

NUVEEN GEORGIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2
Form N-CSR
August 08, 2007

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21152

Nuveen Georgia Dividend Advantage Municipal Fund 2

(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

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

Date of fiscal year end: May 31

Date of reporting period: May 31, 2007

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

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

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ITEM 1. REPORTS TO STOCKHOLDERS.

ANNUAL REPORT
May 31, 2007

Nuveen Investments
MUNICIPAL CLOSED-END FUNDS

Photo of: Small child

NUVEEN GEORGIA
PREMIUM INCOME
MUNICIPAL FUND
NPG

NUVEEN GEORGIA
DIVIDEND ADVANTAGE
MUNICIPAL FUND
NZX

NUVEEN GEORGIA
DIVIDEND ADVANTAGE
MUNICIPAL FUND 2
NKG

NUVEEN NORTH
CAROLINA PREMIUM
INCOME
MUNICIPAL FUND
NNC

NUVEEN NORTH
CAROLINA DIVIDEND
ADVANTAGE
MUNICIPAL FUND
NRB

NUVEEN NORTH
CAROLINA DIVIDEND
ADVANTAGE
MUNICIPAL FUND 2
NNO

NUVEEN NORTH
CAROLINA DIVIDEND
ADVANTAGE
MUNICIPAL FUND 3
NII

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

Logo: NUVEEN Investments

Photo of: Man working on computer

LIFE IS COMPLEX.

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Chairman's
LETTER TO SHAREHOLDERS

Photo of: Timothy R. Schwertfeger

Timothy R. Schwertfeger

Chairman of the Board

ONCE AGAIN, I AM PLEASED TO REPORT THAT OVER THE TWELVE-MONTH PERIOD COVERED BY THIS REPORT YOUR FUND CONTINUED TO PROVIDE YOU WITH ATTRACTIVE MONTHLY TAX-FREE INCOME. FOR MORE DETAILS ABOUT THE MANAGEMENT STRATEGY AND PERFORMANCE OF YOUR FUND, PLEASE READ THE PORTFOLIO MANAGER'S COMMENTS, THE DIVIDEND AND SHARE PRICE INFORMATION, AND THE PERFORMANCE OVERVIEW SECTIONS OF THIS REPORT.

I ALSO WANTED TO TAKE THIS OPPORTUNITY TO REPORT SOME IMPORTANT NEWS ABOUT NUVEEN INVESTMENTS. WE HAVE AGREED TO A "GROWTH BUYOUT" OFFER FROM A PRIVATE EQUITY INVESTMENT FIRM. WHILE THIS MAY AFFECT THE CORPORATE STRUCTURE OF NUVEEN INVESTMENTS, IT WILL HAVE NO IMPACT ON THE INVESTMENT OBJECTIVES OF THE FUNDS, PORTFOLIO MANAGEMENT STRATEGIES OR THEIR DIVIDEND POLICIES. WE WILL PROVIDE YOU WITH ADDITIONAL INFORMATION ABOUT THIS TRANSACTION AS MORE DETAILS BECOME AVAILABLE.

FOR SOME TIME, I'VE USED THESE LETTERS TO REMIND YOU THAT MUNICIPAL BONDS CAN BE AN IMPORTANT BUILDING BLOCK IN A WELL-BALANCED INVESTMENT PORTFOLIO. IN ADDITION TO PROVIDING ATTRACTIVE TAX-FREE MONTHLY INCOME, A MUNICIPAL BOND INVESTMENT LIKE YOUR FUND MAY HELP YOU ACHIEVE AND BENEFIT FROM GREATER PORTFOLIO DIVERSIFICATION. PORTFOLIO DIVERSIFICATION IS A RECOGNIZED WAY TO TRY TO REDUCE SOME OF THE RISK THAT COMES WITH INVESTING. FOR MORE INFORMATION ABOUT THIS IMPORTANT INVESTMENT STRATEGY, I ENCOURAGE YOU TO CONTACT YOUR PERSONAL FINANCIAL ADVISOR.

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WE ALSO ARE PLEASED TO BE ABLE TO OFFER YOU A CHOICE CONCERNING HOW YOU RECEIVE YOUR SHAREHOLDER REPORTS AND OTHER FUND INFORMATION. AS AN ALTERNATIVE TO MAILED COPIES, YOU CAN SIGN UP TO RECEIVE FUTURE FUND REPORTS AND OTHER FUND INFORMATION BY E-MAIL AND THE INTERNET. THE INSIDE FRONT COVER OF THIS REPORT CONTAINS INFORMATION ON HOW YOU CAN SIGN UP.

WE ARE GRATEFUL THAT YOU HAVE CHOSEN US AS A PARTNER AS YOU PURSUE YOUR FINANCIAL GOALS AND WE LOOK FORWARD TO CONTINUING TO EARN YOUR TRUST IN THE MONTHS AND YEARS AHEAD. AT NUVEEN INVESTMENTS, OUR MISSION CONTINUES TO BE TO ASSIST YOU AND YOUR FINANCIAL ADVISOR BY OFFERING INVESTMENT SERVICES AND PRODUCTS THAT CAN HELP YOU TO SECURE YOUR FINANCIAL OBJECTIVES.

SINCERELY,

/s/ TIMOTHY R. SCHWERTFEGER

TIMOTHY R. SCHWERTFEGER
CHAIRMAN OF THE BOARD
July 16, 2007

Portfolio Manager's COMMENTS

Nuveen Investments Municipal Closed-End Funds

NPG, NZX, NKG, NNC,
NRB, NNO, NII

Portfolio manager Daniel Close reviews national and state economic and municipal market environments, key investment strategies, and the annual performance of the Nuveen Georgia and North Carolina Funds. Dan, who joined Nuveen in 2000, assumed portfolio management responsibility for these seven Funds in March 2007.

WHAT FACTORS AFFECTED THE U.S. ECONOMIC AND MUNICIPAL MARKET ENVIRONMENTS DURING THE 12-MONTH REPORTING PERIOD ENDED MAY 31, 2007?

Between June 1, 2006, and May 31, 2007, we saw interest rates at the short end of the yield curve rise modestly, while longer-term rates generally declined. After announcing one further rate increase in late June 2006, the Federal Reserve ended its unprecedented series of 17 consecutive 0.25% rate hikes that brought the fed funds rate to 5.25% over a two-year span. During the remaining 11 months of this reporting period, the Fed left monetary policy unchanged as it kept close tabs on inflationary pressures and the pace of economic growth. Over this same 12-month period, the yield on the benchmark 10-year U.S. Treasury note dropped 22 basis points to end May 2007 at 4.89%. In the municipal market, the yield on the Bond Buyer 25 Revenue Bond Index, a widely followed measure of longer-term municipal market rates, fell to 4.57% at the end of May 2007, a decline of 65 basis points from the end of May 2006. The municipal bond yield curve flattened during this period, with short-term interest rates rising modestly while the yields of many longer-term issues dropped. Longer duration bonds generally outperforming those with shorter durations during this period.

Although many market observers had expected the Fed to act on rates in early 2007, slowing economic growth, higher energy prices and a slumping housing market helped to keep the Fed on the sidelines. The U.S. gross domestic product (GDP), a closely watched measure of economic growth, operated at below-trend levels through most of 2006, expanded at a rate of 2.6% in the second quarter of 2006, 2.0% in the third quarter, and 2.5% in the fourth quarter (all GDP numbers annualized). In the first quarter of 2007, the rate of GDP growth slowed even

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further to 0.7%, the weakest rate since 2002. While the Consumer Price Index (CPI) registered a 2.7% year-over-year gain as of May 2007, the increase in this inflation gauge for the first five months of 2007 was 5.5%, driven largely by a 36% gain in energy prices. By comparison, the core CPI (which excludes food and energy prices) rose 2.1% as of May 2007, close to the Fed's unofficial target of 2.0% or lower. The labor market remained tight, with a national unemployment rate of 4.5% in May 2007, down from 4.6% in May 2006.

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

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Over the 12 months ended May 2007, municipal bond issuance nationwide totaled \$423.4 billion, up 15% from the previous 12 months. This total reflected a sharp increase in supply during the first five months of 2007, when \$173.7 billion in new securities came to market, up almost 30% over the same period in 2006. A major factor in 2007 volume was the 56% increase in advance refundings,² driven by attractive borrowing rates for issuers. The strength and diversity of the demand for municipal bonds were as important as the increase in supply, as the surge in issuance was easily absorbed by retail investors, institutional investors such as hedge funds and arbitragers, and overseas investors, all of whom continued to participate in the market.

HOW WERE ECONOMIC AND MARKET CONDITIONS IN GEORGIA AND NORTH CAROLINA DURING THIS PERIOD?

During this period, the growth of Georgia's economy generally kept pace with the national average, driven by housing and transportation. In more recent months, however, housing foreclosure rates in the state have risen, acting as a drag on economic growth. In May 2007, Georgia was sixth in the nation in terms of number of foreclosures filed. Atlanta continued to rank among the fastest growing metropolitan areas in the nation and population growth statewide remained exceptionally strong at 14% over the past six years, more than double the national rate. As of May 2007, Georgia's unemployment rate was 4.3%, down from 4.7% in May 2006. The \$18.7 billion fiscal 2007 Georgia state budget provided pay raises for teachers, prison guards, and other state employees. As of May 2007, Georgia's general obligation (GO) debt continued to be rated Aaa/AAA by Moody's and Standard & Poor's; both rating agencies listed their outlooks for the state as stable, reflecting the state's conservative fiscal practices. For the 12 months ended May 31, 2007, municipal issuance in Georgia totaled \$9.0 billion, up 44% over the previous 12 months. During the first five months of 2007, \$3.9 billion of new municipal debt was issued in Georgia, an increase of 70% from January-May 2006. According to Moody's, Georgia's debt levels were moderate in relation to the state's economic base, with both debt per capita and debt as a percentage of personal income ranking slightly ahead of national medians.

In terms of GDP by state, North Carolina's economic growth rate ranked 14th in the nation in 2006. While the state continued to transition from declining old-line industries such as textiles and furniture to an economy based on services and technology, manufacturing of all types continued to play an important role in the state economy, accounting for 15% of jobs, compared with the national average of 11%. In particular, technology manufacturing, one of North Carolina's leading exports, demonstrated strong expansion during this period. Population growth in the state over the past six years was healthy, outpacing the national average. In May 2007, North Carolina's unemployment rate

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was 4.8%, up from 4.7% in May 2006. The \$18.9 billion fiscal 2007 state budget included additional deposits to the state's rainy day fund as well as reductions in the state's sales and personal income tax rates. The 2008-2009 biennium budget called for a 6% increase in general fund expenditures, to \$20.0 billion, in fiscal 2008. In January 2007, Moody's upgraded its credit rating on North Carolina GO debt to Aaa from Aa1, citing improved economic and financial performance, while Standard

- 2 Advance refundings, also known as pre-refundings or refinancings, occur when an issuer sells new bonds and uses the proceeds to fund principal and interest payments of older existing bonds. This process often results in lower borrowing costs for bond issuers.

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& Poor's confirmed its AAA rating in February 2007. During the 12 months ended May 31, 2007, \$8.4 billion of municipal debt was issued in North Carolina, an increase of 3.5% from the previous 12 months. Municipal supply in the state during the first five months of 2007 rose 53% compared with the same period in 2006, totaling \$3.3 billion. Despite increases in recent years, North Carolina's debt levels remained moderate, with debt per capita matching the national median and debt as a percentage of personal income ranking just slightly higher than the Moody's median.

