guaranty shall have received notice of nonpayment, whichever is later. The Fiscal Agent will disburse to the Trustee the face amount of principal and interest which is then due for payment but is unpaid by reason of nonpayment by the issuer, but only upon receipt by the Fiscal Agent of (i) evidence of the Trustee's right to receive payment of the principal or interest due for payment and (ii) evidence, including any appropriate instruments of assignment, that all of the rights to payment of such principal or interest due for payment thereupon shall vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Insured Bond, appurtenant coupon or right to payment of principal or interest on such Insured Bond and shall be fully subrogated to all of the Trustee's rights thereunder, including the right to payment, thereof.

In determining whether to insure municipal securities held in the California Insured Fund, Financial Guaranty will apply its own standards which are not necessarily the same as the criteria used in regard to the selection of securities by the California Insured Fund.

Certain of the municipal securities insured under the Portfolio Insurance Policy may also be insured under an insurance policy obtained by the issuer of such municipal securities. The premium for any insurance policy or policies obtained by an issuer or Insured Bonds has been paid in advance by such issuer and any such policy or policies are non-cancellable and will continue in force so long as the Insured Bonds so insured are outstanding. Financial Guaranty has also agree, if requested by the California Insured Fund on or before the fifth day preceding the 1st day of any month, to insure to maturity Insured Bonds sold by the Trustee during the month immediately following such request of the California Insured Fund. The premium for any such insurance to maturity provided by Financial Guaranty is paid by the California Insured Fund and any such insurance is non-cancellable and will continue in force so long as the Bonds so insured are outstanding.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a subsidiary of General Electric Capital Corporation. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of December 31, 1994, the total capital and surplus of Financial Guaranty was approximately $893,700,000. Financial Guaranty prepares financial statements on the basis of generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 115 Broadway, New York, New York 10006, Attention: Communications Department (telephone number: (212) 312-3000) or to the New York State Insurance Department at 160 West Broadway, 18th Floor, New York, New York 10013, Attention: Property Companies Bureau (telephone number: (212) 602-0389).

The policies of insurance obtained by the California Insured Fund from Financial Guaranty and the negotiations in respect thereof represent the only relationship between Financial Guaranty and the California Insured Fund. Otherwise neither Financial Guaranty nor its parent, FGIC Corporation, or any affiliate thereof has any significant relationship, direct or indirect, with the California Insured Fund or the Board of Directors.

The above municipal bond insurers have insurance claims-paying ability ratings of AAA from S&P and Aaa from Moody's.

An S&P insurance claims-paying ability rating is an assessment of an operating insurance company's financial capacity to meet obligations under an insurance policy in accordance with its terms. An insurer with an insurance claims-paying ability rating of AAA has the highest rating assigned by S&P. Capacity to honor insurance contracts is adjudged by S&P to be extremely strong and highly likely to remain so over a long period of time. A Moody's insurance claims-paying ability rating is an opinion of the ability of an insurance company to repay punctually senior policyholder obligations and claims. An insurer with an insurance claims-paying ability rating of Aaa is adjudged by Moody's to be of the best quality. In the opinion of Moody's, the policy obligations of an insurance company with an insurance claims-paying ability rating of Aaa carry the smallest degree of credit risk and, while the financial strength of these companies is likely to change, such changes as can be visualized are most unlikely to impair the company's fundamentally strong position.

An insurance claims-paying ability rating by S&P or Moody's does not constitute an opinion on any specific contract in that such an opinion can only be rendered upon the review of the specific insurance contract. Furthermore, an insurance claims-paying ability rating does not take into account deductibles, surrender or cancellation penalties or the timeliness of payment, nor does it address the ability of a company to meet nonpolicy obligations (i.e., debt contracts).

The assignment of ratings by S&P or Moody's to debt issues that are fully or partially supported by insurance policies, contracts or guarantees is a separate process from the determination of claims-paying ability ratings. The likelihood of a timely flow of funds from the insurer to the trustee for the bondholders is a key element in the rating determination for such debt issues.

S&P's and Moody's ratings are not recommendations to buy, sell or hold the Municipal Obligations insured by policies issued by AMBAC Indemnity, Financial Security, MBIA or Financial Guaranty and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of either or both ratings may have an adverse effect on the market price of the Municipal Obligations insured by policies issued by AMBAC Indemnity, Financial Security, MBIA or Financial Guaranty.

S&P's ratings of AMBAC Indemnity, Financial Security, MBIA and Financial Guaranty should be evaluated independently of Moody's ratings. Any further explanation as to the significance of the ratings may be obtained only from the applicable rating agency.

Money Market Fund

The various securities in which the Money Market Fund intends to invest are described in the Money Market Fund Prospectus. The following is a more complete description of certain short-term California Municipal Obligations in which the Money Market Fund may invest:

Bond Anticipation Notes (BANs) are usually general obligations of state and local governmental issuers which are sold to obtain interim financing for projects that will eventually be funded through the sale of long-term debt obligations or bonds. The ability of an issuer to meet its obligations on its BANs is primarily dependent on the issuer's access to the long-term municipal bond market and the likelihood that the proceeds of such bond sales will be used to pay the principal and interest on the BANs.

Tax Anticipation Notes (TANs) are issued by state and local governments to finance the current operations of such governments. Repayment is generally to be derived from specific future tax revenues. TANs are usually general obligations of the issuer. A weakness in an issuer's capacity to raise taxes due to, among other things, a decline in its tax base or a rise in delinquencies, could adversely affect the issuer's ability to meet its obligations on outstanding TANs.

Revenue Anticipation Notes (RANs) are issued by governments or governmental bodies with the expectation that future revenues from a designated source will be used to repay the notes. In general, they also constitute general obligations of the issuer. A decline in the receipt of projected revenues, such as anticipated revenues from another level of government, could adversely affect an issuer's ability to meet its obligations on outstanding RANs. In addition, the possibility that the revenues would, when received, be used to meet other obligations could affect the ability of the issuer to pay the principal and interest on RANs.

Construction Loan Notes are issued to provide construction financing for specific projects. Frequently, these notes are redeemed with funds obtained from the Federal Housing Administration.

Bank Notes are notes issued by local governmental bodies and agencies such as those described above to commercial banks as evidence of borrowings. The purposes for which the notes are issued are varied but they are frequently issued to meet short-term working-capital or capital-project needs. These notes may have risks similar to the risks associated with TANs and RANs.

Variable and Floating Rate Instruments-Certain Municipal Obligations, certain instruments issued, guaranteed or sponsored by the U.S. Government or its agencies, and certain debt instruments issued by domestic banks or corporations, may carry variable or floating rates of interest. Such instruments bear interest at rates which are not fixed, but which vary with changes in specified market rates or indices, such as a bank prime rate or a tax-exempt money market index. Variable rate notes are adjusted to current interest rate levels at certain specified times, such as every 30 days, as set forth in the instrument. A floating rate note adjusts automatically whenever there is a change in its base interest rate adjustor, e.g., a change in the prime lending rate on specified interest rate indices. Typically such instruments carry demand features permitting the Money Market Fund to redeem at par upon specified notice.

The Money Market Fund's right to obtain payment at par on a demand instrument upon demand could be affected by events occurring between the date the Money Market Fund elects to redeem the instrument and the date redemption proceeds are due which affect the ability of the issuer to pay the instrument at par value. The Adviser will monitor on an ongoing basis the pricing, quality and liquidity of such instruments and will similarly monitor the ability of an issuer of a demand instrument, including those supported by bank letters of credit or guarantees, to pay principal and interest on demand. Although the ultimate maturity of such variable rate obligations may exceed 397 days, the Money Market Fund will treat the maturity of each variable rate demand obligation, for purposes of computing its dollar weighted average fund maturity, as the longer of (i) the notice period required before the Money Market Fund is entitled to payment of the principal amount through demand, or (ii) the period remaining until the next interest rate adjustment.

The Money Market Fund may also obtain standby commitments with respect to Municipal Obligations. Under a standby commitment (often referred to as a put), the party issuing the commitment agrees to purchase at the Money Market Fund's option the Municipal Obligation at an agreed-upon price on certain dates or within a specific period. Since the value of a standby commitment depends in part upon the ability of the issuing party to meet its purchase obligations thereunder, the Money Market Fund will enter into standby commitments only with parties which have been evaluated by Nuveen Advisory and, in the opinion of Nuveen Advisory, present minimal credit risks.

The amount payable to the Money Market Fund upon its exercise of a standby commitment would be (1) the acquisition cost of the Municipal Obligations (excluding any accrued interest that the Money Market Fund paid on acquisition), less any amortized market premium or plus any amortized market or original issue discount during the period the Money Market Fund owned the security, plus (2) all interest accrued on the security since the last interest payment date during the period the security was owned by the Money Market Fund. The Money Market Fund's right to exercise standby commitments held by it will be unconditional and unqualified. The acquisition of a standby commitment will not affect the valuation of the underlying security, which will continue to be valued in accordance with the amortized cost method. The standby commitment itself will be valued at zero in determining net asset value. The Money Market Fund may purchase standby commitments for cash or pay a higher price for fund securities which are acquired subject to such a commitment (thus reducing the yield to maturity otherwise available for the same securities). The maturity of a Municipal Obligation purchased by the Money Market Fund will not be considered shortened by any standby commitment to which such security is subject. Although the Money Market Fund's rights under a standby commitment would not be transferable, the Money Market Fund could sell Municipal Obligations which were subject to a standby commitment to a third party at any time.

PORTFOLIO TRADING AND TURNOVER (CALIFORNIA FUND AND CALIFORNIA INSURED FUND ONLY)

The California Fund and the California Insured Fund will make changes in their investment portfolios from time to time in order to take advantage of opportunities in the municipal market and to limit exposure to market risk. Each Fund may also engage to a limited extent in short-term trading consistent with its investment objective, but a Fund will not trade securities solely to realize a profit. Securities may be sold in anticipation of market decline or purchased in anticipation of market rise and

later sold, but a Fund will not engage in trading solely to recognize a gain. In addition, a security may be sold and another of comparable quality purchased at approximately the same time to take advantage of what Nuveen Advisory believes to be a temporary disparity in the normal yield relationship between the two securities. A Fund may make changes in its investment portfolio in order to limit its exposure to changing market conditions. Changes in a Fund's investments are known as "portfolio turnover." While it is impossible to predict future portfolio turnover rates, each Fund's annual portfolio turnover rate is generally not expected to exceed 50%. However, each Fund reserves the right to make changes in its investments whenever it deems such action advisable, and therefore, a Fund's annual portfolio turnover rate may exceed 50% in particular years depending upon market conditions. The portfolio turnover rates for the California Fund and the California Insured Fund for the fiscal year ended February 28, 1995 were 32% and 25%, respectively, and for the fiscal year ended February 28, 1994, were 19% and 14%, respectively.

WHEN-ISSUED SECURITIES

As described in the Prospectuses, each Fund may purchase and sell Municipal Obligations on a when-issued or delayed delivery basis. When-issued and delayed delivery transactions arise when securities are purchased or sold with payment and delivery beyond the regular settlement date. (When-issued transactions normally settle within 15-45 days.) On such transactions the payment obligation and the interest rate are fixed at the time the buyer enters into the commitment. The commitment to purchase securities on a when-issued or delayed delivery basis may involve an element of risk because the value of the securities is subject to market fluctuation, no interest accrues to the purchaser prior to settlement of the transaction, and at the time of delivery the market value may be less than cost. At the time a Fund makes the commitment to purchase a Municipal Obligation on a when-issued or delayed delivery basis, it will record the transaction and reflect the amount due and the value of the security in determining its net asset value. Likewise, at the time a Fund makes the commitment to sell a Municipal Obligation on a delayed delivery basis, it will record the transaction and include the proceeds to be received in determining its net asset value; accordingly, any fluctuations in the value of the Municipal Obligation sold pursuant to a delayed delivery commitment are ignored in calculating net asset value so long as the commitment remains in effect. Each Fund will maintain designated readily marketable assets at least equal in value to commitments to purchase when-issued or delayed delivery securities, such assets to be segregated by the Custodian specifically for the settlement of such commitments. A Fund will only make commitments to purchase Municipal Obligations on a when-issued or delayed delivery basis with the intention of actually acquiring the securities, but each Fund reserves the right to sell these securities before the settlement date if it is deemed advisable. If a when-issued security is sold before delivery any gain or loss would not be tax-exempt. A Fund commonly engages in when-issued transactions in order to purchase or sell newly-issued Municipal Obligations, and may engage in delayed delivery transactions in order to manage its operations more effectively.

SPECIAL CONSIDERATIONS RELATING TO CALIFORNIA MUNICIPAL OBLIGATIONS

As described above, except to the extent the Funds invest in temporary investments, the Funds will invest substantially all of their assets in California Municipal Obligations. The Funds are therefore susceptible to political, economic or regulatory factors affecting issuers of California Municipal Obligations.

These include the possible adverse effects of certain California constitutional amendments, legislative measures, voter initiatives and other matters that are described below. The following information provides only a brief summary of the complex factors affecting the financial situation in California (the "State") and is derived from sources that are generally available to investors and is believed to be accurate. No independent verification has been made of the accuracy or completeness of any of the following information. It is based in part on information obtained from various State and local agencies in California or contained in Official Statements for various California Municipal Obligations.

There can be no assurance that current or future statewide or regional economic difficulties, and the resulting impact on State or local governmental finances generally, will not adversely affect the market value of California Municipal Obligations held in the portfolios of the Funds or the ability of particular obligors to make timely payments of debt service on (or relating to) those obligations.

Economic Overview

California's economy is the largest among the 50 states and one of the largest in the world. The State's population of almost 32 million represents over 12% of the total United States population and grew by 27% in the 1980s. Total personal income in the State, at an estimated $683 billion in 1993, accounts for almost 13% of all personal income in the nation. Total employment is almost 14 million, the majority of which is in the service, trade and manufacturing sectors.

From mid-1990 to late 1993, the State suffered a recession with the worst economic, fiscal and budget conditions since the 1930s. Construction, manufacturing (especially aerospace), and financial services, among others, were all severely affected, particularly in Southern California. Job losses were the worst of any post-war recession. Employment levels stabilized by late 1993 and steady growth occurred in 1994 and is expected in 1995, but pre-recession job levels are not expected to be reached for several more years. Unemployment, while remaining higher than the national average, has come down about 3% in 1994. Economic indicators show a steady recovery underway in California since the start of 1994. However, any delay or reversal of the recovery will exacerbate shortfalls in State revenues.

Constitutional Limitations on Taxes and Appropriations

Limitation on Taxes. Certain California Municipal Obligations may be obligations of issuers which rely in whole or in part, directly or indirectly, on ad valorem property taxes as a source of revenue. The taxing powers of California local governments and districts are limited by Article XIIIA of the California Constitution, enacted by the voters in 1978 and commonly known as "Proposition 13." Briefly, Article XIIIA limits to 1% of full cash value the rate of ad valorem property taxes on real property and generally restricts the reassessment of property to 2% per year, except upon new construction or change of ownership (subject to a number of exemptions). Taxing entities may, however, raise ad valorem taxes above the 1% limit to pay debt service on voter-approved bonded indebtedness.

Under Article XIIIA, the basic 1% ad valorem tax levy is applied against the assessed value of property as of the owner's date of acquisition (or as of March 1, 1975, if acquired earlier), subject to certain adjustments. This system has resulted in widely varying amounts of tax on similarly situated properties. Several lawsuits have been filed challenging the acquisition-based assessment system of Proposition 13, and on June 18, 1992 the U.S. Supreme Court announced a decision upholding Proposition 13.

Article XIIIA prohibits local governments from raising revenues through ad valorem property taxes above the 1% limit; it also requires voters of any governmental unit to give two-thirds approval to levy any "special tax." Court decisions, however, allowed a non-voter approved levy of "general taxes" which were not dedicated to a specific use. In response to these decisions, the voters of the State in 1986 adopted an initiative statute which imposed significant new limits on the ability of local entities to raise or levy general taxes, except by receiving majority local voter approval. Significant elements of this initiative, "Proposition 62," have been overturned in recent court cases. An initiative proposed to re-enact the provisions of Proposition 62 as a constitutional amendment was defeated by the voters in November 1990, but such a proposal may be renewed in the future.