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

In the municipal bond interest rate environment of the past 12 months, where the flattening yield curve remained a dominant market factor, we continued to emphasize a disciplined approach to duration management and yield curve positioning. As part of this approach, our purchases for the Funds' portfolios focused mainly on attractively priced bonds maturing in 20 to 25 years, with some purchases extending out to 30 years. Overall, we believe that the bonds we purchased during this period represented opportunities to add value, manage duration, and enhance performance and income.

Our duration management strategies during this period also included the use of inverse floating rate trusts,³ a type of derivative financial instrument, in all four of the North Carolina Funds. The inverse floaters had the dual benefit of increasing the Funds' distributable income and bringing their durations closer to our preferred strategic target. As discussed in past shareholder reports, we have also used forward starting interest rate swaps (another type of derivative instrument) as a duration management tool when we believed this supported our overall investment performance strategies. The goal of this strategy is to help us manage net asset value (NAV) volatility without having a negative impact on the Funds' income streams or common share dividends over the short term. During this reporting period, we deployed this strategy in NKG, NZX and NRB with the swaps remaining in place in both NZX and NRB as of May 31, 2007.

During this period, we continued to emphasize individual credit selection. Both Georgia and North Carolina saw increased supply during this period and steady new issuance as well as a number of advance refundings provided us with a variety of bonds and sectors from which to choose. Since Georgia and North Carolina are high-quality states, much of the new supply was highly rated and/or insured. However, we also found purchase opportunities among lower credit quality bonds that we considered attractive.

During this period, the Funds' added to their health care positions (both

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hospitals and long-term/continuing care facilities) and single-family housing bonds (NPG did not add single-family bonds). In the Georgia Funds, we purchased bonds issued by the education and industrial development sectors while purchasing tax appropriation issues in North Carolina.

- 3 An inverse floating rate trust is a financial instrument designed to pay long-term tax-exempt interest at a rate that varies inversely with a short-term tax-exempt interest rate index. For the Nuveen Funds, the index typically used is the Securities Industry and Financial Markets (SIFM) Municipal Swap Index (previously referred to as the Bond Market Association Index or BMA). Inverse floaters, including those inverse floating rate securities in which the Funds invested during the 12-month period, are further defined within the "Notes to Financial Statements" and "Glossary of Terms Used in This Report" sections of this shareholder report.

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To help maintain the Funds' durations within our preferred strategic range and to generate cash for purchases, we selectively sold some of the Funds' holdings with shorter durations including pre-refunded bonds and short-dated higher quality paper.

HOW DID THE FUNDS PERFORM?

Individual results for these Nuveen Georgia and North Carolina Funds, as well as relevant benchmark and peer group information, are presented in the accompanying table.

Total Returns on Net Asset Value
For periods ended 5/31/07

| | Annualized | | |
|---|------------|--------|---------|
| | 1-Year | 5-Year | 10-Year |
| Georgia Funds | | | |
| NPG | 4.62% | 6.15% | 6.48% |
| NZX | 4.75% | 6.91% | NA |
| NKG | 5.79% | NA | NA |
| North Carolina Funds | | | |
| NNC | 4.84% | 6.16% | 6.51% |
| NRB | 4.98% | 6.81% | NA |
| NNO | 5.24% | 6.72% | NA |
| NII | 5.48% | NA | NA |
| Lehman Brothers | | | |
| Municipal Bond Index ⁴ | 4.84% | 4.94% | 5.61% |
| Lipper Other States | | | |
| Municipal Debt Funds Average ⁵ | 5.25% | 6.68% | 6.36% |

For the 12 months ended May 31, 2007, the total returns on net asset value for NKG, NNC, NRB, NNO, and NII exceeded or matched the return on the national Lehman Brothers Municipal Bond Index, while NPG and NZX trailed this index. NKG and NII also outperformed the average return for the Lipper Other States Municipal Debt Funds Average, while NNO performed in line with the Lipper average, and the remaining four Funds trailed this average. Shareholders should

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note that the performance of the Lipper Other States Municipal Debt Funds Average represents the overall average of returns for funds from 10 different states with a wide variety of municipal market conditions, making direct comparisons less meaningful.

Factors that influenced the Funds' returns during this period included yield curve and duration positioning, exposure to lower-rated credits, individual security selection and sector allocations, and advance refunding activity.

As shorter-term rates rose while longer term rates declined over the course of this period, municipal bonds with maturities of 15 years and longer, as measured by the Lehman Brothers Municipal Bond Index, performed best, generally outpacing municipal bonds with shorter maturities, especially those with maturities of less than 5 years.

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

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

- 4 The Lehman Brothers Municipal Bond Index is an unleveraged, unmanaged national index comprising a broad range of investment-grade municipal bonds. Results for the Lehman index do not reflect any expenses.
- 5 The Lipper Other States Municipal Debt Funds Average is calculated using the returns of all closed-end funds in this category for each period as follows: 1 year, 46; 5 years, 27; and 10 years, 18. Fund and Lipper returns assume reinvestment of dividends.

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While our strategies during this period included adding longer bonds to our portfolios, most of these Funds remained slightly short of our strategic target in terms of their holdings of bonds in the longest part of the yield curve, which was negative for performance. However, this was offset by the Funds' heavier exposure to the intermediate part of the curve, which performed well, and their lower allocations to the shorter part of the curve, which underperformed the general municipal market. Overall, the Funds' yield curve and duration positioning during this period was a positive contributor to their performance.

With bonds rated BBB or lower and non-rated bonds generally outperforming other credit quality sectors during this period, all of these Funds benefited from their weightings in lower-quality credits. The outperformance of these credit sectors was largely the result of investor demand for the higher yields typically associated with lower-rated bonds, which drove up their value. As Dividend Advantage Funds, NZX, NKG, NRB, NNO, and NII can invest up to 20% of their assets in below-investment-grade securities (bonds rated BB or below) or in non-rated bonds judged to be in the same credit quality category. The exposure of these five Funds to the subinvestment-grade sector, together with a fee reimbursement agreement, contributed to the outperformance of these Funds relative to NPG and NNC.

Among the holdings making positive contributions to both the North Carolina and

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Georgia Funds' returns for this period were health care (including hospitals and long-term care facilities) credits. In addition, the North Carolina Fund's had a positive contribution from housing bonds. Lower-rated bonds backed by the 1998 master tobacco settlement agreement also performed well. As of May 31, 2007, NPG and NKG held approximately 1% to 2% of their portfolios in tobacco bonds, while NII allocated about 2.5% of its portfolio to these credits.

We also continued to see positive contributions from advance refunding activity, which benefited the Funds through price appreciation and enhanced credit quality. At the same time, holdings of older, previously pre-refunded bonds tended to underperform the general municipal market during this period, due primarily to their shorter effective maturities. In addition, the performance of NZX was negatively impacted by the unexpected call of a multifamily housing holding, which had been priced at a premium but which was called at par.

We should also note that all of these Funds continued to use financial leverage to provide opportunities for additional income and total return for common shareholders. This strategy can also add volatility to a Fund's NAV and share price. Over this period, the use of leverage was generally a positive factor in the Funds' total return performance, especially in relation to that of the unleveraged Lehman Brothers Municipal Bond Index.

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Dividend and Share Price INFORMATION

As previously noted, these seven Funds use leverage to potentially enhance opportunities for additional income for common shareholders. Although the Funds' use of this strategy continued to provide incremental income, the extent of this benefit was somewhat reduced during this period due to high short-term interest rates that, in turn, kept the Funds' borrowing costs high. The Funds' income streams were also impacted as the proceeds from older, higher-yielding bonds that matured or were called were reinvested into bonds currently available in the market, which generally offered lower yields. The combination of these factors resulted in one monthly dividend reduction in NRB and NNO and two in NPG, NZX, and NNC over the 12-month period ended May 31, 2007. In NKG, however, we were able to increase the dividend effective November 2006, while the dividend of NII remained stable throughout this reporting period.

Due to normal portfolio activity, common shareholders of the following Funds received capital gains and net ordinary income distributions at the end of December 2006 as follows:

| | Long-Term Capital Gains (per share) | Short-Term Capital Gains and/or Ordinary Income (per share) |
|-----|--|---|
| NNC | \$0.0141 | -- |
| NRB | \$0.0520 | \$0.0001 |
| NNO | \$0.0388 | \$0.0103 |

All of the Funds in this report seek to pay stable dividends at rates that reflect each Fund's past results and projected future performance. During certain periods, each Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds the excess in reserve as undistributed net investment income (UNII) as

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part of the Fund's NAV. Conversely, if a Fund has cumulatively paid dividends in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. Each Fund will, over time, pay all of its net investment income as dividends to shareholders. As of May 31, 2007, all the Funds in this report had positive UNII balances for tax purposes and negative UNII balances for financial statement purposes.

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As of May 31, 2007, the Funds' share prices were trading at premiums or discounts to their NAVs as shown in the accompanying chart:

| | 5/31/07 Premium/Discount | 12-Month Average Premium/Discount |
|-----|-----------------------------|--------------------------------------|
| NPG | -2.96% | + 0.14% |
| NZX | +9.22% | + 8.88% |
| NKG | +0.42% | - 5.25% |
| NNC | -0.42% | 0.00% |
| NRB | +11.23% | +8.45% |
| NNO | +5.01% | +1.42% |
| NII | +1.81% | -0.57% |

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NPG Performance OVERVIEW

Nuveen Georgia Premium Income Municipal Fund
as of 5-31-07

Pie Chart:

Credit Quality (as a % of total investments)

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 76% |
| AA | 5% |
| A | 8% |
| BBB | 10% |
| BB or Lower | 1% |

Bar Chart:

Monthly Tax-Free Dividends Per Share -- 2006-2007

| | |
|-----|--------|
| Jun | 0.0585 |
| Jul | 0.0585 |
| Aug | 0.0585 |
| Sep | 0.0555 |
| Oct | 0.0555 |
| Nov | 0.0555 |
| Dec | 0.0555 |
| Jan | 0.0555 |
| Feb | 0.0555 |
| Mar | 0.053 |
| Apr | 0.053 |
| May | 0.053 |

Line Chart:

SHARE PRICE PERFORMANCE

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Weekly Closing Price
Jun 1, 2006

15.22
15.25
15.15
15.03
15.03
14.95
15.03
14.76
14.56
14.53
14.55
14.33
14.1
14.36
14.43
14.5
14.4
14.1
13.96
13.89
13.87
13.995
13.99
14.2
14.3
14.2001
14.7
14.61
14.55
14.44
14.35
14.3001
14.22
14.28
14.28
14.28
14.35
14.31
14.31
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14.56
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15
15.02
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| | 14.2 |
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| | 14.11 |
| May 31, 2007 | 14.12 |

FUND SNAPSHOT

| | |
|--|----------|
| Common Share Price | \$14.12 |
| Common Share Net Asset Value | \$14.55 |
| Premium/(Discount) to NAV | -2.96% |
| Market Yield | 4.50% |
| Taxable-Equivalent Yield ¹ | 6.65% |
| Net Assets Applicable to Common Shares (\$000) | \$55,359 |
| Average Effective Maturity on Securities (Years) | 15.97 |
| Leverage-Adjusted Duration | 7.51 |

AVERAGE ANNUAL TOTAL RETURN
(Inception 5/20/93)

| | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year | -2.55% | 4.62% |
| 5-Year | 3.06% | 6.15% |
| 10-Year | 5.71% | 6.48% |

INDUSTRIES

(as a % of total investments)

| | |
|-----------------------------------|-------|
| Health Care | 23.7% |
| Tax Obligation/Limited | 20.8% |
| Education and Civic Organizations | 13.1% |
| Water and Sewer | 10.0% |
| U.S. Guaranteed | 10.0% |
| Utilities | 6.1% |
| Tax Obligation/General | 4.4% |
| Other | 11.9% |

1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 32.3%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

11

NZX
Performance
OVERVIEW

Nuveen Georgia Dividend Advantage Municipal Fund
as of 5-31-07

Pie Chart:

Credit Quality (as a % of total investments)

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 69% |
| AA | 6% |
| A | 7% |
| BBB | 14% |
| BB or Lower | 3% |
| N-R | 1% |

Bar Chart:

Monthly Tax-Free Dividends Per Share -- 2006-2007

| | |
|-----|--------|
| Jun | 0.066 |
| Jul | 0.066 |
| Aug | 0.066 |
| Sep | 0.0625 |
| Oct | 0.0625 |
| Nov | 0.0625 |
| Dec | 0.0625 |
| Jan | 0.0625 |
| Feb | 0.0625 |
| Mar | 0.06 |
| Apr | 0.06 |
| May | 0.06 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

| | |
|-------------|---------|
| Jun 1, 2006 | 15.8 |
| | 15.7 |
| | 15.6999 |
| | 15.68 |
| | 15.38 |
| | 15.38 |
| | 15.9 |
| | 15.71 |
| | 15.562 |
| | 15 |
| | 15.5 |
| | 15.8 |
| | 15.7 |
| | 15.7001 |
| | 15.9 |
| | 15.9 |

16.05
15.99
15.7
16.2
16.46
16.46
17.2
16.5
16.69
16.46
16.51
16.51
16.51
16.52
16.52
16.5
16.5
16.4799
16.41
16.5
16.99
16.99
16.45
16.81
16.55
16.6
16.9
16.75
16.75
16.75
16.6
17.59
17.5
17.35
17.38
16.99
16.99
17
17
16.8
17.2
16.8
16.8
16.76
17.48
16.98
16.8
16.76
16.76
16.5
16.2
15.75
16
15.75
15.8
15.8
15.95
15.95
15.9
15.68
15.79
15.8

15.72
15.75
15.91
15.92
15.92
16.35
16.35
16.35
16.15
16.3
16.18
16.18
15.61
15.6
15.65
15.65
15.65
15.48
15.4201
15.33
15.32
15.41
15.41
15.41
15.15
15.59
16
16.25
16.5
16.5
16.9999
16.9
16.75
16.39
16.35
16.85
16.85
16.85
16.1
16.35
16.2
16.5
16.5
15.73
15.5
15.26
15.26
15.48
16.58
16.77
16.25
16.14
15.93
16.3
16.7
16.7
16.99
16.99
16.8
16.5
16.5
16.5

16.5
16.5899
16.85
16.75
16.8
16.8
16.65
16.95
16.95
16.95
16.61
16.61
16.55
16.55
16.67
16.67
17.14
17.14
17.14
16.75
16.69
16.99
16.84
16.65
16.32
16.1
16.1
16.1
16.45
15.91
15.76
16.3801
16.39
16
16.31
16
16.59
16.34
16.4
16.3
16.3
16.3
16
16.01
16.1
16.08
16.4
16.55
16.63
16.64
16.64
16.06
16.25
16.19
15.92
15.94
15.91
15.7
15.7
15.51
15.36
15.42

15.58
 15.57
 15.38
 15.39
 15.4
 15.48
 15.62
 15.86
 16.04
 16.04
 15.92
 15.82
 15.56
 15.7
 15.5
 15.56
 15.38
 15.24
 15.45
 15.47
 15.5
 15.57
 15.8
 15.67
 15.79
 15.56
 15.56
 15.69
 15.55
 15.5
 15.95
 16.1
 16.1
 16.1
 15.95
 15.9
 15.72
 15.85
 15.85
 15.75
 15.85
 15.85
 16.22
 16.0801
 16.35
 15.9099
 15.91
 15.91
 15.91
 16.05
 16.05
 16

May 31, 2007

FUND SNAPSHOT

| | |
|---------------------------------|---------|
| Common Share Price | \$16.00 |
| Common Share Net Asset Value | \$14.65 |
| Premium/(Discount) to NAV | 9.22% |

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| | |
|---|----------|
| Market Yield | 4.50% |
| ----- | |
| Taxable-Equivalent Yield ¹ | 6.65% |
| ----- | |
| Net Assets Applicable to Common Shares (\$000) | \$28,831 |
| ----- | |
| Average Effective Maturity on Securities (Years) | 13.82 |
| ----- | |
| Leverage-Adjusted Duration | 8.13 |
| ----- | |

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

| | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year | 8.10% | 4.75% |
| 5-Year | 7.48% | 6.91% |
| Since Inception | 6.81% | 6.25% |

INDUSTRIES
(as a % of total investments)

| | |
|--------------------------------------|-------|
| Health Care | 23.3% |
| U.S. Guaranteed | 18.5% |
| Education and Civic Organizations | 15.3% |
| Water and Sewer | 12.5% |
| Housing/Single Family | 8.5% |
| Tax Obligation/Limited | 4.8% |
| Tax Obligation/General | 2.7% |
| Other | 14.4% |

- 1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 32.3%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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Nuveen Georgia Dividend Advantage Municipal Fund 2
as of 5-31-07

Pie Chart:

Credit Quality (as a % of total investments)

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 73% |
| AA | 9% |
| A | 2% |
| BBB | 12% |
| BB or Lower | 3% |
| N-R | 1% |

Bar Chart:

Monthly Tax-Free Dividends Per Share -- 2006-2007

| | |
|-----|--------|
| Jun | 0.0515 |
| Jul | 0.0515 |
| Aug | 0.0515 |
| Sep | 0.0515 |
| Oct | 0.0515 |
| Nov | 0.053 |
| Dec | 0.053 |
| Jan | 0.053 |
| Feb | 0.053 |
| Mar | 0.053 |
| Apr | 0.053 |
| May | 0.053 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

| | |
|-------------|---------|
| Jun 1, 2006 | 13.47 |
| | 13.56 |
| | 13.5 |
| | 13.3411 |
| | 13.25 |
| | 13.15 |
| | 13.14 |
| | 13.12 |
| | 13.09 |
| | 13 |
| | 13.1 |
| | 13.07 |
| | 13.01 |
| | 12.99 |
| | 12.97 |
| | 12.92 |
| | 12.85 |
| | 12.84 |
| | 12.95 |
| | 12.95 |
| | 12.94 |
| | 13.03 |
| | 13.12 |
| | 13.07 |
| | 13.12 |
| | 13.1301 |
| | 13.25 |
| | 13.25 |
| | 13.17 |
| | 13 |
| | 12.98 |

12.98
12.97
12.97
12.97
13.09
13.09
13.05
13.07
13.16
13.14
13.26
13.28
13.44
13.65
13.73
13.77
13.6
13.56
13.48
13.34
13.34
13.37
13.55
13.58
13.56
13.56
13.35
13.35
13.38
13.54
13.58
13.52
13.44
13.5
13.5
13.6
13.35
13.45
13.49
13.66
13.65
13.56
13.54
13.51
13.53
13.4101
13.64
13.54
13.55
13.51
13.5
13.5501
13.64
13.63
13.63
13.46
13.54
13.55
13.52
13.5
13.5499
13.55

13.5108
13.4501
13.52
13.56
13.49
13.46
13.4239
13.53
13.53
13.48
13.57
13.49
13.44
13.649
13.75
13.7
13.8
13.74
13.8
13.69
13.69
13.81
13.73
13.72
13.75
13.8
13.7
13.8
13.75
13.56
13.5603
13.5603
13.59
13.5401
13.75
13.8
13.8909
13.95
13.95
13.89
13.89
13.92
13.87
13.88
13.72
13.64
13.86
13.86
13.8
13.81
13.71
13.61
13.61
13.84
14
14.03
14.03
13.911
14.04
14.04
14.05
14.05

14.15
14.14
14.11
14.03
13.98
13.97
14.01
14.07
14.04
14.0497
14.01
14.39
14.16
14.26
14.15
14.08
14.18
14.18
14.2
14.16
14.15
14.15
13.96
13.9
13.9
13.88
13.88
13.83
13.9
13.86
13.9
13.96
13.92
14.09
14.08
14.09
14.135
14.25
14.38
14.38
14.44
14.26
14.12
14.15
14.12
14.11
14.1
14.18
14.23
14.29
14.23
14.19
14.189
14.11
14.22
14.26
14.26
14.37
14.24
14.58
14.36
14.34

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| | |
|--------------|-------|
| | 14.44 |
| | 14.28 |
| | 14.38 |
| | 14.35 |
| | 14.35 |
| | 14.2 |
| | 14.24 |
| | 14.35 |
| | 14.51 |
| | 14.51 |
| | 14.4 |
| | 14.45 |
| | 14.54 |
| | 14.54 |
| | 14.4 |
| | 14.4 |
| | 14.35 |
| | 14.35 |
| | 14.4 |
| | 14.6 |
| | 14.56 |
| | 14.56 |
| | 14.5 |
| | 14.26 |
| | 14.26 |
| | 14.22 |
| | 14.22 |
| | 14.51 |
| | 14.51 |
| | 14.38 |
| | 14.31 |
| | 14.16 |
| | 14.14 |
| | 14.15 |
| | 14.55 |
| | 14.35 |
| May 31, 2007 | 14.5 |

FUND SNAPSHOT

| | |
|---|----------|
| Common Share Price | \$14.50 |
| Common Share Net Asset Value | \$14.44 |
| Premium/(Discount) to NAV | 0.42% |
| Market Yield | 4.39% |
| Taxable-Equivalent Yield ¹ | 6.48% |
| Net Assets Applicable to Common Shares (\$000) | \$65,770 |
| Average Effective Maturity on Securities (Years) | 16.77 |
| Leverage-Adjusted Duration | 8.03 |

AVERAGE ANNUAL TOTAL RETURN
(Inception 9/25/02)

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| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year | 14.40% | 5.79% |
| Since Inception | 4.57% | 5.34% |

INDUSTRIES

(as a % of total investments)

| | |
|-----------------------------------|-------|
| Health Care | 17.7% |
| Water and Sewer | 16.8% |
| Tax Obligation/Limited | 13.7% |
| Education and Civic Organizations | 11.4% |
| U.S. Guaranteed | 10.8% |
| Tax Obligation/General | 7.3% |
| Transportation | 3.9% |
| Housing/Multifamily | 3.1% |
| Housing/Single Family | 2.6% |
| Other | 12.7% |

- 1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 32.3%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

13

NNC
Performance
OVERVIEW

Nuveen North Carolina Premium Income Municipal Fund
as of 5-31-07

Pie Chart:

Credit Quality (as a % of total investments)

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 52% |
| AA | 33% |
| A | 10% |
| BBB | 4% |
| N-R | 1% |

Bar Chart:

Monthly Tax-Free Dividends Per Share -- 2006-20072

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| | |
|-----|--------|
| Jun | 0.0575 |
| Jul | 0.0575 |
| Aug | 0.0575 |
| Sep | 0.0545 |
| Oct | 0.0545 |
| Nov | 0.0545 |
| Dec | 0.0545 |
| Jan | 0.0545 |
| Feb | 0.0545 |
| Mar | 0.052 |
| Apr | 0.052 |
| May | 0.052 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

| | |
|-------------|---------|
| Jun 1, 2006 | 15.04 |
| | 15.2 |
| | 15.2 |
| | 15.09 |
| | 15.3 |
| | 15.11 |
| | 14.9478 |
| | 15.24 |
| | 15.24 |
| | 15.25 |
| | 15.3 |
| | 15.25 |
| | 15.3 |
| | 15.25 |
| | 14.97 |
| | 14.97 |
| | 15.19 |
| | 15.18 |
| | 15.17 |
| | 14.95 |
| | 14.86 |
| | 14.88 |
| | 14.97 |
| | 14.59 |
| | 14.6851 |
| | 14.64 |
| | 14.64 |
| | 14.73 |
| | 14.87 |
| | 14.61 |
| | 14.51 |
| | 14.45 |
| | 14.45 |
| | 14.45 |
| | 14.5 |
| | 14.75 |
| | 14.84 |
| | 14.8 |
| | 14.71 |
| | 14.7 |
| | 14.6999 |
| | 14.6 |
| | 14.7 |
| | 14.65 |
| | 14.46 |
| | 14.51 |