Appropriations Limits. The State and its local governments are subject to an annual "appropriations limit" imposed by Article XIIIB of the California Constitution, enacted by the voters in 1979 and significantly amended by Propositions 98 and 111 in 1988 and 1990, respectively. Article XIIIB prohibits the State or any covered local government from spending "appropriations subject to limitation" in excess of the appropriations limit imposed. "Appropriations subject to limitation" are authorizations to spend "proceeds of taxes," which consist of tax revenues and certain other funds, including proceeds from regulatory licenses, user charges or other fees, to the extent that such proceeds exceed the cost of providing the product or service, but "proceeds of taxes" exclude most State subventions to local governments. No limit is imposed on appropriations of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds, including bond proceeds.

Among the expenditures not included in the Article XIIIB appropriations limit are (1) the debt service cost of bonds issued or authorized prior to January 1, 1979, or subsequently authorized by the voters, (2) appropriations arising from certain emergencies declared by the Governor, (3) appropriations for certain capital outlay projects, (4) appropriations by the State of post-1989 increases in gasoline taxes and vehicle weight fees, and (5) appropriations made in certain cases of emergency.

The appropriations limit for each year is adjusted annually to reflect changes in cost of living and population, and any transfers of service responsibilities between government units. The definitions for such adjustments were liberalized in 1990 to follow more closely growth in the State's economy.

"Excess" revenues are measured over a two year cycle. Local governments must return any excess to taxpayers by rate reductions. The State must refund 50% of any excess, with the other 50% paid to schools and community colleges. With more liberal annual adjustment factors since 1988, and depressed revenues since 1990 because of the recession, few governments are currently operating near their spending limits, but this condition may change over time. Local governments may by voter approval exceed their spending limits for up to four years. During fiscal year 1986-87, State receipts from proceeds of taxes exceeded its appropriations limit by $1.1 billion, which was returned to taxpayers. Since that year, appropriations subject to limitation have been under the State limit. State appropriations are expected to be $3.7 billion under the limit for fiscal year 1993-94.

Because of the complex nature of Articles XIIIA and XIIIB of the California Constitution, the ambiguities and possible inconsistencies in their terms, and the impossibility of predicting future appropriations or changes in population and cost of living, and the probability of continuing legal challenges, it

is not currently possible to determine fully the impact of Article XIIIA or Article XIIIB on California Municipal Obligations or on the ability of the State or local governments to pay debt service on such California Municipal Obligations. It is not possible, at the present time, to predict the outcome of any pending litigation with respect to the ultimate scope, impact or constitutionality of either Article XIIIA or Article XIIIB, or the impact of any such determinations upon State agencies or local governments, or upon their ability to pay debt service on their obligations. Future initiatives or legislative changes in laws or the California Constitution may also affect the ability of the State or local issuers to repay their obligations.

Obligations of the State of California

As of March 1, 1995, the State had approximately $18.9 billion of general obligation bonds outstanding, and $3.7 billion remained authorized but unissued. In addition, at June 30, 1994, the State had lease-purchase obligations, payable from the State's General Fund, of approximately $5.1 billion. Of the State's outstanding general obligation debt, 26% is presently self-liquidating (for which program revenues are anticipated to be sufficient to reimburse the General Fund for debt service payments). Five general obligation bond propositions, totalling $6.9 billion, were rejected by the voters on the June and November 1994 ballots. In fiscal year 1993-94, debt service on general obligation bonds and lease-purchase debt was approximately 5.2% of General Fund revenues. The State has paid the principal of and interest on its general obligation bonds, lease-purchase debt and short-term obligations when due.

Recent Financial Results

The principal sources of General Fund revenues in 1993-1994 were the California personal income tax (44% of total revenues), the sales tax (35%), bank and corporation taxes (12%), and the gross premium tax on insurance (3%). The State maintains a Special Fund for Economic Uncertainties (the "Economic Uncertainties Fund"), derived from General Fund revenues, as a reserve to meet cash needs of the General Fund, but which is required to be replenished as soon as sufficient revenues are available. Year-end balances in the Economic Uncertainties Fund are included for financial reporting purposes in the General Fund balance. In most recent years, the State has budgeted to maintain the Economic Uncertainties Fund at around 3% of General Fund expenditures but essentially no reserve has been budgeted in 1992-93, 1993-94 or 1994-95 because revenues have been reduced by the recession.

General. Throughout the 1980's, State spending increased rapidly as the State population and economy also grew rapidly, including increased spending for many assistance programs to local governments, which were constrained by Proposition 13 and other laws. The largest State program is assistance to local public school districts. In 1988, an initiative (Proposition 98) was enacted which (subject to suspension by a two-thirds vote of the Legislature and the Governor) guarantees local school districts and community college districts a minimum share of State General Fund revenues (currently about 35%).

Since the start of the 1990-91 fiscal year, the State has faced adverse economic, fiscal, and budget conditions. The economic recession seriously affected State tax revenues. It also caused increased expenditures for health and welfare programs. The State is also facing a structural imbalance in its budget with the largest programs supported by the General Fund (education, health, welfare and corrections)

growing at rates significantly higher than the growth rates for the principal revenue sources of the General Fund. As a result, the State entered a period of budget imbalance, with expenditures exceeding revenues for four of the five completed fiscal years through 1991-92.

As the State fell into a deep recession in the summer of 1990, the State budget fell sharply out of balance in the 1990-91 and 1991-92 fiscal years, despite significant expenditure cuts and tax increases. The State had accumulated a $2.8 billion budget deficit by June 30, 1992. This deficit also severely reduced the State's cash resources, so that it had to rely on external borrowing in the short-term markets to meet its cash needs.

With the failure to enact a budget by July 1, 1992, the State had no legal authority to pay many of its vendors until the budget was passed; nevertheless, certain obligations (such as debt service, school apportionments, welfare payments, and employee salaries) were payable because of continuing or special appropriations, or court orders. However, the State Controller did not have enough cash to pay as they came due all of these ongoing obligations, as well as valid obligations incurred in the prior fiscal year.

Starting on July 1, 1992, the Controller was required to issue "registered warrants" in lieu of normal warrants backed by cash to pay many State obligations. Available cash was used to pay constitutionally mandated and priority obligations. Between July 1 and September 3, 1992, the Controller issued an aggregate of approximately $3.8 billion of registered warrants all of which were called for redemption by September 4, 1992 following enactment of the 1992-93 Budget Act and issuance by the State of $3.3 billion of Interim Notes.

The 1992-93 Budget Act, when finally adopted, was projected to eliminate the State's accumulated deficit, with additional expenditure cuts and a $1.3 billion transfer of State education funding costs to local governments by shifting local property taxes to school districts. However, as the recession continued longer and deeper than expected, revenues once again were far below projections, and only reached a level just equal to the amount of expenditures. Thus, the State continued to carry its $2.8 billion budget deficit at June 30, 1993.

The 1993-94 Budget Act was similar to the prior year, in reliance on expenditure cuts and an additional $2.6 billion transfer of costs to local government, particularly counties. A major feature of the budget was a two-year plan to eliminate the accumulated deficit by borrowing into the 1994-95 fiscal year. With the recession still continuing longer than expected, the Department of Finance projected that in the 1993-94 Fiscal Year, the General Fund had $800 million less revenue and $800 million higher expenditures than budgeted. As a result revenues only exceeded expenditures by about $500 million. This was the first operating surplus in four years. The accumulated budget deficit was reduced to about $1.8 billion as of June 30, 1994.

The 1994-95 Budget Act was passed on July 8, 1994, and provides for an estimated $41.9 billion of General Fund revenues, and $40.9 billion of expenditures. The budget assumed receipt of about $750 million of new federal assistance for the costs of incarceration, and health and welfare costs for undocumented immigrants. Other major components of the budget include further reductions in health and

welfare costs, some additional transfers of funds from local government, and a plan to defer retirement of $1 billion of the accumulated budget deficit to the 1995-96 fiscal year. The federal government has apparently budgeted only $33 million of the expected immigration aid. However, this shortfall is expected to be almost fully offset by higher than projected revenues, and lower than projected caseload growth, as the economy improves.

Because of the accumulated budget deficit over the past several years, the payment of certain unbudgeted expenditures to schools to maintain constant per-pupil aid levels, and a reduction of the level of available internal borrowing, the State's cash resources have been significantly depleted. This has required the State to rely on a series of external borrowings for the past several years to pay its normal expenses, including borrowings which have gone past the end of the fiscal year. In February, 1994, the State borrowed $3.2 billion, maturing by December, 1994. In July, 1994, the State borrowed a total of $7.0 billion to meet its cash flow requirements for the 1994-95 fiscal year, and to fund a part of its deficit into the 1995-96 fiscal year. A total of $4.0 billion of this borrowing matures in April, 1996. In order to assure repayment of this borrowing, the State enacted legislation (the "Trigger Law") which can lead to automatic, across-the-board cuts in General Fund expenditures in either the 1994-95 or 1995-96 fiscal years if cash flow projections made at certain times during those years show deterioration from the projections made in July 1994 when the borrowings were made. On November 15, 1994, the State Controller as part of the Trigger Law reported that the cash position of the General Fund on June 30, 1995 would be about $580 million better than earlier projected, so no automatic budget adjustments were required in 1994-95. The Controller's report showed that loss of federal funds was offset by higher revenues, lower expenditures, and certain other increases in cash resources.

The proposed Governor's Budget for the 1995-96 Fiscal Year projects General Fund revenues of $42.5 billion and expenditures of $41.7 billion. The Governor's Budget projects that all the accumulated budget deficits will be repaid by June 30, 1996, with a small balance ($92 million) in the Special Fund for Economic Uncertainties, the budget reserve. The proposed budget assumes receipt of about $830 million of new federal aid for undocumented aliens' costs, and also assumes success in certain ongoing litigation concerning previous budget actions. The Governor has proposed a 15% cut in personal income and corporate taxes, to be phased in over three years starting in 1996.

Orange County. On December 6, 1994, Orange County, California (the "County"), together with its pooled investment funds (the "Pools") filed for protection under Chapter 9 of the federal Bankruptcy Code, after reports that the Pools had suffered significant market losses in their investments causing a liquidity crisis for the Pools and the County. More than 180 other public entities, most but not all located in the County, were also depositors in the Pools. As of mid-January, 1995, the County estimated the Pools' loss at about $1.7 billion, or 23% of its initial deposits of around $7.5 billion. Many of the entities which kept monies in the Pools, including the County, are facing cash flow difficulties because of the bankruptcy filing and may be required to reduce programs or capital projects. The County and some of these entities have, and others may in the future, default in payment of their obligations. Moody's and S&P have suspended, reduced to below investment grade levels, or placed on "Credit Watch" various securities of the County and the entities participating in the Pools. As of the fiscal year end, the California Insured Fund owned no uninsured bonds issued by Orange County or

invested in the Pools. The California Fund owned no bonds issued by Orange County, and owned bonds (comprising 0.7% of the Fund's net assets) of one issuer that had invested in the Pools; those bonds are supported by a dedicated stream of incremental tax revenues and a debt service fund, equal to the maximum annual debt service, which is held by a trustee and is not invested in the Pools. The Money Market Fund does not own any securities of Orange County or of any participants in the Pools.

The State of California has no present obligation with respect to any obligations or securities of the County or any of the other participating entities. However, the State may be obligated to intervene to ensure that school districts have sufficient funds to operate, or to maintain certain county-administered State programs.

The State's severe financial difficulties for the current and upcoming budget years will result in continued pressure upon almost all local governments, particularly school districts and counties which depend on State aid. Despite efforts in recent years to increase taxes and reduce governmental expenditures, there can be no assurance that the State will not face budget gaps in the future.

Bond Rating

State general obligation bonds are currently rated A1 by Moody's and A by S&P. Both of these ratings have been reduced in several stages from AAA levels which the state held until late 1991.

There can be no assurance that such ratings will be maintained in the future. It should be noted that the creditworthiness of obligations issued by local California issuers may be unrelated to the creditworthiness of obligations issued by the State of California, and that there is no obligation on the part of the State to make payment on such local obligations in the event of default.

Legal Proceedings

The State is involved in certain legal proceedings (described in the State's recent financial statements) that, if decided against the State, may require the State to make significant future expenditures or may substantially impair revenues.

Obligations of Other Issuers

State Assistance. Property tax revenues received by local governments declined more than 50% following passage of Proposition 13. Subsequently, the California Legislature enacted measures to provide for the redistribution of the State's General Fund surplus to local agencies, the reallocation of certain State revenues to local agencies and the assumption of certain governmental functions by the State to assist municipal issuers to raise revenues. Total local assistance from the State's General Fund was budgeted at approximately 75% of General Fund expenditures in recent years, including the effect of implementing reductions in certain aid programs. To reduce State General Fund support for school districts, the 1992-93 and 1993-94 Budget Acts caused local governments to transfer $3.9 billion of property tax revenues to school districts, representing loss of the post-Proposition 13 "bailout" aid. Local governments have in return received greater revenues and greater flexibility to operate health and welfare programs. To the extent the State should be constrained by its Article XIIIB appropriations limit, or its obligation to conform to Proposition 98, or other fiscal considerations, the absolute level, or the rate of growth, of State assistance to local governments may continue to be reduced. Any such reductions in

State aid could compound the serious fiscal constraints already experienced by many local governments, particularly counties. The Richmond Unified School District (Contra Costa County) entered bankruptcy proceedings in May 1991 but the proceedings have been dismissed.

Assessment Bonds. California Municipal Obligations which are assessment bonds may be adversely affected by a general decline in real estate values or a slowdown in real estate sales activity. In many cases, such bonds are secured by land which is undeveloped at the time of issuance but anticipated to be developed within a few years after issuance. In the event of such reduction or slowdown, such development may not occur or may be delayed, thereby increasing the risk of a default on the bonds. Because the special assessments or taxes securing these bonds are not the personal liability of the owners of the property assessed, the lien on the property is the only security for the bonds. Moreover, in most cases the issuer of these bonds is not required to make payments on the bonds in the event of delinquency in the payment of assessments or taxes, except from amounts, if any, in a reserve fund established for the bonds.

California Long Term Lease Obligations. Certain California long-term lease obligations, though typically payable from the general fund of the municipality, are subject to "abatement" in the event the facility being leased is unavailable for beneficial use and occupancy by the municipality during the term of the lease. Abatement is not a default, and there may be no remedies available to the holders of the certificates evidencing the lease obligation in the event abatement occurs. The most common cases of abatement are failure to complete construction of the facility before the end of the period during which lease payments have been capitalized and uninsured casualty losses to the facility (e.g., due to earthquake). In the event abatement occurs with respect to a lease obligation, lease payments may be interrupted (if all available insurance proceeds and reserves are exhausted) and the certificates may not be paid when due.

Several years ago the Richmond Unified School District (the "District") entered into a lease transaction in which certain existing properties of the District were sold and leased back in order to obtain funds to cover operating deficits. Following a fiscal crisis in which the District's finances were taken over by a State receiver (including a brief period under bankruptcy court protection), the District failed to make rental payments on this lease, resulting in a lawsuit by the Trustee for the Certificate of Participation holders, in which the State was a named defendant (on the grounds that it controlled the District's finances). One of the defenses raised in answer to this lawsuit was the invalidity of the original lease transaction. The trial court has upheld the validity of the District's lease, and the case has been settled. Any judgment in any future case against the position asserted by the Trustee in the Richmond case may have adverse implications for lease transactions of a similar nature by other California entities.

Other Issuers of California Municipal Obligations

There are a number of state agencies, instrumentalities and political subdivisions of the State that issue Municipal Obligations, some of which may be conduit revenue obligations payable from payments from private borrowers. These entities are subject to various economic risks and uncertainties, and the credit quality of the securities issued by them may vary considerably from the credit quality of obligations backed by the full faith and credit of the State.

Other Considerations
The repayment of industrial development securities secured by real property may be affected by California laws limiting foreclosure rights of creditors. Securities backed by healthcare and hospital revenues may be affected by changes in State regulations governing cost reimbursements to health care providers under Medi-Cal (the State's Medicaid program), including risks related to the policy of awarding exclusive contracts to certain hospitals.

Limitations on ad valorem property taxes may particularly affect "tax allocation" bonds issued by California redevelopment agencies. Such bonds are secured solely by the increase in assessed valuation of a redevelopment project area after the start of redevelopment activity. In the event that assessed values in the redevelopment project decline (e.g., because of a major natural disaster such as an earthquake), the tax increment revenue may be insufficient to make principal and interest payments on these bonds. Both Moody's and S&P suspended ratings on California tax allocation bonds after the enactment of Articles XIIIA and XIIIB, and only resumed such ratings on a selective basis.