14.65
14.556
14.71
14.75
14.65
14.66
14.75
14.85
14.94
14.94
14.8
14.78
14.83
14.8
14.76
14.76
14.8
14.8
14.77
14.76
14.84
14.8
14.74
14.85
14.73
14.7
14.87
14.7501
14.97
14.74
14.7
14.7499
14.65
14.73
14.66
14.5926
14.58
14.47
14.45
14.45
14.4401
14.5
14.43
14.49
14.38
14.29
14.3
14.24
14.3
14.2599
14.26
14.22
14.25
14.25
14.28
14.21
14.26
14.32
14.28
14.35
14.43
14.43

14.42
14.67
14.48
14.4
14.33
14.3199
14.28
14.3
14.26
14.3
14.34
14.36
14.31
14.3499
14.31
14.33
14.31
14.39
14.4399
14.5
14.68
14.7
14.85
14.7
14.75
14.75
14.65
14.4
14.44
14.37
14.29
14.26
14.33
14.33
14.23
14.26
14.24
14.25
14.3
14.37
14.35
14.35
14.4
14.47
14.5
14.38
14.32
14.38
14.28
14.38
14.32
14.38
14.48
14.33
14.34
14.36
14.4699
14.46
14.29
14.26
14.28
14.31

14.28
14.2101
14.25
14.231
14.3
14.33
14.31
14.369
14.2801
14.3401
14.3001
14.3
14.4
14.31
14.27
14.26
14.37
14.33
14.39
14.65
14.7
14.64
14.64
14.64
14.51
14.42
14.44
14.35
14.31
14.33
14.26
14.33
14.49
14.64
14.65
14.59
14.5499
14.52
14.48
14.44
14.45
14.45
14.62
14.6799
14.6799
14.56
14.53
14.54
14.4
14.44
14.44
14.43
14.37
14.34
14.32
14.25
14.35
14.32
14.25
14.34
14.35
14.3899

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14.4
 14.45
 14.28
 14.44
 14.46
 14.46
 14.46
 14.54
 14.56
 14.56
 14.51
 14.4
 14.4999
 14.4
 14.41
 14.34
 14.38
 14.28
 14.29
 14.28
 14.26
 14.3

May 31, 2007

FUND SNAPSHOT

| | |
|---|----------|
| Common Share Price | \$14.30 |
| Common Share Net Asset Value | \$14.36 |
| Premium/(Discount) to NAV | -0.42% |
| Market Yield | 4.36% |
| Taxable-Equivalent Yield ¹ | 6.59% |
| Net Assets Applicable to Common Shares (\$000) | \$91,191 |
| Average Effective Maturity on Securities (Years) | 15.89 |
| Leverage-Adjusted Duration | 8.60 |

AVERAGE ANNUAL TOTAL RETURN
 (Inception 5/20/93)

| | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year | -.78% | 4.84% |
| 5-Year | 2.86% | 6.16% |
| 10-Year | 5.21% | 6.51% |

INDUSTRIES

(as a % of total investments)

| | |
|------------------------|-------|
| Tax Obligation/Limited | 19.1% |
|------------------------|-------|

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| | |
|--------------------------------------|-------|
| Health Care | 16.3% |
| ----- | ----- |
| Education and Civic Organizations | 16.0% |
| ----- | ----- |
| U.S. Guaranteed | 10.3% |
| ----- | ----- |
| Tax Obligation/General | 8.5% |
| ----- | ----- |
| Utilities | 8.3% |
| ----- | ----- |
| Housing/Single Family | 6.1% |
| ----- | ----- |
| Water and Sewer | 5.4% |
| ----- | ----- |
| Other | 10.0% |
| ----- | ----- |

- 1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 33.8%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 The Fund paid shareholders capital gains distributions in December 2006 of \$0.0141 per share.

14

NRB
Performance
OVERVIEW

Nuveen North Carolina Dividend Advantage Municipal Fund
as of 5-31-07

Pie Chart:

Credit Quality (as a % of total investments)

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 59% |
| AA | 26% |
| A | 8% |
| BBB | 4% |
| N-R | 3% |

Bar Chart:

Monthly Tax-Free Dividends Per Share -- 2006-2007

| | |
|-----|--------|
| Jun | 0.0665 |
| Jul | 0.0665 |
| Aug | 0.0665 |
| Sep | 0.0635 |
| Oct | 0.0635 |
| Nov | 0.0635 |
| Dec | 0.0635 |
| Jan | 0.0635 |
| Feb | 0.0635 |
| Mar | 0.0635 |
| Apr | 0.0635 |
| May | 0.0635 |

Line Chart:

Edgar Filing: NUVEEN GEORGIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2 - Form N-CSR

SHARE PRICE PERFORMANCE

Weekly Closing Price

| | |
|-------------|-------|
| Jun 1, 2006 | 17.75 |
| | 17.75 |
| | 17.75 |
| | 17.26 |
| | 17.26 |
| | 17.26 |
| | 17.26 |
| | 17.26 |
| | 17.26 |
| | 17.26 |
| | 17.26 |
| | 17.26 |
| | 17.04 |
| | 17.04 |
| | 17.3 |
| | 17.4 |
| | 17.55 |
| | 17.41 |
| | 17.41 |
| | 17.41 |
| | 17.6 |
| | 17.76 |
| | 17.9 |
| | 17.71 |
| | 17.7 |
| | 17.7 |
| | 17.21 |
| | 17.23 |
| | 17.07 |
| | 17.12 |
| | 17 |
| | 16.66 |
| | 16.5 |
| | 16.69 |
| | 16.25 |
| | 16.25 |
| | 16.25 |
| | 16.1 |
| | 16.1 |
| | 16.09 |
| | 15.9 |
| | 15.98 |
| | 15.91 |
| | 16 |
| | 15.86 |
| | 16 |
| | 16 |
| | 16.01 |
| | 16.01 |
| | 16.01 |
| | 16.05 |
| | 15.96 |
| | 16.15 |
| | 16.15 |
| | 16.25 |
| | 16.25 |
| | 16.25 |
| | 16.25 |
| | 16.1 |
| | 16.24 |

16.05
16.06
16.09
16.27
16.45
16.48
16.33
16.22
16.22
16.71
16.24
16.45
16.25
16.16
16.38
16.34
16.84
16.7
17
16.65
16.65
16.16
16.02
16.06
16.07
16.07
16.2
16.37
16.37
16.26
16.26
16.26
16.25
16.25
16.07
16.09
15.94
15.92
15.99
16
15.99
15.81
15.61
15.71
15.45
15.55
15.55
15.55
15.8
15.87
15.71
16.09
16.14
16.19
16.01
16.0101
15.94
15.99
15.94
15.94
15.94
15.93

15.85
15.86
15.86
16.15
16.13
16
15.69
15.97
15.78
15.9
15.62
15.7
15.62
15.68
15.69
15.6299
15.63
15.8
15.62
15.81
15.58
15.45
15.59
15.42
15.63
15.48
15.4806
15.4806
15.37
15.39
15.36
15.34
15.15
15.25
15.27
15.2501
15.24
15.29
15.35
15.36
15.35
15.38
15.45
15.63
15.45
15.69
15.69
15.58
15.7
15.6
15.65
15.55
15.97
15.98
16.1
15.79
16
16.16
16.28
16.28
16.3
16.1

16.16
16.16
16.19
16.2
16.48
16.61
16.42
16.42
16.42
16.4
16.4
16.17
16.42
16.446
16.49
16.49
16.49
16.85
16.63
16.27
16.12
15.9699
15.83
16.02
16.49
16.5
16.5
16.5
16.92
16.83
16.33
16.23
15.89
16.28
16.4
16.54
16.54
16.31
16.43
16.4
16.33
16.25
16.27
16.27
16.27
16.27
16.27
16.2
16.3
16.45
16.5
16.78
16.93
16.43
16.51
16.55
16.81
16.81
16.59
16.8
16.78
16.8

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| | |
|--------------|-------|
| | 16.8 |
| | 16.44 |
| | 16.45 |
| | 16.4 |
| | 16.36 |
| | 16.5 |
| | 16.5 |
| May 31, 2007 | 16.44 |

FUND SNAPSHOT

| | |
|---|----------|
| Common Share Price | \$16.44 |
| Common Share Net Asset Value | \$14.78 |
| Premium/(Discount) to NAV | 11.23% |
| Market Yield | 4.64% |
| Taxable-Equivalent Yield ¹ | 7.01% |
| Net Assets Applicable to Common Shares (\$000) | \$33,409 |
| Average Effective Maturity on Securities (Years) | 14.33 |
| Leverage-Adjusted Duration | 7.86 |

AVERAGE ANNUAL TOTAL RETURN
(Inception 1/25/01)

| | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year | -2.26% | 4.98% |
| 5-Year | 7.15% | 6.81% |
| Since Inception | 7.22% | 6.59% |

INDUSTRIES

(as a % of total investments)

| | |
|--------------------------------------|-------|
| Water and Sewer | 22.6% |
| Tax Obligation/Limited | 13.9% |
| Utilities | 13.7% |
| Health Care | 11.9% |
| Education and Civic Organizations | 11.6% |
| U.S. Guaranteed | 9.5% |
| Tax Obligation/General | 5.7% |

Other 11.1%

- 1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 33.8%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 The Fund paid shareholders capital gains and net ordinary income distributions in December 2006 of \$0.0521 per share.

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NNO
Performance
OVERVIEW

Nuveen North Carolina Dividend Advantage Municipal Fund 2
as of 5-31-07

Pie Chart:

Credit Quality (as a % of total investments)

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 68% |
| AA | 17% |
| A | 10% |
| BBB | 2% |
| N-R | 3% |

Bar Chart:

Monthly Tax-Free Dividends Per Share -- 2006-20072

| | |
|-----|--------|
| Jun | 0.0615 |
| Jul | 0.0615 |
| Aug | 0.0615 |
| Sep | 0.058 |
| Oct | 0.058 |
| Nov | 0.058 |
| Dec | 0.058 |
| Jan | 0.058 |
| Feb | 0.058 |
| Mar | 0.058 |
| Apr | 0.058 |
| May | 0.058 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

| | |
|-------------|---------|
| Jun 1, 2006 | 15.29 |
| | 15.3 |
| | 15.3 |
| | 15.59 |
| | 15.6 |
| | 15.6499 |
| | 15.6 |
| | 15.65 |
| | 15.85 |
| | 16 |
| | 16 |
| | 15.95 |

15.88
15.8
15.8
15.8
15.86
15.86
15.68
15.562
15.45
15.45
15.4
15.23
14.9
14.98
15.13
15.15
14.99
14.96
14.9
14.88
14.88
15
15
15
15
15
14.9101
15.1
14.65
14.8
14.9
14.94
14.8899
14.91
14.91
14.85
14.85
14.82
14.88
14.88
14.88
14.94
14.98
14.97
15.05
15.09
15.26
15.18
15.18
15.18
15.11
15.08
15.23
15.23
15.2
15.02
15.12
15.17
15.25
15.25
15.16
15.2

15.1701
15.24
15.15
15.09
15.09
15.16
15.24
15.24
15.24
15.24
15.2
15.2
15.08
15.23
15.23
15.21
15.3006
15.2101
15.35
15.38
15.25
15.25
15.2
15.3
15.08
15.06
15.12
15.01
15.03
15
15.0899
15.02
15.04
15.16
15.17
15.24
15.14
15.1
15.05
15.09
15.03
15.02
14.92
15.0199
15.01
15.01
14.93
14.86
14.89
14.91
14.91
14.9
14.927
14.8201
14.93
14.95
15.09
14.87
14.9501
14.74
14.88
14.88

14.98
14.68
14.67
14.7
14.66
14.6
14.6
14.68
14.77
14.78
14.7801
14.84
14.87
14.87
14.77
14.79
14.81
14.76
14.7699
14.76
14.7
14.6799
14.82
14.85
14.95
14.94
14.8514
15.09
15.11
15.24
14.93
14.97
14.83
14.91
14.939
15.05
14.9701
15
14.85
15.05
15.05
15
14.75
14.8399
14.94
14.81
14.91
14.75
14.75
14.85
14.75
14.86
14.99
14.96
15.07
15.1
15.2
15.2
15.1
15.041
15.23
15.25

15.25
 15.25
 15.3
 15.25
 15.4
 15.3766
 15.43
 15.44
 15.64
 15.81
 15.75
 15.77
 15.81
 15.81
 15.81
 15.51
 15.45
 15.57
 15.56
 15.666
 15.77
 15.72
 15.55
 15.59
 15.67
 15.76
 15.8
 15.8
 15.8
 15.55
 15.47
 15.31
 15.16
 15.14
 15.17
 15.1741
 15.25
 15.35
 15.44
 15.39
 15.4
 15.4
 15.2
 15.21
 15.38
 15.25
 15.37
 15.2
 15.25
 15.15
 15.35
 15.15
 15.2
 15.55
 15.511
 15.5

May 31, 2007

FUND SNAPSHOT

 Common Share Price \$15.50

Common Share

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| | |
|---|----------|
| Net Asset Value | \$14.76 |
| Premium/(Discount) to NAV | 5.01% |
| Market Yield | 4.49% |
| Taxable-Equivalent Yield ¹ | 6.78% |
| Net Assets Applicable to Common Shares (\$000) | \$55,349 |
| Average Effective Maturity on Securities (Years) | 13.63 |
| Leverage-Adjusted Duration | 8.13 |

AVERAGE ANNUAL TOTAL RETURN
(Inception 11/15/01)

| | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year | 6.64% | 5.24% |
| 5-Year | 6.76% | 6.72% |
| Since Inception | 6.39% | 6.47% |

INDUSTRIES
(as a % of total investments)

| | |
|--------------------------------------|-------|
| Tax Obligation/Limited | 18.7% |
| Health Care | 14.9% |
| Water and Sewer | 13.1% |
| U.S. Guaranteed | 10.7% |
| Transportation | 10.7% |
| Education and Civic Organizations | 10.1% |
| Utilities | 8.7% |
| Other | 13.1% |

- 1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 33.8%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 2 The Fund paid shareholders capital gains and net ordinary income distributions in December 2006 of \$0.0491 per share.

NII
Performance
OVERVIEW

Nuveen North Carolina Dividend Advantage Municipal Fund 3
as of 5-31-07

Pie Chart:

Credit Quality (as a % of total investments)

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 73% |
| AA | 21% |
| A | 2% |
| BBB | 3% |
| N-R | 1% |

Bar Chart:

Monthly Tax-Free Dividends Per Share -- 2006-2007

| | |
|-----|--------|
| Jun | 0.0545 |
| Jul | 0.0545 |
| Aug | 0.0545 |
| Sep | 0.0545 |
| Oct | 0.0545 |
| Nov | 0.0545 |
| Dec | 0.0545 |
| Jan | 0.0545 |
| Feb | 0.0545 |
| Mar | 0.0545 |
| Apr | 0.0545 |
| May | 0.0545 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

| | |
|-------------|-------|
| Jun 1, 2006 | 14.77 |
| | 14.7 |
| | 14.55 |
| | 14.76 |
| | 14.98 |
| | 14.88 |
| | 14.75 |
| | 14.8 |
| | 14.8 |
| | 14.66 |
| | 14.66 |
| | 14.72 |
| | 14.68 |
| | 14.79 |
| | 14.69 |
| | 14.4 |
| | 14.4 |
| | 14.71 |
| | 14.72 |
| | 14.67 |
| | 14.49 |
| | 14.42 |
| | 14.5 |
| | 14.3 |
| | 14.28 |
| | 14.31 |

14.27
14.31
14.1
14.05
14.15
14.15
14.19
14.19
14.15
14.02
14.04
14.02
14.1
14.1
14.1
14.25
14.36
14.8999
14.67
14.66
14.5
14.4
14.24
14.25
14.4
14.3
14.27
14.27
14.2
14.2201
14.25
14.2
14.29
14.18
14.22
14.25
14.26
14.3
14.35
14.39
14.4
14.15
14.24
14.35
14.65
14.55
14.45
14.32
14.42
14.39
14.35
14.36
14.54
14.3601
14.5
14.54
14.65
14.6881
14.46
14.46
14.49
14.4

14.35
14.3499
14.3
14.18
14.22
14.21
14.21
14.21
14.21
14.27
14.31
14.27
14.38
14.25
14.18
14.36
14.19
14.18
14.2
14.22
14.34
14.45
14.24
14.2252
14.2
14.2
14.13
14.23
14.1
14
14
14.21
14.3976
14.8
14.36
14.43
14.43
14.21
14.25
14.19
14.2
14.2401
14.18
14.22
14.22
14.3
14.49
14.49
14.46
14.31
14.19
14.14
14.14
14.19
14.25
13.93
13.99
14.04
14.05
14.04
14.05
14.05

14.21
14.36
14.3799
14.3
14.25
14.2299
14.1
14.2
14.24
14.2899
14.1
14.21
14.24
14.2
14.24
14.25
14.23
14.15
14.29
14.29
14.2302
14.24
14.37
14.3101
14.3101
14.3
14.36
14.3199
14.17
14.17
14.2299
14.24
14.23
14.22
14.25
14.1801
14.25
14.3199
14.49
14.49
14.48
14.62
14.77
14.5
14.3899
14.35
14.4
14.43
14.27
14.31
14.28
14.37
14.57
14.58
14.71
14.77
14.75
14.75
14.82
14.88
14.78
14.78

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15.1
 14.71
 14.79
 15
 14.83
 15
 14.74
 14.81
 14.68
 14.81
 14.63
 14.71
 14.95
 15.2
 14.81
 14.85
 14.73
 14.77
 14.65
 14.85
 14.69
 14.75
 14.89
 14.94
 15.2
 15.2
 14.8
 14.8
 14.81
 14.81
 14.82
 14.65
 14.59
 14.8
 14.49
 14.4
 14.4
 14.6
 14.6
 14.69
 14.643
 14.64

May 31, 2007

FUND SNAPSHOT

| | |
|---|----------|
| ----- | |
| Common Share Price | \$14.64 |
| ----- | |
| Common Share Net Asset Value | \$14.38 |
| ----- | |
| Premium/(Discount) to NAV | 1.81% |
| ----- | |
| Market Yield | 4.47% |
| ----- | |
| Taxable-Equivalent Yield ¹ | 6.75% |
| ----- | |
| Net Assets Applicable to Common Shares (\$000) | \$56,511 |
| ----- | |
| Average Effective Maturity on Securities (Years) | 14.67 |

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 Leverage-Adjusted Duration 8.37

AVERAGE ANNUAL TOTAL RETURN
 (Inception 9/25/02)

| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year | 6.23% | 5.48% |
| Since Inception | 4.60% | 5.31% |

INDUSTRIES
 (as a % of total investments)

| | |
|------------------------|-------|
| Water and Sewer | 19.6% |
| Tax Obligation/Limited | 18.0% |
| U.S. Guaranteed | 13.9% |
| Tax Obligation/General | 13.0% |
| Utilities | 9.6% |
| Health Care | 9.6% |
| Transportation | 5.5% |
| Other | 10.8% |

1 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 33.8%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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Report of
 INDEPENDENT REGISTERED
 PUBLIC ACCOUNTING FIRM

THE BOARD OF TRUSTEES AND SHAREHOLDERS
 NUVEEN GEORGIA PREMIUM INCOME MUNICIPAL FUND
 NUVEEN GEORGIA DIVIDEND ADVANTAGE MUNICIPAL FUND
 NUVEEN GEORGIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2
 NUVEEN NORTH CAROLINA PREMIUM INCOME MUNICIPAL FUND
 NUVEEN NORTH CAROLINA DIVIDEND ADVANTAGE MUNICIPAL FUND
 NUVEEN NORTH CAROLINA DIVIDEND ADVANTAGE MUNICIPAL FUND 2
 NUVEEN NORTH CAROLINA DIVIDEND ADVANTAGE MUNICIPAL FUND 3

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Nuveen Georgia Premium Income Municipal Fund, Nuveen Georgia Dividend Advantage Municipal Fund, Nuveen Georgia Dividend

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Advantage Municipal Fund 2, Nuveen North Carolina Premium Income Municipal Fund, Nuveen North Carolina Dividend Advantage Municipal Fund, Nuveen North Carolina Dividend Advantage Municipal Fund 2 and Nuveen North Carolina Dividend Advantage Municipal Fund 3 (the Funds) as of May 31, 2007, and the related statements of operations and cash flows (Nuveen North Carolina Dividend Advantage Municipal Fund only) for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the periods indicated therein. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Funds' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of May 31, 2007, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of Nuveen Georgia Premium Income Municipal Fund, Nuveen Georgia Dividend Advantage Municipal Fund, Nuveen Georgia Dividend Advantage Municipal Fund 2, Nuveen North Carolina Premium Income Municipal Fund, Nuveen North Carolina Dividend Advantage Municipal Fund, Nuveen North Carolina Dividend Advantage Municipal Fund 2 and Nuveen North Carolina Dividend Advantage Municipal Fund 3 at May 31, 2007, the results of their operations and cash flows (Nuveen North Carolina Dividend Advantage Municipal Fund only) for the year then ended, the changes in their net assets for each of the two years in the period then ended, and their financial highlights for each of the periods indicated therein in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Chicago, Illinois
July 19, 2007

NPG
Nuveen Georgia Premium Income Municipal Fund
Portfolio of INVESTMENTS

as of 5-31-07

PRINCIPAL
AMOUNT (000) DESCRIPTION (1)

OPTIONAL C
PROVISIONS

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CONSUMER STAPLES - 5.5% (3.8% OF TOTAL INVESTMENTS)

| | | | |
|-------|-------|---|--------------|
| \$ | 2,000 | Cartersville Development Authority, Georgia, Water and Wastewater Facilities Revenue Refunding Bonds, Anheuser Busch Companies Inc., Series 1997, 6.125%, 5/01/27 (Alternative Minimum Tax) | 11/07 at 101 |
| | 1,000 | Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.500%, 5/15/39 | 5/12 at 100 |
| ----- | | | |
| | 3,000 | Total Consumer Staples | |
| ----- | | | |