Proposition 87, approved by California voters in 1988, requires that all revenues produced by a tax rate increase go directly to the taxing entity which increased such tax rate to repay that entity's general obligation indebtedness. As a result, redevelopment agencies (which, typically, are the issuers of tax allocation securities) no longer receive an increase in tax increment when taxes on property in the project area are increased to repay voter-approved bonded indebtedness.

The effect of these various constitutional and statutory changes upon the ability of California municipal securities issuers to pay interest and principal on their obligations remains unclear. Furthermore, other measures affecting the taxing or spending authority of California or its political subdivisions may be approved or enacted in the future. Legislation has been or may be introduced which would modify existing taxes or other revenue-raising measures or which either would further limit or, alternatively, would increase the abilities of state and local governments to impose new taxes or increase existing taxes. It is not possible, at present, to predict the extent to which any such legislation will be enacted. Nor is it possible, at present, to determine the impact of any such legislation on California Municipal Obligations in which the Fund may invest, future allocations of state revenues to local governments or the abilities of state or local governments to pay the interest on, or repay the principal of, such California Municipal Obligations.

Substantially all of California is within an active geologic region subject to major seismic activity. Any California Municipal Obligation in the Fund could be affected by an interruption of revenues because of damaged facilities, or, consequently, income tax deductions for casualty losses or property tax assessment reductions. Compensatory financial assistance could be constrained by the inability of (i) an issuer to have obtained earthquake insurance coverage at reasonable rates; (ii) an insurer to perform on its contracts of insurance in the event of widespread losses; or (iii) the federal or State government to appropriate sufficient funds within their respective budget limitations.

On January 17,1994, a major earthquake with an estimated magnitude of 6.8 on the Richter scale struck the Los Angeles area, causing significant property damage to public and private facilities, presently estimated at $15-20 billion. While over $9.5 billion of Federal aid, and a projected $1 billion or

more of State aid, plus insurance proceeds, will reimburse much of that loss, there will be some ultimate loss of wealth and income in the region, in addition to costs of the disruption caused by the event. Short-term economic projections are generally neutral, as the infusion of aid restored billions of dollars to the local economy within a few months. Although the earthquake will hinder recovery from the recession in Southern California, already hard-hit, its long-term impact is not expected to be material in the context of the overall wealth of the region. Almost five years after the event, there are few remaining effects of the 1989 Loma Prieta earthquake in northern California (which, however, caused less severe damage than Northridge).

CONSIDERATIONS RELATING TO FINANCIAL FUTURES AND OPTION CONTRACTS (CALIFORNIA FUND AND CALIFORNIA INSURED FUND ONLY)
The California Fund and the California Insured Fund may purchase and sell financial futures contracts, options on financial futures or related options for the purpose of hedging its portfolio securities against declines in the value of such securities, and to hedge against increases in the cost of securities the Fund intends to purchase. To accomplish such hedging, a Fund may take an investment position in a futures contract or in an option which is expected to move in the opposite direction from the position being hedged. Futures or options utilized for hedging purposes would either be based on an index of long-term Municipal Obligations (i.e., those with remaining maturities averaging 20-30 years) or relate to debt securities whose prices are anticipated by Nuveen Advisory to correlate with the prices of the Municipal Obligations owned by a Fund. The sale of financial futures or the purchase of put options on financial futures or on debt securities or indexes is a means of hedging against the risk that the value of securities owned by a Fund may decline on account of an increase in interest rates, and the purchase of financial futures or of call options on financial futures or on debt securities or indexes is a means of hedging against increases in the cost of the securities a Fund intends to purchase as a result of a decline in interest rates. Writing a call option on a futures contract or on debt securities or indexes may serve as a hedge against a modest decline in prices of Municipal Obligations held in a Fund's portfolio, and writing a put option on a futures contract or on debt securities or indexes may serve as a partial hedge against an increase in the value of Municipal Obligations a Fund intends to acquire. The writing of such options provides a hedge to the extent of the premium received in the writing transaction. Regulations of the Commodity Futures Trading Commission ("CFTC") applicable to the Funds require that transactions in futures and options on futures be engaged in only for bona-fide hedging purposes, and that no such transactions may be entered into by a Fund if the aggregate initial margin deposits and premiums paid by that Fund exceeds 5% of the market value of the Fund's assets. A Fund will not purchase futures unless it has segregated cash, government securities or high grade liquid debt equal to the contract price of the futures less any margin on deposit, or unless the long futures position is covered by the sale of a put option. A Fund will not sell futures unless the Fund owns the instruments underlying the futures or owns options on such instruments or owns a portfolio whose market price may be expected to move in tandem with the market price of the instruments or index underlying the futures. In addition, each Fund is subject to the tax requirement that less than 30% of its gross income may be derived from the sale or disposition of securities held for less than three months. With respect to its engaging in transactions involving the purchase or writing of put and call options on debt securities or indexes, a Fund will not purchase such options if more than 5% of its assets would be invested in the premiums for such options, and it will only write "covered"

or "secured" options, wherein the securities or cash required to be delivered upon exercise are held by a Fund, with such cash being maintained in a segregated account. These requirements and limitations may limit a Fund's ability to engage in hedging transactions.

Description of Financial Futures and Options. A futures contract is a contract between a seller and a buyer for the sale and purchase of specified property at a specified future date for a specified price. An option is a contract that gives the holder of the option the right, but not the obligation, to buy (in the case of a call option) specified property from, or to sell (in the case of a put option) specified property to, the writer of the option for a specified price during a specified period prior to the option's expiration. Financial futures contracts and options cover specified debt securities (such as U.S. Treasury securities) or indexes designed to correlate with price movements in certain categories of debt securities. At least one exchange trades futures contracts on an index designed to correlate with the long-term municipal bond market. Financial futures contracts and options on financial futures contracts are traded on exchanges regulated by the CFTC. Options on certain financial instruments and financial indexes are traded in securities markets regulated by the Securities and Exchange Commission. Although futures contracts and options on specified financial instruments call for settlement by delivery of the financial instruments covered by the contracts, in most cases positions in these contracts are closed out in cash by entering into offsetting, liquidating or closing transactions. Index futures and options are designed for cash settlement only.

Risks of Futures and Options Transactions. There are risks associated with the use of futures contracts and options for hedging purposes. Investment in futures contracts and options involves the risk of imperfect correlation between movements in the price of the futures contract and options and the price of the security being hedged. The hedge will not be fully effective where there is imperfect correlation between the movements in the two financial instruments. For example, if the price of the futures contract moves more than the price of the hedged security, a Fund will experience either a loss or gain on the future which is not completely offset by movements in the price of the hedged securities. Further, even where perfect correlation between the price movements does occur, a Fund will sustain a loss at least equal to the commissions on the financial futures transaction. To compensate for imperfect corrections, the Funds may purchase or sell futures contracts in a greater dollar amount than the hedged securities if the volatility of the hedged securities is historically greater than the volatility of the futures contracts. Conversely, the Funds may purchase or sell fewer futures contracts if the volatility of the price of the hedged securities is historically less than that of the futures contracts.

Because of low initial margin deposits made upon the opening of a futures position, futures transactions involve substantial leverage. As a result, relatively small movements in the price of the futures contract can result in substantial unrealized gains or losses. Because the Funds will engage in the purchase and sale of financial futures contracts solely for hedging purposes, however, any losses incurred in connection therewith should, if the hedging strategy is successful, be offset in whole or in part by increases in the value of securities held by the Funds or decreases in the price of securities the Funds intend to acquire.

The Funds expect to liquidate a majority of the financial futures contracts they enter into through offsetting transactions on the applicable contract market. There can be no assurance, however, that a

liquid secondary market will exist for any particular futures contract at any specific time. Thus, it may not be possible to close a futures position. In the event of adverse price movements, the Funds would continue to be required to make daily cash payments of variation margin. In such situations, if a Fund has sufficient cash, it may be required to sell portfolio securities to meet daily variation margin requirements at a time when it may be disadvantageous to do so. The inability to close out futures positions also could have an adverse impact on a Fund's ability to hedge its portfolio effectively and may expose the Fund to risk of loss. The Funds will enter into a futures position only if, in the judgment of Nuveen Advisory, there appears to be an actively traded secondary market for such futures contracts.

The liquidity of a secondary market in a futures contract may be adversely affected by "daily price fluctuation limits" established by commodity exchanges which limit the amount of fluctuation in a futures contract price during a single trading day. Once the daily limit has been reached in the contract, no trades may be entered into at a price beyond the limit, thus preventing the liquidation of open futures positions. Prices have in the past moved the daily limit on a number of consecutive trading days.

The successful use of transactions in futures also depends on the ability of Nuveen Advisory to forecast the direction and extent of interest rate movements within a given time frame. To the extent these prices remain stable during the period in which a futures contract is held by a Fund or moves in a direction opposite to that anticipated, the Fund may realize a loss on the hedging transaction which is not fully or partially offset by an increase in the value of portfolio securities. As a result, the Fund's total return for such period may be less than if it had not engaged in the hedging transaction.

The ability of each of the Funds to engage in transactions in futures contracts may be limited by the tax requirement that it have less than 30% of its gross income derived from the sale or other disposition of stock or securities held for less than three months. Gain from transactions in futures contracts will be taxable to the Fund's shareholders partially as short-term and partially as long-term capital gain.

TEMPORARY INVESTMENTS
The Prospectuses discuss briefly the ability of each Fund to invest a portion of its assets in federally tax-exempt or taxable "temporary investments." Temporary investments will not exceed 20% of any Fund's assets except when made for defensive purposes. The California Fund and the California Insured Fund will invest only in taxable temporary investments that are either U.S. Government securities or are rated within the highest grade by Moody's or S&P, and mature within 397 days from the date of purchase or carry a variable or floating rate of interest. The Money Market Fund will invest only in temporary investments with remaining maturities of 397 days or less which, in the opinion of Nuveen Advisory, are of "high grade" quality.

Subject to the foregoing limitations, the Funds may invest in the following federally tax-exempt temporary investments:

Bond Anticipation Notes (BANs) are usually general obligations of state and local governmental issuers which are sold to obtain interim financing for projects that will eventually be funded through the sale of long-term debt obligations or bonds. The ability of an issuer to meet its obligations on its BANs is primarily dependent on the issuer's access to the long-term municipal bond market and the likelihood that the proceeds of such bond sales will be used to pay the principal and interest on the BANs.

Tax Anticipation Notes (TANs) are issued by state and local governments to finance the current operations of such governments. Repayment is generally to be derived from specific future tax revenues. Tax anticipation notes are usually general obligations of the issuer. A weakness in an issuer's capacity to raise taxes due to, among other things, a decline in its tax base or a rise in delinquencies, could adversely affect the issuer's ability to meet its obligations on outstanding TANs.

Revenue Anticipation Notes (RANs) are issued by governments or governmental bodies with the expectation that future revenues from a designated source will be used to repay the notes. In general, they also constitute general obligations of the issuer. A decline in the receipt of projected revenues, such as anticipated revenues from another level of government, could adversely affect an issuer's ability to meet its obligations on outstanding RANs. In addition, the possibility that the revenues would, when received, be used to meet other obligations could affect the ability of the issuer to pay the principal and interest on RANs.

Construction Loan Notes are issued to provide construction financing for specific projects. Frequently, these notes are redeemed with funds obtained from the Federal Housing Administration.

Bank Notes are notes issued by local government bodies and agencies as those described above to commercial banks as evidence of borrowings. The purposes for which the notes are issued are varied but they are frequently issued to meet short-term working capital or capital-project needs. These notes may have risks similar to the risks associated with TANs and RANs.

Tax-Exempt Commercial Paper (Municipal Paper) represents very short-term unsecured, negotiable promissory notes, issued by states, municipalities and their agencies. Payment of principal and interest on issues of municipal paper may be made from various sources, to the extent the funds are available therefrom. Maturities of municipal paper generally will be shorter than the maturities of TANs, BANs or RANs. There is a limited secondary market for issues of municipal paper.

While these various types of notes as a group represent the major portion of the tax-exempt note market, other types of notes are occasionally available in the marketplace and each Fund may invest in such other types of notes to the extent permitted under its investment objective, policies and limitations. Such notes may be issued for different purposes and may be secured differently from those mentioned above.

The Funds may also invest in the following taxable temporary investments:

U.S. Government Direct Obligations are issued by the United States Treasury and include bills, notes and bonds.

- -- Treasury bills are issued with maturities of up to one year. They are issued in bearer form, are sold on a discount basis and are payable at par value at maturity.

- -- Treasury notes are longer-term interest bearing obligations with original maturities of one to seven years.

- -- Treasury bonds are longer-term interest-bearing obligations with original maturities from five to thirty years.

U.S. Government Agencies Securities--Certain federal agencies have been established as instrumentalities of the United States Government to supervise and finance certain types of activities. These agencies include, but are not limited to, the Bank for Cooperatives, Federal Land Banks, Federal Intermediate Credit Banks, Federal Home Loan Banks, Federal National Mortgage Association, Government National Mortgage Association, Export-Import Bank of the United States, and Tennessee Valley Authority. Issues of these agencies, while not direct obligations of the United States Government, are either backed by the full faith and credit of the United States or are guaranteed by the Treasury or supported by the issuing agencies' right to borrow from the Treasury. There can be no assurance that the United States Government itself will pay interest and principal on securities as to which it is not legally so obligated.

Certificates of Deposit (CDs)--A certificate of deposit is a negotiable interest bearing instrument with a specific maturity. CDs are issued by banks in exchange for the deposit of funds and normally can be traded in the secondary market, prior to maturity. The Funds will only invest in U.S. dollar denominated CDs issued by U.S. banks with assets of $1 billion or more.

Commercial Paper--Commercial paper is the term used to designate unsecured short-term promissory notes issued by corporations. Maturities on these issues vary from a few days to nine months. Commercial paper may be purchased from U.S. corporations.

Other Corporate Obligations--The Funds may purchase notes, bonds and debentures issued by corporations if at the time of purchase there is less than 397 days remaining until maturity or if they carry a variable or floating rate of interest.

Repurchase Agreements--A repurchase agreement is a contractual agreement whereby the seller of securities (U.S. Government or municipal obligations) agrees to repurchase the same security at a specified price on a future date agreed upon by the parties. The agreed upon repurchase price determines the yield during a Fund's holding period. Repurchase agreements are considered to be loans collateralized by the underlying security that is the subject of the repurchase contract. The Funds will only enter into repurchase agreements with dealers, domestic banks or recognized financial institutions that in the opinion of Nuveen Advisory present minimal credit risk. The risk to the Funds is limited to the ability of the issuer to pay the agreed-upon repurchase price on the delivery date; however, although
the value of the underlying collateral at the time the transaction is entered into always equals or exceeds the agreed-upon repurchase price, if the value of the collateral declines there is a risk of loss of both principal and interest. In the event of default, the collateral may be sold but the Funds might incur a loss if the value of the collateral declines, and might incur disposition costs or experience

delays in connection with liquidating the collateral. In addition, if bankruptcy proceedings are commenced with respect to the seller of the security, realization upon the collateral by the Funds may be delayed or limited. Nuveen Advisory will monitor the value of collateral at the time the transaction is entered into and at all times subsequent during the term of the repurchase agreement in an effort to determine that the value always equals or exceeds the agreed upon price. In the event the value of the collateral declined below the repurchase price, Nuveen Advisory will demand additional collateral from the issuer to increase the value of the collateral to at least that of the repurchase price. A Fund will not invest more than 10% of its assets in repurchase agreements maturing in more than seven days.

Variable and Floating Rate Investments--See the description under "Fundamental Policies and Investment Portfolio--Portfolio Securities--Money Market Fund."

RATINGS OF INVESTMENTS

The four highest ratings of Moody's for Municipal Obligations are Aaa, Aa, A and Baa. Municipal Obligations rated Aaa are judged to be of the "best quality." The rating of Aa is assigned to Municipal Obligations which are of "high quality by all standards," but as to which margins of protection or other elements make long-term risks appear somewhat larger than in Aaa rated Municipal Obligations. The Aaa and Aa rated Municipal Obligations comprise what are generally known as "high grade bonds." Municipal Obligations that are rated A by Moody's possess many favorable investment attributes and are considered upper medium grade obligations. Factors giving security to principal and interest of A rated Municipal Obligations are considered adequate, but elements may be present, which suggest a susceptibility to impairment sometime in the future. Municipal Obligations rated Baa by Moody's are considered medium grade obligations (i.e., they are neither highly protected nor poorly secured). Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well. Moody's bond rating symbols may contain numerical modifiers of a generic rating classification. The modifier 1 indicates that the bond ranks at the high end of its category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the issue ranks in the lower end of its general rating category.

The four highest ratings of S&P for Municipal Obligations are AAA, AA, A and BBB. Municipal Obligations rated AAA have a strong capacity to pay principal and interest. The rating of AA indicates that capacity to pay principal and interest is very strong and such bonds differ from AAA issues only in small degree. The category of A describes bonds which have a strong capacity to pay principal and interest, although such bonds are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions. The BBB rating is the lowest "investment grade" security rating by S&P. Municipal Obligations rated BBB are regarded as having an adequate capacity to pay principal and interest. Whereas such bonds normally exhibit adequate protection parameters, adverse economic conditions are more likely to lead to a weakened capacity to pay principal and interest for bonds in this category than for bonds in the A category.

The "Other Corporate Obligations" category of temporary investments are corporate (as opposed to municipal) debt obligations rated AAA by S&P or Aaa by Moody's. Corporate debt obligations rated

AAA by S&P have an extremely strong capacity to pay principal and interest. The Moody's corporate debt rating of Aaa is comparable to that set forth above for Municipal Obligations.

The two highest ratings of Moody's and S&P for federally tax-exempt short-term loans and notes are MIG-1 and MIG-2, or VMIG-1 or VMIG-2 in the case of variable rate instruments, and SP-1 and SP-2, respectively. Obligations designated MIG-1 or VMIG-1 are the best quality, enjoying strong protection from established cash flows of funds for their servicing or from established and broad-based access to the market for refinancing, or both. Obligations designated as MIG-2 or VMIG-2 are high quality obligations with ample margins of protection. The designation SP-1 indicates a very strong or strong capacity to pay principal and interest while the designation SP-2 denotes a satisfactory capacity to pay principal and interest.

Commercial paper of tax-exempt and corporate issuers is limited to commercial paper rated Prime-1 or Prime-2 by Moody's or A-1 or A-2 by S&P. The rating Prime-1 (P-1) is the highest commercial paper rating assigned by Moody's. Issuers rated P-1 have a superior capacity for repayment of short-term obligations normally evidenced by the following characteristics: leading market positions in well-established industries; high rates or return on funds employed; conservative capitalization structures with moderate reliance on debt and ample asset protection; broad margins in earnings coverage of fixed financial charges and high internal cash generation; well-established access to a range of financial markets and assured sources of alternative liquidity. Issuers rated Prime-2 have a strong capacity for repayment of short-term promissory obligations. The designation A-1 indicates that the degree of safety regarding timely payment is very strong, while the designation A-2 denotes a strong capacity for timely repayment.

Subsequent to its purchase by a Fund, an issue may cease to be rated or its rating may be reduced below the minimum required for purchase by such Fund. Neither event requires the elimination of such obligation from the Fund's portfolio, but Nuveen Advisory will consider such an event in its determination of whether the Fund should continue to hold such obligation.

MANAGEMENT

The management of Nuveen California Tax-Free Fund, Inc., including general supervision of the duties performed for the Funds under the Investment Management Agreement, is the responsibility of its directors. The number of directors of the Nuveen California Tax-Free Fund, Inc. is fixed at seven. Due to the recent death of one of the directors, John E. O'Toole, there is a vacancy on the board, so that currently there are six directors, two of whom are "interested persons" (as the term "interested persons" is defined in the Investment Company Act of 1940) and four of whom are "disinterested persons." The names and business addresses of the directors and officers of Nuveen California Tax-Free Fund, Inc. and their principal occupations and other affiliations during the past five years are set forth below, with those directors who are "interested persons" indicated by an asterisk.

NAME AND ADDRESS	AGE	POSITIONS AND OFFICES WITH FUNDS	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS
Richard J. Franke* 333 West Wacker Drive Chicago, IL 60606	63	Chairman of the Board and Director	Chairman of the Board, Director and formerly President of John Nuveen & Co. Incorporated; Chairman of the Board and Director, formerly President, of Nuveen Advisory Corp.; Chairman of the Board and Director of Nuveen Institutional Advisory Corp. (since April 1990); Certified Financial Planner.
Timothy R. Schwertfeger* 333 West Wacker Drive Chicago, IL 60606	46	President and Director	Executive Vice President and Director of The John Nuveen Company (since March 1992) and John Nuveen & Co. Incorporated; Director of Nuveen Advisory Corp. (since 1992) and Nuveen Institutional Advisory Corp. (since 1992).
Lawrence H. Brown 201 Michigan Avenue Highwood, IL 60040	60	Director	Retired (August 1989) as Senior Vice President of The Northern Trust Company.
Anne E. Impellizzeri 3 West 29th Street New York, NY 10001	62	Director	President and Chief Executive Officer of Blanton-Peale, Institutes of Religion and Health (since December 1990); prior thereto, Vice President of New York City Partnership (from 1987 to 1990).
Margaret K. Rosenheim 969 East 60th Street Chicago, IL 60637	68	Director	Helen Ross Professor of Social Welfare Policy, School of Social Service Administration, University of Chicago.

NAME AND ADDRESS	AGE	POSITIONS AND OFFICES WITH FUNDS	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS
Peter R. Sawers 22 The Landmark Northfield, IL 60093	62	Director	Adjunct Professor of Business and Economics, University of Dubuque, Iowa (since January 1991); Adjunct Professor, Lake Forest Graduate School of Management, Lake Forest, Illinois (since January 1992); prior thereto, Executive Director, Towers Perrin Australia (management consultant); Chartered Financial Analyst; Certified Management Consultant.
Kathleen M. Flanagan 333 West Wacker Drive Chicago, IL 60606	48	Vice President	Vice President of John Nuveen & Co. Incorporated

J. Thomas Futrell 333 West Wacker Drive Chicago, IL 60606	39	Vice President	Vice President of Nuveen Advisory Corp. (since February 1991); prior thereto, Assistant Vice President of Nuveen Advisory Corp. (from August 1988 to February 1991); Chartered Financial Analyst.
Steven J. Krupa 333 West Wacker Drive Chicago, IL 60606	37	Vice President	Vice President of Nuveen Advisory Corp. (since October 1990); prior thereto, Vice President of John Nuveen & Co. Incorporated (from January 1989 to October 1990).
Anna R. Kucinskis 333 West Wacker Drive Chicago, IL 60606	44	Vice President	Vice President of John Nuveen & Co. Incorporated.
Larry W. Martin 333 West Wacker Drive Chicago, IL 60606	43	Vice President and Assistant Secretary	Vice President (since September 1992), Assistant Secretary and Assistant General Counsel of John Nuveen & Co. Incorporated; Vice President (since May 1993) and Assistant Secretary of Nuveen Advisory Corp; Vice President (since May 1993) and Assistant Secretary (since January 1992) of Nuveen Institutional Advisory Corp.; Assistant Secretary of The John Nuveen Company (since February 1993).
O. Walter Renfftlen 333 West Wacker Drive Chicago, IL 60606	55	Vice President and Controller	Vice President and Controller of The John Nuveen Company (since March 1992), John Nuveen & Co. Incorporated, Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. (since April 1990).
Thomas C. Spalding, Jr. 333 West Wacker Drive Chicago, IL 60606	43	Vice President	Vice President of Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. (since April 1990); Chartered Financial Analyst.
H. William Stabenow 333 West Wacker Drive Chicago, IL 60606	60	Vice President and Treasurer	Vice President and Treasurer of The John Nuveen Company (since March 1992), John Nuveen & Co. Incorporated, Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp, (since January 1992).

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NAME AND ADDRESS	AGE	POSITIONS AND OFFICES WITH FUNDS	PRINCIPAL OCCUPATIONS DURING PAST FIVE YEARS
<S>	<C>	<C>	<C>
George P. Thermos 333 West Wacker Drive Chicago, IL 60606	63	Vice President	Vice President of John Nuveen & Co. Incorporated.
James J. Wesolowski 333 West Wacker Drive Chicago, IL 60606	44	Vice President and Secretary	Vice President, General Counsel and Secretary of The John Nuveen Company (since March 1992), John Nuveen & Co. Incorporated, Nuveen Advisory Corp. and Nuveen Insti-

			tutional Advisory Corp. (since April 1990).
Gifford R. Zimmerman 333 West Wacker Drive Chicago, IL 60606	38	Vice President and Assistant Secretary	Vice President (since September 1992), Assistant Secretary and Assistant General Counsel of John Nuveen & Co. Incorporated; Vice President (since May 1993) and Assistant Secretary of Nuveen Advisory Corp.; Vice President (since May 1993) and Assistant Secretary (since January 1992) of Nuveen Institutional Advisory Corp.

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Richard J. Franke, Timothy R. Schwertfeger and Margaret K. Rosenheim serve as members of the Executive Committee of the Board of Directors. The Executive Committee, which meets between regular meetings of the Board of Directors, is authorized to exercise all of the powers of the Board of Directors.

The directors of Nuveen California Tax-Free Fund, Inc. are also directors or trustees, as the case may be, of 18 other Nuveen open-end fund portfolios and 55 Nuveen closed-end funds.

The following table sets forth compensation paid by the Nuveen California Tax-Free Fund, Inc. during the fiscal year ended February 28, 1995 to each of the directors. The Nuveen California Tax-Free Fund, Inc. has no retirement or pension plans. The officers and directors affiliated with Nuveen serve without any compensation from the Nuveen California Tax-Free Fund, Inc.

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NAME OF DIRECTOR	AGGREGATE COMPENSATION FROM THE FUND	TOTAL COMPENSATION FROM THE FUND AND FUND COMPLEX PAID TO DIRECTORS(1)
<S>	<C>	<C>
Richard J. Franke...........................	$ 0	$ 0
Timothy R. Schwertfeger.....................	0	0
Lawrence H. Brown...........................	1,655	56,500
Anne E. Impellizzeri........................	1,220	48,750
Margaret K. Rosenheim.......................	2,161(2)	64,404(3)
Peter R. Sawers.............................	1,655	56,000

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(1) The directors of the Nuveen California Tax-Free Fund, Inc. are directors or trustees, as the case may be, of 21 Nuveen open-end funds and 55 Nuveen closed-end funds.

(2) Includes $270 in interest earned on deferred compensation from prior years.

(3) Includes $1,404 in interest earned on deferred compensation from prior years.

Each director who is not affiliated with Nuveen or Nuveen Advisory receives a $45,000 annual retainer for serving as a director or trustee of all funds for which Nuveen Advisory serves as investment adviser, and a $1,000 fee per day plus expenses for attendance at all meetings held on a day on which a regularly scheduled Board meeting is held, a $1,000 fee per day plus expenses for attendance in person or a $500 fee per day plus expenses for attendance by telephone at a meeting held on a day on which no regular Board meeting is held and a $250 fee per day plus expenses for attendance in person or by telephone at a meeting of the Executive Committee held solely to declare dividends. The annual retainer, fees and expenses are allocated among the funds for which Nuveen Advisory serves as investment adviser on the basis of relative net asset sizes. Nuveen California Tax-Free Fund, Inc. requires no employees other than its officers, all of whom are compensated by Nuveen.

On May 25, 1995, the officers and directors of Nuveen California Tax-Free Fund, Inc. as a group owned less than 1% of the outstanding shares of each Fund. The following table sets forth the percentage ownership of each person who, as of May 25, 1995, owned of record or was known by Nuveen California Tax-Free Fund, Inc. to own of record or beneficially 5% or more of any class of shares of a Fund.

NAME OF FUND AND CLASS	NAME AND ADDRESS OF OWNER	PERCENTAGE OF OWNERSHIP
California Fund Class A Shares	Smith Barney, Inc. 6823000449 388 Greenwich Street New York, NY 10013-2375	5.47%
California Fund Class C Shares	NFSC FEBO # OFP-002135 Michele Chiapella 103 Northwood Commons Chico, CA 95926	23.91%
	Thomas K. Larson & Melanie P. Larson JT Ten WROS NOT TC 142 Via Novella Aptos, CA 95003-5841	15.87%
	Charlotte N. Feo Tr. UA DEC 06 79 Charlotte N. Feo Family Trust 530 Galleon Way Seal Beach, CA 90740-5939	15.81%
	Paul R. Hoeber 611 Bay St., No. 4 San Francisco, CA 94133	15.59%
	Walter A. P. & Jeanette K. Zane TRS UA SEP 19 89 Walter Ah Pan Zane & Jeanette Kwai Jin Zane Living Trust 1744 Frosbisher Way San Jose, CA 95124-1723	6.66%
	Dale Wendall Harding TR UA APR 18 88 Harding Family Trust 627 Calle Miguel San Clemente, CA 92672-2119	5.54%

NAME OF FUND AND CLASS	NAME AND ADDRESS OF OWNER	PERCENTAGE OF OWNERSHIP
	PaineWebber for the Benefit of Vincent J. Lombardo Sarah M. Lombardo 866 Birdhaven Ct. Lafayette, CA 94549-5129	5.03%

California Insured Fund Class A Shares................	Donaldson Lufkin Jenrette Securities Corporation, Inc. P.O. Box 2052 Jersey City, NJ 07303-9998	6.29%
California Insured Fund Class C Shares................	Catherine B. Adrian TR UA AUG 02 94 Adrian Family Trust 534 S. Hickory St. Escondido, CA 92025-4332	17.10%
	George C. Johnson & Paul S. Johnson JT TEN WROS NOT TC 2108 Knolls Drive Santa Rosa, CA 95405	13.03%
	Toni L. Kelly P.O. Box 9049 South Lake Tahoe, CA 96158-2049	11.20%
	PaineWebber for the Benefit of Tom Coultas 2015 Buckingham Place Glendale, CA 91206-1402	10.98%
	PaineWebber for the Benefit of Nancy C. Adams & John Adams Jtwros 481 S. Country Hill Rd. Anaheim, CA 92808-1353	9.13%
	Norma Rae Sorianello & F. Dante Sorianello & Parris V. Sorianello JT TEN WROS NOT TC 5102 Quakertown Ave. Woodland Hills, CA 91364-3537	7.11%
	Frank O. Frisk Jr. 3963 Evadale Dr. Los Angeles, CA 90031-1415	6.73%

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NAME OF FUND AND CLASS	NAME AND ADDRESS OF OWNER	PERCENTAGE OF OWNERSHIP
<S>	<C>	<C>
California Money Market Fund Institutional Series..............	First Interstate Bank FBO WESTCORE ATTN: Mutual Funds A88-4 Cash Management Desk 26610 Agoura Rd. Calabasas, CA 91302-1954	91.89%
California Money Market Fund Distribution Plan Series..........	First Interstate Bank ATTN: Fund Accounting P.O. Box 9800 Calabasas, CA 91372-0800	17.52%
	Andrew D. Geller & Eileen B. Geller Trs. UA SEP 02 87 The Geller Family Trust 5297 Woodbine St. Los Angeles, CA 90064-4836	6.30%
California Money Market Fund		

Service Plan Series..............	Republic Bank California, N.A. ATTN: Patsy Haynes 445 N. Bedford Dr. Beverly Hills, CA 90210-4302	63.20%
	Homco & Co. 5 Danielson Trust Company 525 B St., Fl. 16 San Diego, CA 92101-4403	8.82%

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INVESTMENT ADVISER AND INVESTMENT MANAGEMENT AGREEMENT

Nuveen Advisory Corp. acts as investment adviser for and manages the investment and reinvestment of the assets of each of the Funds. Nuveen Advisory also administers Nuveen California Tax-Free Fund Inc.'s business affairs, provides office facilities and equipment and certain clerical, bookkeeping and administrative services, and permits any of its officers or employees to serve without compensation as trustees or officers of the Funds if elected to such positions. See "Management of the Funds" in the Prospectuses.