EDUCATION AND CIVIC ORGANIZATIONS - 19.0% (13.1% OF TOTAL INVESTMENTS)

| | | | |
|-------|--------|---|--------------|
| | 1,000 | Athens-Clarke County Unified Government Development Authority, Georgia, Educational Facilities Revenue Bonds, UGAREF CCRC Building LLC Project, Series 2002, 5.000%, 12/15/16 - AMBAC Insured | 12/12 at 100 |
| | 1,210 | Atlanta Urban Residential Finance Authority, Georgia, Dormitory Facility Revenue Refunding Bonds, Morehouse College Project, Series 1995: 5.750%, 12/01/20 - MBIA Insured | 6/07 at 101 |
| | 1,375 | 5.750%, 12/01/25 - MBIA Insured | 6/07 at 101 |
| | 1,550 | Bulloch County Development Authority, Georgia, Student Housing and Athletic Facility Lease Revenue Bonds, Georgia Southern University, Series 2004, 5.250%, 8/01/21 - XLCA Insured | 8/14 at 100 |
| | 700 | Carrollton Payroll Development Authority, Georgia, Student Housing Revenue Bonds, University of West Georgia, Series 2004A, 5.000%, 9/01/21 - XLCA Insured | 9/14 at 100 |
| | 1,535 | Fulton County Development Authority, Georgia, Revenue Bonds, Georgia Tech Molecular Science Building, Series 2004, 5.250%, 5/01/15 - MBIA Insured | 5/14 at 100 |
| | 1,180 | Savannah Economic Development Authority, Georgia, Revenue Bonds, Armstrong Atlantic State University, Compass Point LLC Project, Series 2005, 5.000%, 7/01/25 - XLCA Insured | 7/15 at 100 |
| | 1,500 | Savannah Economic Development Authority, Georgia, Revenue Bonds, Armstrong Center LLC, Series 2005A, 5.000%, 12/01/34 - XLCA Insured | 12/15 at 100 |
| ----- | | | |
| | 10,050 | Total Education and Civic Organizations | |
| ----- | | | |

HEALTH CARE - 34.3% (23.7% OF TOTAL INVESTMENTS)

| | | | |
|--|-------|---|-------------|
| | 2,300 | Chatham County Hospital Authority, Savannah, Georgia, Hospital Revenue Improvement Bonds, Memorial Health University Medical Center Inc., Series 2001A, 6.125%, 1/01/24 | 7/11 at 101 |
| | 500 | Clark County Hospital Authority, Georgia, Hospital Revenue Bonds, Athens Regional Medical Center, Series 2007, 5.000%, 1/01/27 - MBIA Insured | 1/17 at 100 |

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| | | |
|-------|---|--------------|
| 2,000 | Clarke County Hospital Authority, Georgia, Hospital Revenue Certificates, Athens Regional Medical Center, Series 2002, 5.125%, 1/01/32 - MBIA Insured | 1/12 at 101 |
| 900 | Coffee County Hospital Authority, Georgia, Revenue Bonds, Coffee County Regional Medical Center, Series 2004, 5.250%, 12/01/22 | 12/14 at 100 |
| 3,000 | Floyd County Hospital Authority, Georgia, Revenue Anticipation Certificates, Floyd Medical Center Project, Series 2002, 5.200%, 7/01/32 - MBIA Insured | 7/12 at 101 |
| 1,090 | Floyd County Hospital Authority, Georgia, Revenue Anticipation Certificates, Floyd Medical Center, Series 2003, 5.000%, 7/01/19 - MBIA Insured | 7/13 at 101 |
| 1,750 | Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 2001, 5.500%, 5/15/31 | 5/11 at 100 |
| 3,750 | Gwinnett County Hospital Authority, Georgia, Revenue Anticipation Certificates, Gwinnett Hospital System Inc. Project, Series 1997B, 5.300%, 9/01/27 - MBIA Insured | 2/12 at 102 |

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NPG

Nuveen Georgia Premium Income Municipal Fund (continued)
Portfolio of INVESTMENTS as of 5-31-07

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|---------------------------|--|--------------------------|
| ----- | | |
| | HEALTH CARE (continued) | |
| \$ 1,060 | Henry County Hospital Authority, Georgia, Revenue Certificates, Henry Medical Center, Series 2004, 5.000%, 7/01/20 - MBIA Insured | 7/14 at 101 |
| 1,000 | Savannah Hospital Authority, Georgia, Revenue Bonds, St. Joseph's/Candler Health System, Series 2003, 5.250%, 7/01/23 - RAAI Insured | 1/14 at 100 |
| 750 | Valdosta and Lowndes County Hospital Authority, Georgia, Revenue Certificates, South Georgia Medical Center, Series 2007, 5.000%, 10/01/33 | 10/17 at 100 |
| ----- | | |
| 18,100 | Total Health Care | |
| ----- | | |
| | HOUSING/SINGLE FAMILY - 1.7% (1.2% OF TOTAL INVESTMENTS) | |
| 900 | Georgia Housing and Finance Authority, Single Family Mortgage Bonds, Series 2002B-2, 5.350%, 12/01/22 (Alternative Minimum Tax) | 12/11 at 100 |
| ----- | | |

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INDUSTRIALS - 1.0% (0.6% OF TOTAL INVESTMENTS)

| | | |
|-----|---|-------------|
| 500 | Savannah Economic Development Authority, Georgia, Revenue Bonds, GTREP Project, Series 2002, 5.000%, 7/01/22 - MBIA Insured | 7/12 at 100 |
|-----|---|-------------|

MATERIALS - 3.4% (2.3% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-------------|
| 750 | Effingham County Industrial Development Authority, Georgia, Pollution Control Revenue Refunding Bonds, Georgia-Pacific Project, Series 2001, 6.500%, 6/01/31 | 6/11 at 101 |
| 1,000 | Richmond County Development Authority, Georgia, Environmental Improvement Revenue Bonds, International Paper Company, Series 2001A, 6.250%, 2/01/25 (Alternative Minimum Tax) | 2/11 at 101 |

| | | |
|-------|-----------------|--|
| 1,750 | Total Materials | |
|-------|-----------------|--|

TAX OBLIGATION/GENERAL - 6.3% (4.4% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-------------|
| 1,000 | Georgia, General Obligation Bonds, Series 2002D, 5.000%, 8/01/16 | 8/12 at 100 |
| 1,000 | Georgia, General Obligation Bonds, Series 2005B, 5.000%, 7/01/15 | No Opt. C |
| 800 | Puerto Rico, General Obligation and Public Improvement Bonds, Series 2004A, 5.250%, 7/01/22 | 7/14 at 100 |
| 500 | Wayne County Hospital Authority, Georgia, Hospital Revenue Bonds, Series 2006, 5.000%, 3/01/23 - XLCA Insured | 3/16 at 100 |

| | | |
|-------|------------------------------|--|
| 3,300 | Total Tax Obligation/General | |
|-------|------------------------------|--|

TAX OBLIGATION/LIMITED - 30.1% (20.8% OF TOTAL INVESTMENTS)

| | | |
|-------|--|--------------|
| 5,000 | Atlanta and Fulton County Recreation Authority, Georgia, Guaranteed Revenue Bonds, Park Improvement, Series 2005A, 5.000%, 12/01/30 - MBIA Insured | 12/15 at 100 |
| 2,000 | Cobb-Marietta Coliseum and Exhibit Hall Authority, Cobb County, Georgia, Revenue Bonds, Performing Arts Center, Series 2004, 5.000%, 1/01/22 | 1/14 at 100 |
| 3,475 | Cobb-Marietta Coliseum and Exhibit Hall Authority, Georgia, Revenue Refunding Bonds, Series 1993, 5.625%, 10/01/26 - MBIA Insured | 10/19 at 100 |
| 2,600 | Macon-Bibb County Urban Development Authority, Georgia, Revenue Refunding Bonds, Public Facilities Projects, Series 2002A, 5.375%, 8/01/17 | 8/12 at 101 |
| 725 | Metropolitan Atlanta Rapid Transit Authority, Georgia, Sales Tax Revenue Bonds, Series 2007, 5.250%, 7/01/32 - FGIC Insured | No Opt. C |

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| | | |
|--------|---|-------------|
| 1,000 | Metropolitan Atlanta Rapid Transit Authority, Georgia, Sales Tax Revenue Refunding Bonds, Series 1992P, 6.250%, 7/01/20 - AMBAC Insured | No Opt. C |
| 500 | Puerto Rico Infrastructure Financing Authority, Special Tax Revenue Bonds, Series 2005B, 5.000%, 7/01/41 | 7/15 at 100 |
| 15,300 | Total Tax Obligation/Limited | |

TRANSPORTATION - 4.3% (3.0% OF TOTAL INVESTMENTS)

| | | |
|-------|--|-------------|
| 2,290 | Atlanta, Georgia, Airport General Revenue Bonds, Series 2004G, 5.000%, 1/01/26 - FSA Insured | 1/15 at 100 |
|-------|--|-------------|

20

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|--|---|-----------------------|
| U.S. GUARANTEED - 14.4% (10.0% OF TOTAL INVESTMENTS) (4) | | |
| \$ 735 | Coweta County Development Authority, Georgia, Revenue Bonds, Newnan Water and Sewer, and Light Commission Project, Series 2002, 5.250%, 1/01/18 (Pre-refunded 1/01/13) - FGIC Insured | 1/13 at 100 |
| 3,165 | Coweta County Water and Sewer Authority, Georgia, Revenue Bonds, Series 2001, 5.250%, 6/01/26 (Pre-refunded 6/01/11) | 6/11 at 102 |
| 2,500 | DeKalb County, Georgia, Water and Sewerage Revenue Bonds, Series 2000, 5.125%, 10/01/31 (Pre-refunded 10/01/10) | 10/10 at 101 |
| 1,000 | Fairburn, Georgia, Combined Utility Revenue Bonds, Series 2000, 5.750%, 10/01/20 (Pre-refunded 10/01/10) | 10/10 at 101 |
| | Georgia Municipal Electric Authority, Project One Special Obligation Bonds, Fifth Crossover Series 1998Y: | |
| 85 | 6.400%, 1/01/09 (ETM) | No Opt. C |
| 10 | 6.400%, 1/01/09 (ETM) | No Opt. C |
| 25 | Georgia Municipal Electric Authority, Senior Lien General Power Revenue Bonds, Series 1993Z, 5.500%, 1/01/20 (Pre-refunded 1/01/17) - FGIC Insured | 1/17 at 100 |
| 7,520 | Total U.S. Guaranteed | |

UTILITIES - 8.8% (6.1% OF TOTAL INVESTMENTS)

| | | |
|-------|--|-------------|
| 1,000 | Georgia Municipal Electric Authority, General Power Revenue Bonds, Project 1, Series 2007A, 5.000%, 1/01/25 - MBIA Insured | 1/17 at 100 |
|-------|--|-------------|

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| | | |
|--|--|--------------|
| 1,655 | Georgia Municipal Electric Authority, Project One Special Obligation Bonds, Fifth Crossover Series 1998Y, 6.400%, 1/01/09 | No Opt. C |
| 975 | Georgia Municipal Electric Authority, Senior Lien General Power Revenue Bonds, Series 1993Z, 5.500%, 1/01/20 - FGIC Insured | No Opt. C |
| 1,000 | Municipal Electric Authority of Georgia, Project One Subordinated Lien Revenue Bonds, Series 2003A, 5.000%, 1/01/22 - MBIA Insured | 1/13 at 100 |
| ----- | | |
| 4,630 | Total Utilities | |
| ----- | | |
| WATER AND SEWER - 14.3% (10.0% OF TOTAL INVESTMENTS) | | |
| Atlanta, Georgia, Water and Wastewater Revenue Bonds, Series 2004: | | |
| 1,225 | 5.000%, 11/01/24 - FSA Insured | 11/14 at 100 |
| 500 | 5.000%, 11/01/37 - FSA Insured | 11/14 at 100 |
| Augusta, Georgia, Water and Sewerage Revenue Bonds, Series 2002: | | |
| 500 | 5.000%, 10/01/16 - FSA Insured | 10/12 at 100 |
| 1,990 | 5.000%, 10/01/17 - FSA Insured | 10/12 at 100 |
| 335 | Coweta County Water and Sewer Authority, Georgia, Revenue Bonds, Series 2001, 5.250%, 6/01/26 | 6/11 at 102 |
| 1,950 | Fulton County, Georgia, Water and Sewerage Revenue Bonds, Series 2004, 5.000%, 1/01/22 - FGIC Insured | 1/14 at 100 |
| 1,000 | Midgeville, Georgia, Water and Sewerage Revenue Refunding Bonds, Series 1996, 6.000%, 12/01/21 - FSA Insured | No Opt. C |
| ----- | | |
| 7,500 | Total Water and Sewer | |
| ----- | | |
| \$ 74,840 | Total Long-Term Investments (cost \$76,244,910) - 143.1% | |
| ===== | | |