Pursuant to an investment management agreement between Nuveen Advisory and Nuveen California Tax-Free Fund, Inc., the Funds have agreed to pay annual management fees at the rates set forth below:

California Money Market Fund:

AVERAGE DAILY NET ASSET VALUE	MANAGEMENT FEES
For the first $500 million	.400 of 1%
For the next $500 million	.375 of 1%
For assets over $1 billion	.350 of 1%

California Fund and California Insured Fund:

AVERAGE DAILY NET ASSET VALUE	MANAGEMENT FEES
For the first $125 million	.5500 of 1%
For the next $125 million	.5375 of 1%
For the next $250 million	.5250 of 1%
For the next $500 million	.5125 of 1%
For the next $1 billion	.5000 of 1%
For assets over $2 billion	.4750 of 1%

Nuveen Advisory will waive all or a portion of its management fee or reimburse certain expenses of each Fund in order to prevent total operating expenses of (including Nuveen Advisory's management fee, but excluding interest, taxes, fees incurred in acquiring and disposing of portfolio securities, any asset-based distribution or service fees and, to the extent permitted, extraordinary expenses) in any fiscal year from exceeding .75 of 1% of the average daily net asset value of any class of shares of the California Fund, .975 of 1% of the average daily net asset value of any class of shares of the California Insured Fund and .55 of 1% of the average daily net asset value of the Money Market Fund. Nuveen Advisory may also voluntarily agree to reimburse additional expenses from time to time, which voluntary reimbursements may be terminated at any time in its discretion. For the last three fiscal years, the Funds paid net management fees to Nuveen Advisory as follows:

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	NET MANAGEMENT FEES PAID TO NUVEEN ADVISORY FOR THE YEAR ENDED FEBRUARY 28,			FEE WAIVERS AND EXPENSE REIMBURSEMENTS FOR THE YEAR ENDED FEBRUARY 28,		
	1993	1994	1995	1993	1994	1995
<S>	<C>	<C>	<C>	<C>	<C>	<C>
California Fund.........	$ 836,742	$1,130,541	$1,123,360	$ 0	$ 0	$ 3,483
California Insured Fund.	707,035	1,053,393	1,073,336	0	0	2,697
Money Market Fund.......	2,198,590	2,066,975	836,730	139,854	130,753	122,246
Total For All Funds.....	3,742,367	4,250,909	3,033,426	139,854	130,753	128,426

</TABLE>

As discussed in the Prospectuses, in addition to the management fees of Nuveen Advisory, each Fund pays all other costs and expenses of its operations and a portion of the general administrative expenses of Nuveen California Tax-Free Fund, Inc. allocated in proportion to the net assets of each Fund.

Nuveen Advisory is a wholly owned subsidiary of John Nuveen & Co. Incorporated ("Nuveen"), the principal underwriter for Nuveen California Tax-Free Fund, Inc. Founded in 1898, Nuveen is the oldest and largest investment banking firm specializing in the underwriting and distribution of tax-exempt securities and maintains the largest research department in the investment banking community devoted exclusively to the analysis of municipal securities. In 1961, Nuveen began sponsoring the Nuveen Tax-Exempt Unit Trust and since that time has issued more than $34 billion in tax-exempt unit trusts, including over $12 billion in tax-exempt insured unit trusts. In addition, Nuveen open-end and closed-end funds held approximately $30 billion in tax-exempt securities under management as of the date of this Statement. Over 1,000,000 individuals have invested to date in Nuveen's tax-exempt funds and trusts. Nuveen is a subsidiary of The John Nuveen Company which, in turn, is approximately 75% owned by The St. Paul Companies, Inc. ("St. Paul"). St. Paul is located in St. Paul, Minnesota, and is principally engaged in providing property-liability insurance through subsidiaries.

Nuveen Advisory's portfolio managers call upon the resources of Nuveen's Research Department, the largest in the investment banking industry devoted exclusively to tax-exempt securities. Nuveen's Research Department was selected in 1994 by Research & Ratings Review, a municipal industry publication, as one of the top four research teams in the municipal industry, based on an extensive industry-wide poll of more than 1,000 portfolio managers, department heads and bond buyers. The Nuveen Research Department previews more than $100 billion in tax-exempt bonds every year.

The Funds, the other Nuveen funds, Nuveen Advisory, and other related entities have adopted a code of ethics which essentially prohibits all Nuveen fund management personnel, including Nuveen fund portfolio managers, from engaging in personal investments which compete or interfere with, or attempt to take advantage of, a Fund's anticipated or actual portfolio transactions, and is designed to assure that the interest of Fund shareholders are placed before the interest of Nuveen personnel in connection with personal investment transactions.

PORTFOLIO TRANSACTIONS

Nuveen Advisory, in effecting purchases and sales of portfolio securities for the account of each Fund, will place orders in such manner as, in the opinion of management, will offer the best price and market for the execution of each transaction. Portfolio securities will normally be purchased directly from an underwriter or in the over-the-counter market from the principal dealers in such securities, unless it appears that a better price or execution may be obtained elsewhere. Portfolio securities will not be purchased from Nuveen or its affiliates except in compliance with the Investment Company Act of 1940.

The Funds expect that all portfolio transactions will be effected on a principal (as opposed to an agency) basis and, accordingly, do not expect to pay any brokerage commissions. Purchases from underwriters will include a commission or concession paid by the issuer to the underwriter, and purchases from dealers will include the spread between the bid and asked price. Given the best price and execution obtainable, it will be the practice of the Funds to select dealers which, in addition, furnish research information (primarily credit analyses of issuers and general economic reports) and statistical and other services to Nuveen Advisory. It is not possible to place a dollar value on information and statistical and other services received from dealers. Since it is only supplementary to Nuveen Advisory's own research efforts, the receipt of research information is not expected to reduce significantly Nuveen Advisory's expenses. While Nuveen Advisory will be primarily responsible for the placement of the business of the Funds, the policies and practices of Nuveen Advisory in this regard must be consistent with the foregoing and will, at all times, be subject to review by the Board of Directors.

Nuveen Advisory reserves the right to, and does, manage other investment accounts and investment companies for other clients, which may have investment objectives similar to the Funds. Subject to applicable laws and regulations, Nuveen Advisory will attempt to allocate equitably portfolio transactions among the Funds and the portfolios of its other clients purchasing or selling securities whenever decisions are made to purchase or sell securities by a Fund and one or more of such other clients simultaneously. In making such allocations the main factors to be considered will be the respective investment objectives of the Fund and such other clients, the relative size of portfolio holdings of the

same or comparable securities, the availability of cash for investment by the Fund and such other clients, the size of investment commitments generally held by the Fund and such other clients and opinions of the persons responsible for recommending investments to the Fund and such other clients. While this procedure could have a detrimental effect on the price or amount of the securities available to a Fund from time to time, it is the opinion of the Board of Directors that the benefits available from Nuveen Advisory's organization will outweigh any disadvantage that may arise from exposure to simultaneous transactions.

Under the Investment Company Act of 1940, the Funds may not purchase portfolio securities from any underwriting syndicate of which Nuveen is a member except under certain limited conditions set forth in Rule 10f-3. The Rule sets forth requirements relating to, among other things, the terms of an issue of Municipal Obligations purchased by a Fund, the amount of Municipal Obligations which may be purchased in any one issue and the assets of a Fund which may be invested in a particular issue. In addition, purchases of securities made pursuant to the terms of the Rule must be approved at least quarterly by the Board of Directors, including a majority of the directors who are not interested persons of the Funds.

NET ASSET VALUE

As stated in the Prospectuses, the net asset value of the shares of each Fund will be determined separately for each class of shares by United States Trust Company of New York, the custodian of Nuveen California Tax-Free Fund, Inc. In the case of the California Fund and the California Insured Fund, net asset value will be determined as of 4:00 p.m. eastern time on each day on which the New York Stock Exchange (the "Exchange") is normally open for trading. In the case of the Money Market Fund, net asset value will be determined as of 12:00

noon eastern time (9:00 a.m. pacific time) on each day on which the Federal Reserve Bank of Boston is normally open for business and on any other day during which there is a sufficient degree of trading in the portfolio securities held by the Money Market Fund that the current net asset value of the Money Market Fund's shares might be materially affected by changes in the value of the securities held by the Money Market Fund. The Exchange is not open for trading on New Year's Day, Washington's Birthday, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day. The Federal Reserve Bank of Boston is also not open for business on these days (except for Good Friday) as well as Martin Luther King's Birthday, Columbus Day and Veterans Day. The net asset value per share of a class of shares of a Fund will be computed by dividing the value of the Fund's assets attributable to the class, less the liabilities attributable to the class, by the number of shares of the class outstanding.

In determining net asset value for the California Fund and the California Insured Fund, the Funds' custodian utilizes the valuations of portfolio securities furnished by a pricing service approved by the directors. The pricing service values portfolio securities at the mean between the quoted bid and asked price or the yield equivalent when quotations are readily available. Securities for which quotations are not readily available (which constitute a majority of the securities held by these Funds) are valued at fair value as determined by the pricing service using methods which include consideration of the following: yields or prices of municipal bonds of comparable quality, type of issue, coupon, maturity and rating; indications as to value from dealers; and general market conditions. The pricing service

may employ electronic data processing techniques and/or a matrix system to determine valuations. The procedures of the pricing service and its valuations are reviewed by the officers of Nuveen California Tax-Free Fund, Inc. under the general supervision of the Board of Directors.

The Money Market Fund seeks to maintain a net asset value of $1.00 per share. In this connection, the Money Market Fund values its portfolio securities at their amortized cost, as permitted under the rules and regulations of the Securities and Exchange Commission under the Investment Company Act of 1940. This method does not take into account unrealized securities gains or losses. It involves valuing an instrument at its cost on the date of purchase and thereafter assuming a constant amortization to maturity of any discount or premium. While this method provides certainty in valuation, it may result in periods during which the value of an investment, as determined by amortized cost, is higher or lower than the price the Money Market Fund would receive if it sold the instrument. During periods of declining interest rates, the daily yield on shares held by the Money Market Fund may tend to be higher than a like computation made by a fund with identical investments utilizing a method of valuation based upon market prices and estimates of market prices for all of its fund instruments. Thus, if the use of the amortized cost method by the Money Market Fund resulted in a lower aggregate portfolio value on a particular day, a prospective investor in the Money Market Fund would be able to obtain a somewhat higher yield than would result from an investment in a fund utilizing solely market values, and existing investors in the Money Market Fund would receive less investment income. The converse would apply in a period of rising interest rates.

The Money Market Fund, as a condition to the use of amortized cost and the maintenance of its per share net asset value of $1.00, must maintain a dollar-weighted average portfolio maturity of 90 days or less, only purchase instruments having remaining maturities of thirteen months or less, and invest only in securities determined to be of high quality with minimal credit risks. The Money Market Fund may invest in variable and floating rate instruments even if they carry stated maturities in excess of thirteen months, upon certain conditions contained in rules and regulations issued by the Securities and Exchange Commission under the Investment Company Act of 1940, but will do so only if there is a secondary market for such instruments or if they carry demand features, permissible under rules of the Securities and Exchange Commission for money market funds, to redeem upon specified notice at par, or both.

The Board of Directors, pursuant to the requirements of the rule permitting amortized cost valuation, has established procedures designed to stabilize, to the extent reasonably possible, the Money Market Fund's price per share as computed for the purpose of sales and redemptions at $1.00. Such procedures will include review of the holdings of the Money Market Fund by the Board of Directors, at such intervals as it may deem appropriate, to determine whether the net asset value calculated by using available market quotations or market equivalents deviates from $1.00 per share based on amortized cost. Market quotations and market equivalents used in such review may be obtained from a pricing agent approved by the Board of Directors. The Board has selected Nuveen Advisory to act as pricing agent, but in the future may select an independent pricing service to perform this function. In serving as pricing agent, Nuveen Advisory will follow guidelines adopted by the Board, and the Board will monitor Nuveen Advisory to see that the guidelines are followed. The pricing agent will value the Money Market Fund's investments based on similar methods used in connection with the valuation of

the securities in the California Fund and the California Insured Fund. The extent of any deviation between the Money Market Fund's net asset value based on the pricing agent's market valuation and $1.00 per share based on amortized cost will be examined by the Board of Directors. If such deviation were to exceed 1/2 of 1%, the Board of Directors would promptly consider what action, if any, would be initiated. In the event the Board of Directors determines that a deviation exists which may result in material dilution or other unfair results to investors or existing shareholders, it has agreed to take such corrective action as it regards as necessary and appropriate, including the sale of portfolio instruments prior to maturity to realize capital gains or losses or to shorten average portfolio maturity; withholding dividends or payment of distributions from capital or capital gains; redemption of shares in kind; or establishing a net asset value per share by using available market quotations.

TAX MATTERS

FEDERAL INCOME TAX MATTERS

The following discussion of federal income tax matters is based upon the advice of Fried, Frank, Harris, Shriver & Jacobson, Washington, D.C., counsel to the Funds.

As described in the Prospectus, each Fund intends to qualify, as it has in prior years, under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code") for tax treatment as a regulated investment company. In order to qualify as a regulated investment company, a Fund must satisfy certain requirements relating to the source of its income, diversification of its assets, and distributions of its income to shareholders. First, a Fund must derive at least 90% of its annual gross income (including tax-exempt interest) from dividends, interest, payments with respect to securities loans, gains from the sale or other disposition of stock or securities, foreign currencies or other income (including but not limited to gains from options and futures) derived with respect to its business of investing in such stock or securities (the "90% gross income test"). Second, a Fund must derive less than 30% of its annual gross income from the sale or other disposition of any of the following which was held for less then three months: (i) stock or securities and (ii) certain options, futures, or forward contracts (the "short-short test"). Third, a Fund must diversify its holdings so that, at the close of each quarter of its taxable year, (i) at least 50% of the value of its total assets is comprised of cash, cash items, United States Government securities, securities of other regulated investment companies and other securities limited in respect of any one issuer to an amount not greater in value than 5% of the value of a Fund's total assets and to not more than 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of the total assets is invested in the securities of any one issuer (other than United States Government securities and securities of other regulated investment companies) or two or more issuers controlled by a Fund and engaged in the same, similar or related trades or businesses.

As a regulated investment company, a fund will not be subject to U.S. federal income tax in any taxable year for which it distributes at least 90% of its "investment company taxable income" (which includes dividends, taxable interest, taxable original issue discount and market discount income, income from securities lending, net short-term capital gain in excess of long-term capital loss, and any other taxable income other than "net capital gain" (as defined below) and is reduced by deductible

expenses) and at least 90% of the excess of its gross tax-exempt interest income over certain disallowed deductions ("net tax-exempt interest"). A Fund may retain for investment its net capital gain (which consists of the excess of its net long-term capital gain over its short-term capital loss). However, if a Fund retains any net capital gain or any investment company taxable income, it will be subject to tax at regular corporate rates on the amount retained. If a Fund retains any capital gain, such Fund may designate the retained amount as undistributed capital gains in a notice to its shareholders who, if subject to U.S. federal income tax purposes on long-term capital gains, (i) will be required to include in income for federal income tax purposes, as long-term capital gain, their shares of such undistributed amount, and (ii) will be entitled to credit their proportionate shares of the tax paid by such Fund against their U.S. federal income tax liabilities, if any, and to claim refunds to the extent the credit exceeds such liabilities. For U.S. federal income tax purposes, the tax basis of shares owned by a shareholder of the fund will be increased by an amount equal under current law to 65% of the amount of undistributed capital gains included in the shareholder's gross income. Each Fund intends to distribute at least annually to its shareholders all or substantially all of its net tax-exempt interest and any investment company taxable income and net capital gain.

Treasury regulations permit a regulated investment company, in determining its investment taxable income and net capital gain, i.e., the excess of net long-term capital gain over net short-term capital loss for any taxable year, to elect (unless it has made a taxable year election for excise tax purposes as discussed below) to treat all or part of any net capital loss, any net long-term capital loss or any net foreign currency loss incurred after October 31 as if they had been incurred in the succeeding year.

Each Fund also intends to satisfy conditions (including requirements as to the proportion of its assets invested in Municipal Obligations) that will enable it to designate distributions from the interest income generated by investments in Municipal Obligations, which are exempt from federal income tax when received by such Fund, as exempt-interest dividends. Shareholders receiving exempt-interest dividends will not be subject to regular federal income tax on the amount of such dividends. Insurance proceeds received by a Fund under any insurance policies in respect of scheduled interest payments on defaulted Municipal Obligations will be excludable from federal gross income under Section 103(a) of the Code. In the case of non-appropriation by a political subdivision, however, there can be no assurance that payments made by the insurer representing interest on "non-appropriation" lease obligations will be excludable from gross income for federal income tax purposes. See "Fundamental Policies and Investment Portfolio--Portfolio Securities."

Distributions by each Fund of net interest received from certain taxable temporary investments (such as certificates of deposit, commercial paper and obligations of the United States Government, its agencies and instrumentalities) and net short-term capital gains realized by a Fund, if any, will be taxable to shareholders as ordinary income whether received in cash or additional shares./1/ If a Fund purchases a Municipal Obligation at a market discount, any gain realized by the Fund upon sale or redemption of

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/1/If a Fund has both tax-exempt and taxable income, it will use the "average annual" method for determining the designated percentage that is taxable income and designate the use of such method within 60 days after the end of the Fund's taxable year. Under this method, one designated percentage is applied uniformly to all distributions made during the Fund's taxable year. The percentage of income designated as tax-exempt for any particular distribution may be substantially different from the percentage of the Fund's income that was tax-exempt during the period covered by the distribution.

the Municipal Obligation will be treated as a taxable interest income to the extent such gain does not exceed the market discount, and any gain realized in excess of the market discount will be treated as capital gains. Any net long-term capital gains realized by a Fund and distributed to shareholders in cash or in additional shares will be taxable to shareholders as long-term capital gains regardless of the length of time investors have owned shares of a Fund. Distributions by a Fund that do not constitute ordinary income dividends, exempt-interest dividends, or capital gain dividends will be treated as a return of capital to the extent of (and in reduction of) the shareholder's tax basis in his or her shares. Any excess will be treated as gain from the sale of his or her shares, as discussed below.

If any of the Funds engages in hedging transactions involving financial futures and options, these transactions will be subject to special tax rules, the effect of which may be to accelerate income to a Fund, defer a Fund's losses, cause adjustments in the holding periods of a Fund's securities, convert long-term capital gains into short-term capital gains and convert short-term capital losses into long-term capital losses. These rules could therefore affect the amount, timing and character of distributions to shareholders.

Because the taxable portion of each Fund's investment income consists primarily of interest, none of its dividends, whether or not treated as exempt-interest dividends, is expected to qualify under the Internal Revenue Code for the dividends received deductions for corporations.

Prior to purchasing shares in one of the Funds, the impact of dividends or distributions which are expected to be or have been declared, but not paid, should be carefully considered. Any dividend or distribution declared shortly after a purchase of shares prior to the record date will have the effect of reducing the per share net asset value by the per share amount of the dividend or distribution.

Although dividends generally will be treated as distributed when paid, dividends declared in October, November or December, payable to shareholders of record on a specified date in one of those months and paid during the following January, will be treated as having been distributed by each Fund (and received by the shareholders) on December 31.

The redemption or exchange of the shares of a Fund normally will result in capital gain or loss to the shareholders. Generally, a shareholder's gain or loss will be long-term gain or loss if the shares have been held for more than one year. Present law taxes both long- and short-term capital gains of corporations at the rates applicable to ordinary income. For non-corporate taxpayers, however, net capital gains (i.e., the excess of net long-term capital gain over net short-term capital loss) will be taxed at a maximum marginal rate of 28%, while short-term capital gains and other ordinary income will be taxed at a maximum marginal rate of 39.6%. Because of the limitations on itemized deductions and the deduction for personal exemptions applicable to higher income taxpayers, the effective rate of tax may be higher in certain circumstances. All or a portion of a sales load paid in purchasing shares of a Fund cannot be taken into account for purposes of determining gain or loss on the redemption or exchange of such shares within 90 days after their purchase to the extent shares of a Fund or another fund are subsequently acquired without payment of a sales load pursuant to the reinvestment or exchange privilege. Any disregarded portion of such load will result in an increase in the shareholder's tax basis in the shares subsequently acquired, Moreover, losses recognized by a shareholder on the

redemption or exchange of shares of a Fund held for six months or less are disallowed to the extent of any distribution of exempt-interest dividends received with respect to such shares and, if not disallowed, such losses are treated as long-term capital losses to the extent of any distributions of long-term capital gain made with respect to such shares. In addition, no loss will be allowed on the redemption or exchange of shares of a Fund if the shareholder purchases other shares of such Fund (whether through reinvestment of distributions or otherwise) or the shareholder acquires or enters into a contract or option to acquire securities that are substantially identical to shares of a Fund within a period of 61 days beginning 30 days before and ending 30 days after such redemption or exchange. If disallowed, the loss will be reflected in an adjustment to the basis of the shares acquired.

It may not be advantageous from a tax perspective for shareholders to redeem or exchange shares after tax-exempt income has accrued but before the record date for the exempt-interest dividend representing the distribution of such income. Because such accrued tax-exempt income is included in the net asset value per share (which equals the redemption or exchange value), such a redemption could result in treatment of the portion of the sales or redemption proceeds equal to the accrued tax-exempt interest as taxable gain (to the extent the redemption or exchange price exceeds the shareholder's tax basis in the shares disposed of) rather then tax-exempt interest.

In order to avoid a 4% federal excise tax, each Fund must distribute or be deemed to have distributed by December 31 of each calendar year at least 98% of its taxable ordinary income for such year, at least 98% of the excess of its realized capital gains over its realized capital losses (generally computed on the basis of the one-year period ending on October 31 of such year) and 100% of any taxable ordinary income and the excess of realized capital gains over realized capital losses for the period year that was not distributed during such year and on which such Fund paid no federal income tax. For purposes of the excise tax, a regulated investment company may (i) reduce its capital gain net income (but not below its net capital gain) by the amount of any net ordinary loss for the calendar year in determining the amount of ordinary taxable income for the current calendar year (and, instead, include such gains and losses in determining ordinary taxable income for the succeeding calendar year). The Funds intend to make timely distributions in compliance with these requirements and consequently it is anticipated that they generally will not be required to pay the excise tax.

If in any year a Fund should fail to qualify under Subchapter M for tax treatment as a regulated investment company, the Fund would incur a regular corporate federal income tax upon its income for that year (other than interest income from Municipal Obligations) and distributions to its shareholders would be taxable to shareholders as ordinary dividend income for federal income tax purposes to the extent of the Fund's available earnings and profits.

Among the requirements that a Fund must meet in order to qualify under Subchapter M in any year is that less than 30% of its gross income must be derived from the sale or other disposition of securities and certain other assets held for less than three months.

Because the Funds may invest in private activity bonds, the interest on which is not federally tax-exempt to persons who are "substantial users" of the facilities financed by such bonds or "related persons" of such "substantial users," the Funds may not be an appropriate investment for shareholders who are considered either a "substantial user" or a "related person" within the meaning of the Code. For additional information, investors should consult their tax advisers before investing in one of the Funds.

Federal tax law imposes an alternative minimum tax with respect to both corporations and individuals. Interest on certain Municipal Obligations, such as bonds issued to make loans for housing purposes or to private entities (but not for certain tax-exempt organizations such as universities and non-profit hospitals), is included as an item of tax preference in determining the amount of a taxpayer's alternative minimum taxable income. To the extent that a Fund receives income from Municipal Obligations subject to the alternative minimum tax, a portion of the dividends paid by it, although otherwise exempt from federal income tax, will be taxable to shareholders to the extent that their tax liability is determined under the alternative minimum tax regime. The Funds will annually supply shareholders with a report indicating the percentage of the Fund income attributable to Municipal Obligations subject to the federal alternative minimum tax.

In addition, the alternative minimum taxable income for corporations is increased by 75% of the difference between an alternative measure of income ("adjusted current earnings") and the amount otherwise determined to be the alternative minimum taxable income. Interest on all Municipal Obligations, and therefore all distributions by the Funds that would otherwise be tax exempt, is included in calculating a corporation's adjusted current earnings.

Tax-exempt income, including exempt-interest dividends paid by the Fund, will be added to the taxable income of individuals receiving social security or railroad retirement benefits in determining whether a portion of that benefit will be subject to federal income tax.

The Code provides that interest on indebtedness incurred or continued to purchase or carry shares of any Fund is not deductible. Under rules used by the IRS for determining when borrowed funds are considered used for the purpose of purchasing or carrying particular assets, the purchase of shares of a Fund may be considered to have been made with borrowed funds even though such funds are not directly traceable to the purchase of shares.

The Funds are required in certain circumstances to withhold 31% of taxable dividends and certain other payments paid to non-corporate holders of shares who have not furnished to the Funds their correct taxpayer identification number (in the case of individuals, their social security number) and certain certifications, or who are otherwise subject to back-up withholding.

The foregoing is a general and abbreviated summary of the provisions of the Code and Treasury Regulations presently in effect as they directly govern the taxation of the Funds and their shareholders. For complete provisions, reference should be made to the pertinent Code sections and Treasury Regulations. The Code and Treasury Regulations are subject to change by legislative or administrative action, and any such change may be retroactive with respect to Fund transactions. Shareholders are advised to consult their own tax advisers for more detailed information concerning the federal taxation of the Funds and the income tax consequences to their shareholders.

CALIFORNIA STATE AND LOCAL TAX MATTERS

The following is based upon the advice of Orrick, Herrington & Sutcliffe, special California counsel to the Funds, and assumes that each Fund will be qualified as a regulated investment company under Subchapter M of the Code and will be qualified thereunder to pay exempt interest dividends.

Individual shareholders of each Fund who are subject to California personal income taxation will not be required to include in their California gross income that portion of their federally tax-exempt dividends which the Fund clearly and accurately identifies as directly attributable to interest earned on obligations, the interest on which is exempt from California personal income tax, provided that at least 50 percent of the value of the Fund's total assets consists of obligations the interest on which is exempt from California personal income taxation. Distributions to individual shareholders derived from interest on Municipal Obligations issued by governmental authorities in states other than California, short-term capital gains and other taxable income will be taxed as dividends for purposes of California personal income taxation. Each Fund's long-term capital gains for federal income tax purposes will be taxed as long-term capital gains to individual shareholders of the Fund for purposes of California personal income taxation. Gain or loss, if any, resulting from an exchange or redemption of shares will be recognized in the year of the exchange or redemption. Present California law taxes both long-term and short-term capital gains at the rates applicable to ordinary income. Interest on indebtedness incurred or continued by a shareholder in connection with the purchase of shares of a Fund will not be deductible for California personal income tax purposes. California has an alternative minimum tax similar to the federal alternative minimum tax described above. However, the California alternative minimum tax does not include interest from private activity bonds as an item of tax preference.

Generally corporate shareholders of the Fund subject to the California franchise tax will be required to include any gain on an exchange or redemption of shares and all distributions of exempt-interest, capital gains and other taxable income, if any, as income subject to such tax.

A Fund will not be subject to California franchise or corporate income tax on interest income or net capital gain distributed to the shareholders.

Shares of a Fund will be exempt from local property taxes in California.

The foregoing is a general, abbreviated summary of certain of the provisions of the California Revenue and Taxation Code presently in effect as it directly governs the taxation of shareholders of a Fund. These provisions are subject to change by legislative or administrative action, and any such change may be retroactive with respect to Fund transactions. Shareholders are advised to consult with their own tax advisers for more detailed information concerning California tax matters.

PERFORMANCE INFORMATION

MONEY MARKET FUND

As explained in the Money Market Fund Prospectus, the historical performance of a series of the Money Market Portfolio may be expressed in terms of "yield," "effective yield" or "taxable equivalent yield." Each series' yield is computed in accordance with a standard method prescribed by rules of the Securities and Exchange Commission. Under that method, current yield is based on a seven-day period and is computed as follows: the series' net investment income per share for the period is divided by the price per share (expected to remain constant at $1.00) at the beginning of the period, the result (the "base period return") is divided by seven and multiplied by 365, and the resulting figure is carried to the nearest hundredth of one percent. For the purpose of this calculation, the series' net investment income per share includes its accrued interest income plus or minus amortized purchase discount or premium less accrued expenses, but does not include realized capital gains or losses or unrealized appreciation or depreciation of investments.

A series' effective yield is calculated by taking the base period return (computed as described above) and calculating the effect of assumed compounding. The formula for effective yield is: (base period return +1) 365/7 -1. Based on the seven-day period ended February 28, 1995, the yield and effective yield for the Service and Distribution Plan series of the Money Market Fund were 3.51% and 3.57%, respectively, and for the Institutional series were 3.51% and 3.58%, respectively.

A series' taxable equivalent yield is computed by dividing that portion of the series' yield which is tax-exempt by 1 minus the stated combined federal and state income tax rate and adding the result to that portion, if any, of the yield of the series that is not tax-exempt. Based upon (1) a combined 1995 federal and California income tax of 46.0%, and (2) the yield for the Money Market Fund as described above for the seven-day period ended February 28, 1995, the taxable equivalent yield for the Service Plan series, the Distribution Plan series and for the Institutional series of the Money Market Fund for that period was 6.50%.

Each series' yield will fluctuate, and the publication of annualized yield quotations is not a representation of what an investment in the series will actually yield for any given future period. Actual yields will depend not only on changes in interest rates on money market instruments during the period in question, but also on such matters as the expenses attributable to the series.

The following table shows the effects for individuals of federal income taxes on the amount that those subject to a given tax rate would have to put into a tax-free investment in order to generate the same after-tax income as a taxable investment.*

Read down to find the amount of a tax-free investment at the specified rate that would provide the same after-tax income as a $50,000 taxable investment at the stated taxable rate.

<TABLE>
<CAPTION>

TAXABLE	1.50% TAX-FREE	2.00% TAX-FREE	2.50% TAX-FREE	3.00% TAX-FREE	3.50 % TAX-FREE	4.00% TAX-FREE	4.50% TAX-FREE	5.00% TAX-FREE	5.50 % TAX-FREE	6.00% TAX-FREE	6.50% TAX-FREE
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
2.00%	$ 46,000	$ 34,500	$ 27,600	$23,000	$19,714	$17,250	$15,333	$13,800	$12,545	$11,500	$10,615
2.50%	$ 57,500	$ 43,125	$ 34,500	$28,750	$24,643	$21,563	$19,167	$17,250	$15,682	$14,375	$13,269
3.00%	$ 69,000	$ 51,750	$ 41,400	$34,500	$29,571	$25,875	$23,000	$20,700	$18,818	$17,250	$15,923
3.50%	$ 80,500	$ 60,375	$ 48,300	$40,250	$34,500	$30,188	$26,833	$24,150	$21,955	$20,125	$18,262
4.00%	$ 92,000	$ 69,000	$ 55,200	$46,000	$39,429	$34,500	$30,667	$27,600	$25,091	$23,000	$21,231
4.50%	$103,500	$ 77,625	$ 62,100	$51,750	$44,357	$38,813	$34,500	$31,050	$28,227	$25,875	$23,884
5.00%	$115,000	$ 86,250	$ 69,000	$57,500	$49,286	$43,125	$38,333	$34,500	$31,364	$28,750	$26,538
5.50%	$126,500	$ 94,875	$ 75,900	$63,250	$54,214	$47,437	$42,167	$37,950	$34,500	$31,625	$29,192
6.00%	$138,000	$103,500	$ 82,800	$69,000	$59,143	$51,750	$46,000	$41,400	$37,636	$34,500	$31,846
6.50%	$149,500	$112,125	$ 89,700	$74,750	$64,071	$56,062	$49,833	$44,850	$40,773	$37,375	$34,500
7.00%	$161,000	$120,750	$ 96,600	$80,500	$69,000	$60,375	$53,667	$48,300	$43,909	$40,250	$37,154
7.50%	$172,500	$129,375	$103,500	$86,250	$73,929	$64,688	$57,500	$51,750	$47,045	$43,125	$39,808
8.00%	$184,000	$138,000	$110,400	$92,000	$78,857	$69,000	$61,333	$55,200	$50,182	$46,000	$42,462

</TABLE>

*The dollar amounts in the table reflect a 31% federal income tax rate.

This table is for illustrative purposes only and is not intended to predict the actual return you might earn on your investment. The Money Market Fund occasionally may advertise its performance in similar tables using a different current tax rate than that shown here. The tax rate shown here may be higher or lower than your actual tax rate; a higher tax rate would tend to make the dollar amounts in the table lower, while a lower tax rate would make the amounts higher. You should consult your tax adviser to determine your actual tax rate.

CALIFORNIA FUND AND CALIFORNIA INSURED FUND
As explained in the Prospectus for the California Fund and the California Insured Fund, the historical investment performance of the Funds may be shown in the form of "yield," "taxable equivalent yield," "average annual total return," "cumulative total return" and "taxable equivalent total return" figures, each of which will be calculated separately for each class of shares of a Fund.