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NPG
Nuveen Georgia Premium Income Municipal Fund (continued)
Portfolio of INVESTMENTS as of 5-31-07

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) |
|---|---|
| ----- | |
| SHORT-TERM INVESTMENTS - 1.5% (1.0% OF TOTAL INVESTMENTS) | |
| \$ 800 | Puerto Rico Government Development Bank, Adjustable Refunding Bonds, Variable Rate Demand Obligations, Series 1985, 3.610%, 12/01/15 - MBIA Insured (5) |
| ----- | |
| | Total Short-Term Investments (cost \$800,000) |
| ----- | |
| | Total Investments (cost \$77,044,910) - 144.6% |

 Other Assets Less Liabilities - 5.6%

 Preferred Shares, at Liquidation Value - (50.2)%

 Net Assets Applicable to Common Shares - 100%
 =====

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
 - (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
 - (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
 - (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
 - (5) Investment has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term investment. The rate disclosed is that in effect at the end of the reporting period. This rate changes periodically based on market conditions or a specified market index.
- (ETM) Escrowed to maturity.

See accompanying notes to financial statements.

NZX
 Nuveen Georgia Dividend Advantage Municipal Fund
 Portfolio of INVESTMENTS

as of 5-31-07

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|---------------------------|---|--------------------------|
| ----- | | |
| | CONSUMER DISCRETIONARY - 2.7% (1.8% OF TOTAL INVESTMENTS) | |
| \$ 750 | DeKalb County Development Authority, Georgia, Pollution Control Revenue Refunding Bonds, General Motors Corporation Projects, | 12/12 at 101 |

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Series 2002, 6.000%, 3/15/21

 CONSUMER STAPLES - 3.7% (2.5% OF TOTAL INVESTMENTS)

| | | |
|-------|--|-------------|
| 1,000 | Cartersville Development Authority, Georgia, Waste and Wastewater Facilities Revenue Refunding Bonds, Anheuser Busch Cos. Inc. Project, Series 2002, 5.950%, 2/01/32 (Alternative Minimum Tax) | 2/12 at 100 |
|-------|--|-------------|

 EDUCATION AND CIVIC ORGANIZATIONS - 22.9% (15.3% OF TOTAL INVESTMENTS)

| | | |
|-------|--|--------------|
| 1,000 | Athens Housing Authority, Georgia, Student Housing Lease Revenue Bonds, UGAREF East Campus Housing LLC Project, Series 2002, 5.250%, 12/01/21 - AMBAC Insured | 12/12 at 100 |
| 1,475 | Bulloch County Development Authority, Georgia, Student Housing and Athletic Facility Lease Revenue Bonds, Georgia Southern University, Series 2004, 5.250%, 8/01/20 - XLCA Insured | 8/14 at 100 |
| 1,620 | Bulloch County Development Authority, Georgia, Student Housing Lease Revenue Bonds, Georgia Southern University, Series 2002, 5.000%, 8/01/20 - AMBAC Insured | 8/12 at 100 |
| 500 | Carrollton Payroll Development Authority, Georgia, Student Housing Revenue Bonds, University of West Georgia, Series 2004A, 5.000%, 9/01/21 - XLCA Insured | 9/14 at 100 |
| 1,000 | Fulton County Development Authority, Georgia, Revenue Bonds, Georgia Tech Athletic Association, Series 2001, 5.000%, 10/01/20 - AMBAC Insured | 4/12 at 100 |
| 200 | Gainesville Redevelopment Authority, Georgia, Educational Facilities Revenue Bonds, Riverside Military Academy Project, Series 2007, 5.125%, 3/01/37 | 3/17 at 100 |
| 500 | Savannah Economic Development Authority, Georgia, Revenue Bonds, Armstrong Center LLC, Series 2005A, 5.000%, 12/01/34 - XLCA Insured | 12/15 at 100 |

 6,295 Total Education and Civic Organizations

ENERGY - 2.3% (1.5% OF TOTAL INVESTMENTS)

| | | |
|-----|--|-------------|
| 650 | Virgin Islands Public Finance Authority, Revenue Bonds, Refinery Project Hovensa LLC, Series 2007, 4.700%, 7/01/22 (Alternative Minimum Tax) | 1/15 at 100 |
|-----|--|-------------|

 HEALTH CARE - 35.0% (23.3% OF TOTAL INVESTMENTS)

| | | |
|-----|--|--------------|
| 150 | Baldwin County Hospital Authority, Georgia, Revenue Bonds, Oconee Regional Medical Center, Series 1997, 5.250%, 12/01/12 | 12/07 at 102 |
|-----|--|--------------|

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| | | |
|-------|---|--------------|
| 190 | Baldwin County Hospital Authority, Georgia, Revenue Bonds, Oconee Regional Medical Center, Series 1998, 5.375%, 12/01/28 | 12/08 at 102 |
| 380 | Chatham County Hospital Authority, Savannah, Georgia, Hospital Revenue Improvement Bonds, Memorial Health University Medical Center Inc., Series 2001A, 6.125%, 1/01/24 | 7/11 at 101 |
| 500 | Clark County Hospital Authority, Georgia, Hospital Revenue Bonds, Athens Regional Medical Center, Series 2007, 5.000%, 1/01/27 - MBIA Insured | 1/17 at 100 |
| 1,000 | Clarke County Hospital Authority, Georgia, Hospital Revenue Certificates, Athens Regional Medical Center, Series 2002, 5.375%, 1/01/19 - MBIA Insured | 1/12 at 101 |
| 500 | Coffee County Hospital Authority, Georgia, Revenue Bonds, Coffee County Regional Medical Center, Series 2004, 5.250%, 12/01/22 | 12/14 at 100 |
| 1,250 | Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 2001, 5.500%, 5/15/31 | 5/11 at 100 |

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NZX

Nuveen Georgia Dividend Advantage Municipal Fund (continued)
Portfolio of INVESTMENTS as of 5-31-07

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|---------------------------|---|--------------------------|
| ----- | | |
| | HEALTH CARE (continued) | |
| \$ 1,900 | Gwinnett County Hospital Authority, Georgia, Revenue Anticipation Certificates, Gwinnett Hospital System Inc. Project, Series 1997B, 5.300%, 9/01/27 - MBIA Insured | 2/12 at 102 |
| 500 | Henry County Hospital Authority, Georgia, Revenue Certificates, Henry Medical Center, Series 2004, 5.000%, 7/01/20 - MBIA Insured | 7/14 at 101 |
| 500 | Savannah Hospital Authority, Georgia, Revenue Bonds, St. Joseph's/Candler Health System, Series 2003, 5.250%, 7/01/23 - RAAI Insured | 1/14 at 100 |
| 2,000 | Valdosta and Lowndes County Hospital Authority, Georgia, Revenue Certificates, South Georgia Medical Center, Series 2002, 5.250%, 10/01/27 - AMBAC Insured | 10/12 at 101 |
| 750 | Valdosta and Lowndes County Hospital Authority, Georgia, Revenue Certificates, South Georgia Medical Center, Series 2007, 5.000%, 10/01/33 | 10/17 at 100 |
| ----- | | |
| 9,620 | Total Health Care | |
| ----- | | |

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HOUSING/SINGLE FAMILY - 12.7% (8.5% OF TOTAL INVESTMENTS)

| | | |
|-------|--|--------------|
| 650 | Georgia Housing and Finance Authority, Single Family Mortgage Bonds, Series 2002B-2, 5.350%, 12/01/22 (Alternative Minimum Tax) | 12/11 at 100 |
| 1,000 | Georgia Housing and Finance Authority, Single Family Mortgage Bonds, Series 2006C-2, 4.500%, 12/01/27 (Alternative Minimum Tax) | 12/15 at 100 |
| 2,000 | Georgia Housing and Finance Authority, Single Family Mortgage Resolution 1 Bonds, Series 2002A-2, 5.450%, 12/01/22 (Alternative Minimum Tax) | 12/11 at 100 |
| ----- | | |
| 3,650 | Total Housing/Single Family | |
| ----- | | |

INDUSTRIALS - 2.7% (1.8% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-------------|
| 750 | Savannah Economic Development Authority, Georgia, Revenue Bonds, GTREP Project, Series 2002, 5.000%, 7/01/19 - MBIA Insured | 7/12 at 100 |
| ----- | | |

LONG-TERM CARE - 2.6% (1.7% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-------------|
| 500 | Fulton County Residential Care Facilities Authority, Georgia, Revenue Bonds, Elderly Care, Lenbrook Square Project, Series 2006A, 5.125%, 7/01/42 | 7/17 at 100 |
| 250 | Medical Center Hospital Authority, Georgia, Revenue Bonds, Spring Harbor at Green Island, Series 2007, 5.000%, 7/01/11 | No Opt. C |
| ----- | | |
| 750 | Total Long-Term Care | |
| ----- | | |

MATERIALS - 2.3% (1.5% OF TOTAL INVESTMENTS)

| | | |
|-------|---|--------------|
| 20 | Richmond County Development Authority, Georgia, Environmental Improvement Revenue Bonds, International Paper Company, Series 2003A, 5.750%, 11/01/27 (Alternative Minimum Tax) | 11/13 at 100 |
| 600 | Richmond County Development Authority, Georgia, Environmental Improvement Revenue Refunding Bonds, International Paper Company, Series 2002A, 6.000%, 2/01/25 (Alternative Minimum Tax) | 2/12 at 101 |
| ----- | | |
| 620 | Total Materials | |
| ----- | | |