In accordance with a standardized method prescribed by rules of the Securities and Exchange Commission ("SEC"), yield is computed by dividing the net investment income per share earned during the specified one month or 30-day period by the maximum offering price per share on the last day of the period, according to the following formula:

$$\text{Yield} = 2\{(\frac{a-b}{cd}+1)^6-1\}$$

In the above formula, a = dividends and interest earned during the period; b = expenses accrued for the period (net of reimbursements); c = the average daily number of shares outstanding during the period that were entitled to receive dividends; and d = the maximum offering price per share on the last day of the period. In the cases of Class A Shares, the maximum offering price includes the current maximum sales charge of 4.50%.

In computing their yield, the Funds follow certain standardized accounting practices specified by SEC rules. These practices are not necessarily consistent with those that the Funds use to prepare their annual and interim financial statements in conformity with generally accepted accounting principles. Thus, yield may not equal the income paid to shareholders or the income reported in the Fund's financial statements. Yield for each class of shares of each Fund as of February 28, 1995 are set forth below.

Taxable equivalent yield is computed by dividing that portion of the yield which is tax-exempt by the remainder of (1 minus the stated combined federal and state income tax rate, taking into account the deductibility of state income taxes for federal income tax purposes) and adding the product to that portion, if any, of the yield that is not tax exempt. The taxable equivalent yields quoted below are based upon (1) the stated combined federal and California income tax rates and (2) the yields for the 30-day period ended February 28, 1995 quoted in the left-hand column.

<TABLE>
<CAPTION>

AS OF FEBRUARY 28, 1995	YIELD	COMBINED FEDERAL AND STATE TAX RATE*	TAXABLE EQUIVALENT YIELD
<S>	<C>	<C>	<C>
CALIFORNIA FUND			
Class A Shares	5.20%	46.0%	9.63%
Class C Shares	4.71%	46.0%	8.72%
Class R Shares	5.77%	46.0%	10.69%
CALIFORNIA INSURED FUND			
Class A Shares	4.91%	46.0%	9.09%

Class C Shares	4.40%	46.0%	8.15%
Class R Shares	5.46%	46.0%	10.11%

</TABLE>

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*The combined tax rates used in the table represents the highest or one of the highest combined tax rates applicable to state taxpayers, rounded to the nearest .5%; these rates do not reflect the current federal tax limitations on itemized deductions and personal exemptions, which may raise the effective tax rate and taxable equivalent yield for taxpayers above certain income levels.

For additional information concerning tax-exempt yields, see the Taxable Equivalent Yield Tables in the Prospectus.

The California and California Insured Funds may from time to time in their sales materials report a quotation of the current distribution rate. The distribution rate represents a measure of dividends distributed for a specified period. Distribution rate is computed by dividing the most recent monthly tax-free income dividend per share, multiplying it by 12 to annualize it, and dividing by the appropriate price per share (e.g., net asset value for purchases to be made without a load such as reinvestments from Nuveen UITs, or the maximum public offering price). The distribution rate differs from yield and total return and therefore is not intended to be a complete measure of performance. Distribution rate may sometimes be higher than yield because it may not include the effect of amortization of bond premiums to the extent such premiums arise after the bonds were purchased. The distribution rates as of February 28, 1995 based on the maximum public offering price then in effect for the California and California Insured Funds were as follows:

<TABLE>
<CAPTION>

	DISTRIBUTION RATES		
	CLASS A*	CLASS C	CLASS R
<S>	<C>	<C>	<C>
California Fund	5.22%	4.75%	5.75%
California Insured Fund	4.98%	4.49%	5.51%

</TABLE>

*Assumes imposition of the maximum sales charge for Class A shares of 4.50%.

Average annual total return quotation is computed in accordance with a standardized method prescribed by SEC rules. The average annual total return for a specific period is found by taking a hypothetical, $1,000 investment ("initial investment") in Fund shares on the first day of the period, reducing the amount to reflect the maximum sales charge, and computing the "redeemable value" of that investment at the end of the period. The redeemable value is then divided by the initial investment, and this quotient is taken to the Nth root (N representing the number of years in the period) and 1 is subtracted from the result, which is then expressed as a percentage. The calculation assumes that all income and capital gains distributions have been reinvested in Fund shares at net asset value on the reinvestment dates during the period. The average annual total return figures, including the effect of the current maximum sales charge for the Class A Shares, for the one-year and five-year periods ended February 28, 1995, and for the period from inception (on July 1, 1986, with respect to the Class R Shares and on September 6, 1994 with respect to the Class A Shares and Class C Shares) through February 28, 1995, respectively, were as follows:

<TABLE>
<CAPTION>

	ANNUAL TOTAL RETURN		
	ONE YEAR ENDED FEBRUARY 28, 1995	FIVE YEARS ENDED FEBRUARY 28, 1995	FROM INCEPTION THROUGH FEBRUARY 28, 1995

<S>	<C>	<C>	<C>
CALIFORNIA FUND			
Class A Shares...........	N/A	N/A	-2.10%*
Class C Shares...........	N/A	N/A	3.71%*
Class R Shares...........	.78%	7.38%	7.40%
CALIFORNIA INSURED FUND			
Class A Shares...........	N/A	N/A	-1.32%*
Class C Shares...........	N/A	N/A	3.45%*
Class R Shares...........	1.68%	7.85%	7.24%

</TABLE>
*Not annualized because it relates to period of less than one year.

Calculation of cumulative total return is not subject to a prescribed formula. Cumulative total return for a specific period is calculated by first taking a hypothetical initial investment in Fund shares on the first day of the period, deducting (in some cases) the maximum sales charge, and computing the "redeemable value" of that investment at the end of the period. The cumulative total return percentage is then determined by subtracting the initial investment from the redeemable value and dividing the remainder by the initial investment and expressing the result as a percentage. The calculation assumes that all income and capital gains distributions by the Fund have been reinvested at net asset value on the reinvestment dates during the period. Cumulative total return may also be shown as the increased dollar value of the hypothetical investment over the period. Cumulative total return calculations that do not include the effect of the sales charge would be reduced if such charge were included.

The cumulative total return figures, including the effect of the current maximum sales charge for the Class A Shares, for the one-year and five-years periods ended February 28, 1995, and for the period from inception (on July 1, 1986 with respect to the Class R Shares and on September 6, 1994 with respect to the Class A Shares and Class C Shares) through February 28, 1995, respectively, were as follows:

<TABLE>
<CAPTION>

	CUMULATIVE TOTAL RETURN		
	ONE YEAR ENDED FEBRUARY 28, 1995	FIVE YEARS ENDED FEBRUARY 28, 1995	FROM INCEPTION THROUGH FEBRUARY 28, 1995
<S>	<C>	<C>	<C>
CALIFORNIA FUND			
Class A Shares...........	N/A	N/A	-2.10%
Class C Shares...........	N/A	N/A	3.71%
Class R Shares...........	.78%	42.76%	85.58%
CALIFORNIA INSURED FUND			
Class A Shares...........	N/A	N/A	-1.32%
Class C Shares...........	N/A	N/A	3.45%
Class R Shares...........	1.68%	45.93%	83.29%

</TABLE>

Calculation of taxable equivalent total return is also not subject to a prescribed formula. Taxable equivalent total return for a specific period is calculated by first taking a hypothetical initial investment in Fund shares on the first day of the period, computing the total return for each calendar year in the period in the manner described above, and increasing the total return for each such calendar year by the amount of additional income that a taxable fund would need to have generated to equal the income on an after-tax basis, at a specified income tax rate (usually the highest marginal federal or combined federal and state tax rate), calculated as described above under the discussion of "taxable equivalent yield." The resulting amount for the calendar year is then divided by the initial investment amount to arrive at a "taxable equivalent total return factor" for the calendar year. The taxable equivalent total return factors for all the calendar years are then multiplied together and the result is then annualized by taking its Nth root (N representing the number of years in the period) and subtracting 1, which provides a taxable equivalent total return expressed as a percentage. Using the 39.6% maximum marginal federal tax rate for 1995, and assuming that no front-end sales charge is imposed, the annualized taxable equivalent total returns for the Class R Shares of the California Fund and the California Insured Fund for the one-year and five-year periods ended February 28, 1995, and for all classes for the period from inception (on July 1, 1986 with respect to the Class R Shares and on

September 6, 1994 with respect to the Class A Shares and Class C Shares) through February 28, 1995, respectively, were as follows:

<TABLE>
<CAPTION>

	ONE YEAR ENDED FEBRUARY 28, 1995		FIVE YEARS ENDED FEBRUARY 28, 1995		FROM INCEPTION THROUGH FEBRUARY 28, 1995		
	WITH MAXIMUM 4.50% SALES CHARGE	AT NET ASSET VALUE	WITH MAXIMUM 4.50% SALES CHARGE	AT NET ASSET VALUE	WITH MAXIMUM 4.50% SALES CHARGE	AT NET ASSET VALUE	ASSUMED COMBINED FEDERAL AND STATE TAX RATE*
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
CALIFORNIA FUND							
Class A Shares.........	N/A	N/A	N/A	N/A	.13%+	4.85%+	46.0%
Class C Shares.........	N/A	N/A	N/A	N/A	N/A	5.63%+	46.0%
Class R Shares.........	N/A	5.58%	N/A	12.67%	N/A	12.96%	46.0%
CALIFORNIA INSURED FUND							
Class A Shares.........	N/A	N/A	N/A	N/A	.81%+	5.56%+	46.0%
Class C Shares.........	N/A	N/A	N/A	N/A	N/A	5.29%+	46.0%
Class R Shares.........	N/A	6.25%	N/A	12.88%	N/A	12.55%	46.0%

</TABLE>

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*The combined tax rates in the table do not reflect the current federal tax limitations on itemized deductions and personal exemptions, which may raise the effective tax rate and taxable equivalent yield for taxpayers above certain income levels.
+Not annualized because it relates to period of less than one year.

From time to time, a Fund may compare its risk-adjusted performance with other investments that may provide different levels of risk and return. For example, a Fund may compare its risk level, as measured by the variability of its periodic returns, or its RISK-ADJUSTED TOTAL RETURN, with those of other funds or groups of funds. Risk-adjusted total return would be calculated by adjusting each investment's total return to account for the risk level of the investment.

A Fund may also compare its TAX-ADJUSTED TOTAL RETURN with that of other funds or groups of funds. This measure would take into account the tax-exempt nature of exempt-interest dividends and the payment of income taxes on a fund's distributions of net realized capital gains and ordinary income.

The risk level for a class of shares of a Fund, and any of the other investments used for comparison, would be evaluated by measuring the variability of the investment's return, as indicated by the standard deviation of the investment's monthly returns over a specified measurement period (e.g., two years). An investment with a higher standard deviation of monthly returns would indicate that a fund had greater price variability, and therefore greater risk, than an investment with a lower standard deviation. The standard deviation of monthly returns for the three years ended February 28, 1995, for the Class R Shares of the Funds, were 1.83% and 2.15% for the California Fund and the California Insured Fund, respectively.

The RISK-ADJUSTED TOTAL RETURN for a class of shares of a Fund and for other investments over a specified period would be evaluated by dividing (a) the remainder of the investment's annualized two-year total return minus the annualized total return of an investment in short-term tax-exempt securities (essentially a risk-free return) over that period, by (b) the standard deviation of the investment's monthly returns for the period. This ratio is sometimes referred to as the "Sharpe measure" of return. An investment with a higher Sharpe measure would be regarded as producing a higher return for the amount of risk assumed during the measurement period than an investment with a lower Sharpe

measure. The Sharpe measure for the three year period ended February 28, 1995, for the Class R Shares of each of the Funds, was 1.313 and 1.325 for the California Fund and the California Insured Fund, respectively.

Each Fund's performance figures are based upon historical results and are not necessarily representative of future performance. Class A Shares of a Fund are sold at net asset value plus a current maximum sales charge of 4.50% of the offering price. This current maximum sales charge will typically be used for purposes of calculating performance figures. Yield, returns and net asset value of each class of shares of the Funds will fluctuate. Factors affecting the performance of the Funds include general market conditions, operating expenses and investment management fees. Any additional fees charged by a securities representative or other financial services firm would reduce the returns described in this section. Fund shares are redeemable at net asset value, which may be more or less than original cost.

In reports or other communications to shareholders or in advertising and sales literature, the Funds may also compare their performance with that of: (1) the Consumer Price Index or various unmanaged bond indexes such as the Lehman Brothers Municipal Bond Index and the Salomon Brothers High Grade Corporate Bond Index and (2) other fixed income or municipal bond mutual funds or mutual fund indexes as reported by Lipper Analytical Services, Inc. ("Lipper"), Morningstar, Inc. ("Morningstar"), Wiesenberger Investment Companies Service ("Wiesenberger") and CDA Investment Technologies, Inc. ("CDA") or similar independent services which monitor the performance of mutual funds, or other industry or financial publications such as Barron's, Changing Times, Forbes and Money Magazine. Performance comparisons by these indexes, services or publications may rank mutual funds over different periods of time by means of aggregate, average, year-by-year, or other types of total return and performance figures. Any given performance quotation or performance comparison should not be considered as representative of the performance of the Funds for any future period.

There are differences and similarities between the investments which the Funds may purchase and the investments measured by the indexes and reporting services which are described herein. The Consumer Price Index is generally considered to be a measure of inflation. The CDA Mutual Fund-Municipal Bond Index is a weighted performance average of other mutual funds with a federally tax-exempt income objective. The Salomon Brothers High Grade Corporate Bond Index is an unmanaged index that generally represents the performance of high grade long-term taxable bonds during various market conditions. The Lehman Brothers Municipal Bond Index is an unmanaged index that generally represents the performance of high grade intermediate and long-term municipal bonds during various market conditions. Lipper, Morningstar, Wiesenberger and CDA are widely recognized mutual fund reporting services whose performance calculations are based upon changes in net asset value with all dividends reinvested and which do not include the effect of any sales charges. The market prices and yields of taxable and tax-exempt bonds will fluctuate. The Funds primarily invest in investment grade Municipal Obligations in pursuing their objective of as high a level of current interest income which is exempt from federal and state income tax as is consistent, in the view of the Funds' management, with preservation of capital.

The Funds may also compare their taxable equivalent total return performance to the total return performance of taxable income funds such as treasury securities funds, corporate bond funds (either

investment grade or high yield), or Ginnie Mae funds. These types of funds, because of the character of their underlying securities, differ from municipal bond funds in several respects. The susceptibility of the price of treasury bonds to credit risk is far less than that of municipal bonds, but the price of treasury bonds tends to be slightly more susceptible to change resulting from changes in market interest rates. The susceptibility of the price of investment grade corporate bonds and municipal bonds to market interest rate changes and general credit changes is similar. High yield bonds are subject to a greater degree of price volatility than municipal bonds resulting from changes in market interest rates and are particularly susceptible to volatility from credit changes. Ginnie Mae bonds are generally subject to less price volatility than municipal bonds from credit concerns, due primarily to the fact that the timely payment of monthly installments of principal and interest are backed by the full faith and credit of the U.S. Government, but Ginnie Mae bonds of equivalent coupon and maturity are generally more susceptible to price volatility resulting from market interest rate changes. In addition, the volatility of Ginnie Mae bonds due to changes in market interest rates may differ from municipal bonds of comparable coupon and maturity because of the sensitivity of Ginnie Mae prepayment experience to change in interest rates.

ADDITIONAL INFORMATION ON THE PURCHASE AND REDEMPTION OF FUND SHARES

CALIFORNIA FUND AND CALIFORNIA INSURED FUND

As described in the Prospectus, each Fund has adopted a Flexible Sales Charge Program which provides you with alternative ways of purchasing Fund shares based upon your individual investment needs and preferences. You may purchase Class A Shares at a price equal to their net asset value plus an up-front sales charge.

For information regarding the up-front sales charge on Class A shares, see the table under "How to Buy Fund Shares" of the Prospectus. Set forth is an example of the method of computing the offering price of the Class A shares of each of the Funds. The example assumes a purchase on February 28, 1995 of Class A shares from the California Fund aggregating less than $50,000 subject to the schedule of sales charges set forth in the Prospectus at a price based upon the net asset value of the Class A shares.

Net Asset Value per share	$10.100
Per Share Sales Charge--4.50% of public offering price (4.71% of net asset value per share)	$ .476
Per Share Offering Price to the Public	$10.576

You may purchase Class C Shares without any up-front sales charge at a price equal to their net asset value, but subject to an annual distribution fee designed to compensate Authorized Dealers over time for the sale of Fund shares. Class C Shares are subject to a contingent deferred sales charge for redemption within 12 months of purchase. Class C Shares automatically convert to Class A Shares six years after purchase. Both Class A Shares and Class C Shares are subject to annual service fees, which are used to compensate Authorized Dealers for providing you with ongoing financial advice and other services.

Under the Flexible Sales Charge Program, all Fund shares outstanding as of September 6, 1994, have been designated as Class R Shares. Class R Shares are available for purchase at a price equal to their net asset value only under certain limited circumstances, or by specified investors, as described herein.

Each class of shares represents an interest in the same portfolio of investments. Each class of shares is identical in all respects except that each class bears its own class expenses, including administration and distribution expenses, and each class has exclusive voting rights with respect to any distribution or service plan applicable to its shares. In addition, the Class C Shares are subject to a conversion feature, as described below. As a result of the differences in the expenses borne by each class of shares, net income per share, dividends per share and net asset value per share will vary among the Fund's classes of shares.

The expenses to be borne by specific classes of shares may include (i) transfer agency fees attributable to a specific class of shares, (ii) printing and postage expenses related to preparing and distributing materials such as shareholder reports, prospectuses and proxy statements to current shareholders of a specific class of shares, (iii) Securities and Exchange Commission ("SEC") and state securities registration fees incurred by a specific class of shares, (iv) the expense of administrative personnel and services required to support the shareholders of a specific class of shares, (v) litigation or other legal expenses relating to a specific class of shares, (vi) directors' fees or expenses incurred as a result of issues relating to a specific class of shares, (vii) accounting expenses relating to a specific class of shares and (viii) any additional incremental expenses subsequently identified and determined to be properly allocated to one or more classes of shares that shall be approved by the SEC pursuant to an amended exemptive order.

The California Fund and the California Insured Fund each have special purchase programs under which certain persons may purchase Class A Shares at reduced sales charges. One such program is available to members of a "qualified group." An individual who is a member of a "qualified group" may purchase Class A Shares of a Fund (or any other Nuveen Fund with respect to which a sales charge is imposed), at the reduced sales charge applicable to the group taken as a whole. A "qualified group" is one which (i) has been in existence for more than six months; (ii) has a purpose other than investment; (iii) has five or more participating members; (iv) has agreed to include sales literature and other materials related to the Fund in publications and mailings to members; (v) has agreed to have its group administrator submit a single bulk order and make payment with a single remittance for all investments in the Fund during each investment period by all participants who choose to invest in the Fund; and (vi) has agreed to provide the Fund's transfer agent with appropriate backup data for each participant of the group in a format fully compatible with the transfer agent's processing system.

The "amount" of a share purchased by a participant in a group purchase program for purposes of determining the applicable sales charge is (i) the aggregate value of all shares of the Fund (and all other Nuveen Funds with respect to which a sales charge is imposed) currently held by participants of the group, plus (ii) the amount of shares currently being purchased.

Each Fund may encourage registered representatives and their firms to help apportion their assets among bonds, stocks and cash, and may seek to participate in programs that recommend a portion of their assets be invested in tax-free, fixed income securities.

To help advisers and investors better understand and most efficiently use the Funds to reach their investment goals, the Funds may advertise and create specific investment programs and systems. For example, this may include information on how to use the Funds to accumulate assets for future education needs or periodic payments such as insurance premiums. The Funds may produce software or additional sales literature to promote the advantages of using the Funds to meet these and other specific investor needs.

Exchange of shares of a Fund for shares of a Nuveen money market fund may be made on days when both funds calculate a net asset value and make shares available for public purchase. Shares of the Nuveen money market funds may be purchased on days on which the Federal Reserve Bank of Boston is normally open for business. In addition to the holidays observed by the Fund, the Nuveen money market funds observe and will not make fund shares available for purchase on the following holidays: Martin Luther King's Birthday, Columbus Day and Veterans Day.

For more information on the procedure for purchasing shares of the Funds and on the special purchase programs available thereunder, see "How to Buy Fund Shares" in the Prospectus.

MONEY MARKET FUND

Shares of the Money Market Fund may be purchased at the net asset value which is next computed after receipt of an order and receipt of payment in federal funds. Shares of the Money Market Fund are issued in three series: (i) the Service Plan series, (ii) the Distribution Plan series, and (iii) the Institutional series. There is no sales charge on purchases of shares of any series of the Money Market Fund.

Shares of the Nuveen money market funds may be purchased on days on which the Federal Reserve Bank of Boston is normally open for business. The Nuveen money market funds observe and will not make fund shares available for purchase on the following holidays: New Year's Day, Martin Luther King's Birthday, Washington's Birthday, Good Friday, Memorial Day, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day and Christmas Day.

As discussed in the Money Market Fund Prospectus under "How to Purchase Fund Shares--Distribution and Service Plans," the Money Market Fund has adopted Distribution and Service Plans (the "Plans") with respect to the shares of the Distribution Plan series and the Service Plan series. The Distribution Plan was adopted pursuant to Rule 12b-1 of the 1940 Act while the Service Plan, although containing comparable terms, is not a Rule 12b-1 plan. The Plans were adopted by a vote of the Board of Directors, including a majority of the directors who are not interested persons and who have no direct or indirect financial interest in the operation of the Plans. Under the Plans, the Distribution Plan series and the Service Plan series of the Money Market Fund and Nuveen pay fees (i) in the case of the Service Plan series, to banks and other organizations described in the Money Market Fund Prospectus for the servicing of accounts of shareholders of such series and (ii) in the case of the Distribution Plan series, to securities dealers for services rendered in the distribution of the shares of such series. In each case, such services may include, among other things, establishing and maintaining shareholder accounts, processing purchase and redemption transactions, arranging for bank wires, performing sub-accounting, answering shareholder inquiries and such other services as Nuveen may re-

quest. Payments to such securities dealers and banks or other organizations will be at the rate of .25 of 1% per year of the daily average assets of serviced accounts. Such amounts will be paid one-half by the Service Plan series and the Distribution Plan series of the Money Market Fund and one-half by Nuveen. In addition, Nuveen may, in its discretion and from its own resources, pay to organizations that satisfy certain criteria an additional amount not to exceed .05 of 1% per year based on average assets of accounts serviced by such organizations. For the fiscal year ended February 28, 1995, the Money Market Fund paid fees to banks and other organizations under the Service Plan in the amount of $142,699. For the same period, the Money Market Fund paid fees to securities dealers under the Distribution Plan in the amount of $62,026.

Under the Plans, the Controller of Nuveen California Tax-Free Fund, Inc. will report quarterly to the Board of Directors for its review of amounts expended for services rendered under the Plans. The Plans may be terminated at any time, without the payment of any penalty, by a vote of a majority of the directors who are not "interested persons" and who have no direct or indirect financial interest in the Plans or by vote of a majority of the outstanding voting securities of the applicable series of the Money Market Fund. The Plans may be renewed from year to year if approved by a vote of the Board of Directors and a vote of the non-interested directors who have no direct or indirect financial interest in the Plans cast in person at a meeting called for the purpose of voting on the Plans. The Plans may be continued only if the directors who vote to approve such continuance conclude, in the exercise of reasonable business judgment and in light of their fiduciary duties under applicable law, that there is a reasonable likelihood that the Plans will benefit such series of the Money Market Fund and its shareholders. The Plans may not be amended to increase materially the cost which the Distribution Plans or the Service Plan series of the Money Market Fund may bear without the approval of the shareholders of the affected series of that Fund. Any other material amendments of the Plans must be approved by the non-interested directors by a vote cast in person at a meeting called for the purpose of considering such amendments. During the continuance of the Plan, as required by the Rule, the selection and nomination of the non-interested directors will be committed to the discretion of the non-interested directors then in office.

Neither any director nor any "interested" person of Nuveen California Tax-Free Fund, Inc., has any direct or indirect financial interest in the Plans.

Shareholders should note that when a Fund dividend check has been returned to the sender by the post office after repeated mailings, the shareholder account will thereafter be registered for automatic reinvestment of dividends and thus the dividend check and future dividend checks will be reinvested in additional Fund shares. Shareholders are reminded that they need to advise the Funds promptly in writing of any change in address.

The Glass-Steagall Act and other applicable laws, among other things, may limit banks from engaging in the business of underwriting, selling or distributing securities. Since the only functions of banks who may be engaged as Service Organizations is to perform administrative shareholder servicing functions, Nuveen California Tax-Free Fund, Inc. believes that such laws should not preclude a bank from acting as a Service Organization. However, future changes in either federal or state statutes or regulations relating to the permissible activities of banks and their subsidiaries or affiliates, as well as judicial

or administrative decisions or interpretations of statutes or regulations, could prevent a bank from continuing to perform all or a part of its shareholder servicing activities. If a bank were prohibited from so acting, its shareholder customers would be permitted to remain shareholders of the Money Market Fund and alternative means for continuing the servicing of such shareholders would be sought.

Nuveen serves as the principal underwriter of the shares of each of the Funds pursuant to a "best efforts" arrangement as provided by a distribution agreement with the Nuveen California Tax-Free Fund, Inc., dated January 2, 1990 and last renewed on July 29, 1994 ("Distribution Agreement"). Pursuant to the Distribution Agreement, the Nuveen California Tax-Free Fund, Inc. appointed Nuveen to be its agent for the distribution of the Funds' shares on a continuous offering basis. Nuveen sells shares to or through brokers, dealers, banks or other qualified financial intermediaries (collectively referred to as "Dealers"), or others, in a manner consistent with the then effective registration statement of the Nuveen California Tax-Free Fund, Inc. Pursuant to the Distribution Agreement, Nuveen, at its own expense, finances certain activities incident to the sale and distribution of the Funds' shares, including printing and distributing of prospectuses and statements of additional information to other than existing shareholders, the printing and distributing of sales literature, advertising and payment of compensation and giving of concessions to dealers.

Nuveen receives for its services the excess, if any, of the sales price of the Funds' shares less the net asset value of those shares, and reallows a majority or all of such amounts to the Dealers who sold the shares; Nuveen may act as such a Dealer. Nuveen also receives compensation pursuant to a distribution plan adopted by the California Fund and California Insured Fund pursuant to Rule 12b-1 and described herein under "Distribution and Service Plans." Nuveen receives any CDSCs imposed on redemptions of Class C Shares redeemed within 12 months of purchase, but any such amounts as to which a reinstatement privilege is not exercised are set off against and reduce amounts otherwise payable to Nuveen pursuant to the distribution plan.

The following table sets forth the aggregate amount of underwriting commissions with respect to the sale of Fund shares and the amount thereof retained by Nuveen for each of the Funds for the last three fiscal years. All figures are to the nearest thousand.

	YEAR ENDED FEBRUARY 28, 1995		YEAR ENDED FEBRUARY 28, 1994		YEAR ENDED FEBRUARY 28, 1993	
FUND	AMOUNT OF UNDERWRITING COMMISSIONS	AMOUNT RETAINED BY NUVEEN	AMOUNT OF UNDERWRITING COMMISSIONS	AMOUNT RETAINED BY NUVEEN	AMOUNT OF UNDERWRITING COMMISSIONS	AMOUNT RETAINED BY NUVEEN
California Fund.........	$370	$60	$ 949	$148	$ 774	$126
California Insured Fund.	517	93	1,421	209	1,613	170
Money Market Fund.......	--	--	--	--	--	--

DISTRIBUTION AND SERVICE PLANS

CALIFORNIA FUND AND CALIFORNIA INSURED FUND

The California Fund and California Insured Fund each have adopted a plan (the "Plan") pursuant to Rule 12b-1 under the Investment Company Act of 1940, which provides that Class C Shares will be subject to an annual distribution fee, and that both Class A Shares and Class C Shares will be subject to an annual service fee. Class R Shares will not be subject to either distribution or service fees.

The distribution fee applicable to Class C Shares under each Fund's Plan will be payable to reimburse Nuveen for services and expenses incurred in connection with the distribution of Class C Shares. These expenses include payments to Authorized Dealers, including Nuveen, who are brokers of record with respect to the Class C Shares, as well as, without limitation, expenses of printing and distributing prospectuses to persons other than shareholders of a Fund, expenses of preparing, printing and distributing advertising and sales literature and reports to shareholders used in connection with the sale of Class C Shares, certain other expenses associated with the distribution of Class C Shares, and any distribution-related expenses that may be authorized from time to time by the Board of Directors.

The service fee applicable to Class A Shares and Class C Shares under each Fund's Plan will be payable to Authorized Dealers in connection with the provision of ongoing account services to shareholders. These services may include establishing and maintaining shareholder accounts, answering shareholder inquiries and providing other personal services to shareholders.

Each Fund may spend up to .25 of 1% per year of the average daily net assets of Class A Shares as a service fee under the Plan applicable to Class A Shares. The Fund may spend up to .75 of 1% per year of the average daily net assets of Class C Shares as a distribution fee and up to .25 of 1% per year of the average daily net assets of Class C Shares as a service fee under the Plan applicable to Class C Shares. The .75 of 1% distribution fee will be reduced by the amount of any CDSC imposed on the redemption of Class C Shares within 12 months of purchase as to which a reinstatement privilege has not been exercised. For the fiscal year ended February 28, 1995, 100% of service fees and distribution fees were paid out as compensation to Authorized Dealers. The amount of compensation paid to Authorized Dealers for the fiscal year ended February 28, 1995 for each Fund per class of shares was as follows:

	COMPENSATION PAID TO AUTHORIZED DEALERS FOR YEAR ENDED FEBRUARY 28, 1995
CALIFORNIA FUND	
Class A	$1,868
Class C	$ 565
Class R	N/A
CALIFORNIA INSURED FUND	
Class A	$2,924
Class C	$ 771
Class R	N/A

Under each Fund's Plan, the Fund will report quarterly to the Board of Directors for its review of all amounts expended per class of shares under the Plan. The Plan may be terminated at any time with respect to any class of shares, without the payment of any penalty, by a vote of a majority of the directors who are not "interested persons" and who have no direct or indirect financial interest in the Plan or by vote of a majority of the outstanding voting securities of such class. The Plan may be renewed from year to year if approved by a vote of the Board of Directors and a vote of the non-interested directors who have no direct or indirect financial interest in the Plan cast in person at a meeting called for the purpose of voting on the Plan. The Plan may be continued only if the directors who vote to approve such continuance conclude, in the exercise of reasonable business judgment and in light of

their fiduciary duties under applicable law, that there is a reasonable likelihood that the Plan will benefit the Fund and its shareholders. The Plan may not be amended to increase materially the cost which a class of shares may bear under the Plan without the approval of the shareholders of the affected class, and any other material amendments of the Plan must be approved by the non-interested directors by a vote cast in person at a meeting called for the purpose of considering such amendments. During the continuance of the Plan, the selection and nomination of the non-interested directors of the Funds will be committed to the discretion of the non-interested directors then in office.

MONEY MARKET FUND

See discussion of Distribution and Service Plans of the Money Market Fund "Additional Information on the Purchase and Redemption of Fund Shares--Money Market Fund."

INDEPENDENT PUBLIC ACCOUNTANTS AND CUSTODIAN

Arthur Andersen LLP, independent public accountants, 33 W. Monroe Street, Chicago, Illinois 60603 have been selected as auditors for the Funds. In addition to audit services, Arthur Andersen LLP will provide consultation and assistance on accounting, internal control, tax and related matters. The financial statements incorporated by reference elsewhere in this Statement of Additional Information and the information set forth under "Financial Highlights" in each Prospectus have been audited by Arthur Andersen LLP as indicated in their report with respect thereto, and are included in reliance upon the authority of said firm as experts in given said report.

The custodian of the assets of the Funds is United States Trust Company of New York, 114 West 47th Street, New York, NY 10036. The custodian performs custodial, fund accounting and portfolio accounting services. The Chase Manhattan Bank, N.A., 1 Chase Manhattan Plaza, New York, NY 10081 has agreed to become successor to U.S. Trust, as custodian and Fund accountant. The succession is presently scheduled for July 1, 1995. No changes in the Funds' administration or in the amount of fees and expenses paid by the Funds for those services will result, and no action by shareholders will be required.