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| | | | |
|----|---|---|-------------|
| | TAX OBLIGATION/GENERAL - 4.0% (2.7% OF TOTAL INVESTMENTS) | | |
| \$ | 500 | Georgia, General Obligation Bonds, Series 2005B, 5.000%, 7/01/15 | No Opt. C |
| | 595 | Puerto Rico, General Obligation and Public Improvement Bonds, Series 2004A, 5.250%, 7/01/22 | 7/14 at 100 |
| | 1,095 | Total Tax Obligation/General | |

| | | | |
|--|---|--|-------------|
| | TAX OBLIGATION/LIMITED - 7.3% (4.8% OF TOTAL INVESTMENTS) | | |
| | 1,525 | Macon-Bibb County Urban Development Authority, Georgia, Revenue Refunding Bonds, Public Facilities Projects, Series 2002A, 5.000%, 8/01/14 | 8/12 at 100 |
| | 425 | Metropolitan Atlanta Rapid Transit Authority, Georgia, Sales Tax Revenue Bonds, Series 2007, 5.250%, 7/01/32 - FGIC Insured | No Opt. C |
| | 1,950 | Total Tax Obligation/Limited | |

| | | | |
|--|---|---|-------------|
| | TRANSPORTATION - 3.6% (2.4% OF TOTAL INVESTMENTS) | | |
| | 1,000 | Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series 2000A, 5.400%, 1/01/15 - FGIC Insured | 1/10 at 100 |

| | | | |
|--|--|---|--------------|
| | U.S. GUARANTEED - 27.7% (18.5% OF TOTAL INVESTMENTS) (4) | | |
| | 600 | Atlanta Development Authority, Georgia, Revenue Bonds, Yamacraw Design Center Project, Series 2001A, 5.125%, 1/01/27 (Pre-refunded 1/01/12) - MBIA Insured | 1/12 at 100 |
| | 1,500 | Coweta County Development Authority, Georgia, Revenue Bonds, Newnan Water and Sewer, and Light Commission Project, Series 2002, 5.250%, 1/01/18 (Pre-refunded 1/01/13) - FGIC Insured | 1/13 at 100 |
| | 2,000 | Georgia, General Obligation Bonds, Series 2002D, 5.000%, 8/01/18 (Pre-refunded 8/01/12) | 8/12 at 100 |
| | 1,200 | Private Colleges and Universities Authority, Georgia, Revenue Bonds, Mercer University, Series 2001, 5.750%, 10/01/31 (Pre-refunded 10/01/11) | 10/11 at 102 |
| | 1,000 | Rockdale County Water and Sewerage Authority, Georgia, Revenue Bonds, Series 1999A, 5.375%, 7/01/29 (Pre-refunded 1/01/10) - MBIA Insured | 1/10 at 101 |
| | 1,200 | Summerville, Georgia, Combined Public Utility System Revenue Refunding and Improvement Bonds, Series 2002, 5.750%, 1/01/26 (Pre-refunded 1/01/12) | 1/12 at 101 |

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7,500 Total U.S. Guaranteed

UTILITIES - 1.8% (1.2% OF TOTAL INVESTMENTS)

500 Municipal Electric Authority of Georgia, Combustion Turbine Revenue Bonds, Series 2003A, 5.250%, 11/01/15 - MBIA Insured 11/13 at 100

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NZX

Nuveen Georgia Dividend Advantage Municipal Fund (continued)
Portfolio of INVESTMENTS as of 5-31-07

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|------------------------|-----------------|-----------------------|
|------------------------|-----------------|-----------------------|

WATER AND SEWER - 18.8% (12.5% OF TOTAL INVESTMENTS)

| | | |
|----------|---|--------------|
| \$ 1,200 | Atlanta, Georgia, Water and Wastewater Revenue Bonds, Series 2004, 5.000%, 11/01/24 - FSA Insured | 11/14 at 100 |
| 2,065 | Augusta, Georgia, Water and Sewerage Revenue Bonds, Series 2002, 5.000%, 10/01/16 - FSA Insured | 10/12 at 100 |
| 500 | Fulton County, Georgia, Water and Sewerage Revenue Bonds, Series 2004, 5.000%, 1/01/22 - FGIC Insured | 1/14 at 100 |
| 1,395 | Macon Water Authority, Georgia, Water and Sewer Revenue Bonds, Series 2001B, 5.000%, 10/01/21 | 10/11 at 101 |

5,160 Total Water and Sewer

\$ 41,290 Total Investments (cost \$42,020,135) - 150.1%

Other Assets Less Liabilities - 1.9%

Preferred Shares, at Liquidation Value - (52.0)%

Net Assets Applicable to Common Shares - 100%

FORWARD SWAPS OUTSTANDING AT MAY 31, 2007:

| COUNTERPARTY | NOTIONAL AMOUNT | FUND PAY/RECEIVE FLOATING RATE | FLOATING RATE INDEX | FIXED RATE (ANNUALIZED) | FIXED RATE PAYMENT FREQUENCY | EFFE DA |
|---------------|-----------------|--------------------------------|---------------------|-------------------------|------------------------------|---------|
| Goldman Sachs | \$1,000,000 | Pay | 3-Month USD-LIBOR | 5.375% | Semi-Annually | 4/ |

USD-LIBOR (United States Dollar-London Inter-Bank Offered Rate)

(1) All percentages shown in the Portfolio of Investments

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are based on net assets applicable to Common shares unless otherwise noted.

- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) Effective date represents the date on which both the Fund and counterparty commence interest payment accruals on each forward swap contract.

N/R Not rated.

See accompanying notes to financial statements.

NKG
Nuveen Georgia Dividend Advantage Municipal Fund 2
Portfolio of INVESTMENTS

as of 5-31-07

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|---------------------------|--|--------------------------|
| ----- | | |
| | CONSUMER DISCRETIONARY - 2.7% (1.9% OF TOTAL INVESTMENTS) | |
| \$ 1,750 | DeKalb County Development Authority, Georgia, Pollution Control Revenue Refunding Bonds, General Motors Corporation Projects, Series 2002, 6.000%, 3/15/21 | 12/12 at 101 |
| ----- | | |
| | CONSUMER STAPLES - 3.2% (2.2% OF TOTAL INVESTMENTS) | |
| 2,000 | Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.500%, 5/15/39 | 5/12 at 100 |
| ----- | | |
| | EDUCATION AND CIVIC ORGANIZATIONS - 17.0% (11.4% OF TOTAL INVESTMENTS) | |

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| | | |
|--------|---|--------------|
| | Athens Housing Authority, Georgia, Student Housing Lease Revenue Bonds, UGAREF East Campus Housing LLC Project, Series 2002: | |
| 3,500 | 5.000%, 12/01/27 - AMBAC Insured | 12/12 at 100 |
| 2,500 | 5.000%, 12/01/33 - AMBAC Insured | 12/12 at 100 |
| 1,225 | Athens-Clarke County Unified Government Development Authority, Georgia, Educational Facilities Revenue Bonds, UGAREF CCRC Building LLC Project, Series 2002, 5.000%, 12/15/18 - AMBAC Insured | 12/12 at 100 |
| 2,000 | Fulton County Development Authority, Georgia, Revenue Bonds, Georgia Tech - Klaus Parking and Family Housing, Series 2003, 5.000%, 11/01/23 - MBIA Insured | 11/13 at 100 |
| 1,050 | Fulton County Development Authority, Georgia, Revenue Bonds, TUFF Morehouse Project, Series 2002A, 5.000%, 2/01/34 - AMBAC Insured | 2/12 at 100 |
| 500 | Gainesville Redevelopment Authority, Georgia, Educational Facilities Revenue Bonds, Riverside Military Academy Project, Series 2007, 5.125%, 3/01/37 | 3/17 at 100 |
| ----- | | |
| 10,775 | Total Education and Civic Organizations | |
| ----- | | |

HEALTH CARE - 26.1% (17.7% OF TOTAL INVESTMENTS)

| | | |
|-------|--|--------------|
| 150 | Baldwin County Hospital Authority, Georgia, Revenue Bonds, Oconee Regional Medical Center, Series 1997, 5.250%, 12/01/12 | 12/07 at 102 |
| | Baldwin County Hospital Authority, Georgia, Revenue Bonds, Oconee Regional Medical Center, Series 1998: | |
| 40 | 5.250%, 12/01/22 | 12/08 at 102 |
| 265 | 5.375%, 12/01/28 | 12/08 at 102 |
| 1,000 | Chatham County Hospital Authority, Savannah, Georgia, Hospital Revenue Bonds, Memorial Health University Medical Center Inc., Series 2004A, 5.375%, 1/01/26 | 1/14 at 100 |
| | Coffee County Hospital Authority, Georgia, Revenue Bonds, Coffee County Regional Medical Center, Series 2004: | |
| 165 | 5.000%, 12/01/19 | 12/14 at 100 |
| 1,000 | 5.250%, 12/01/22 | 12/14 at 100 |
| | Floyd County Hospital Authority, Georgia, Revenue Anticipation Certificates, Floyd Medical Center Project, Series 2002: | |
| 1,480 | 5.000%, 7/01/22 - MBIA Insured | 7/12 at 101 |
| 1,000 | 5.200%, 7/01/32 - MBIA Insured | 7/12 at 101 |
| 1,305 | Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 2001, 5.500%, 5/15/31 | 5/11 at 100 |
| | Newnan Hospital Authority, Georgia, Revenue Anticipation Certificates, Newnan Hospital Inc., Series 2002: | |
| 2,260 | 5.500%, 1/01/19 - MBIA Insured | 1/13 at 100 |
| 3,020 | 5.500%, 1/01/20 - MBIA Insured | 1/13 at 100 |

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NKG

Nuveen Georgia Dividend Advantage Municipal Fund 2 (continued)
 Portfolio of INVESTMENTS as of 5-31-07

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|--|--|--------------------------|
| HEALTH CARE (continued) | | |
| \$ 2,000 | Savannah Hospital Authority, Georgia, Revenue Bonds, St. Joseph's/Candler Health System, Series 2003, 5.250%, 7/01/23 - RAAI Insured | 1/14 at 100 |
| 1,945 | Tift County Hospital Authority, Georgia, Revenue Anticipation Bonds, Tift Regional Medical Center, Series 2002, 5.250%, 12/01/19 - AMBAC Insured | 12/12 at 101 |
| 750 | Valdosta and Lowndes County Hospital Authority, Georgia, Revenue Certificates, South Georgia Medical Center, Series 2007, 5.000%, 10/01/33 | 10/17 at 100 |
| 16,380 | Total Health Care | |
| HOUSING/MULTIFAMILY - 4.6% (3.1% OF TOTAL INVESTMENTS) | | |
| Savannah Economic Development Authority, Georgia, GNMA Collateralized Multifamily Housing Revenue Bonds, Snap I-II-III Apartments, Series 2002A: | | |
| 500 | 5.150%, 11/20/22 (Alternative Minimum Tax) | 11/12 at 102 |
| 980 | 5.200%, 11/20/27 (Alternative Minimum Tax) | 11/12 at 102 |
| 1,465 | 5.250%, 11/20/32 (Alternative Minimum Tax) | 11/12 at 102 |
| 2,945 | Total Housing/Multifamily | |
| HOUSING/SINGLE FAMILY - 3.9% (2.6% OF TOTAL INVESTMENTS) | | |
| 1,700 | Georgia Housing and Finance Authority, Single Family Mortgage Bonds, Series 2002C-2, 5.100%, 12/01/22 (Alternative Minimum Tax) | 12/12 at 100 |
| 170 | Georgia Housing and Finance Authority, Single Family Mortgage Bonds, Series 2006C-2, 4.550%, 12/01/31 (Alternative Minimum Tax) | 12/15 at 100 |
| 660 | Georgia Housing and Finance Authority, Single Family Mortgage Resolution 1 Bonds, Series 2001B-2, 5.400%, 12/01/31 (Alternative Minimum Tax) | 6/11 at 100 |
| 2,530 | Total Housing/Single Family | |

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INDUSTRIALS - 3.4% (2.3% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-------------|
| 2,190 | Cobb County Development Authority, Georgia, Solid Waste Disposal Revenue Bonds, Georgia Waste Management Project, Series 2004A, 5.000%, 4/01/33 (Alternative Minimum Tax) | 4/16 at 101 |
|-------|---|-------------|

LONG-TERM CARE - 1.9% (1.3% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-------------|
| 1,000 | Fulton County Residential Care Facilities Authority, Georgia, Revenue Bonds, Elderly Care, Lenbrook Square Project, Series 2006A, 5.125%, 7/01/42 | 7/17 at 100 |
|-------|---|-------------|

| | | |
|-----|--|-----------|
| 250 | Medical Center Hospital Authority, Georgia, Revenue Bonds, Spring Harbor at Green Island, Series 2007, 5.000%, 7/01/11 | No Opt. C |
|-----|--|-----------|

| | | |
|-------|----------------------|--|
| 1,250 | Total Long-Term Care | |
|-------|----------------------|--|

MATERIALS - 2.6% (1.8% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-------------|
| 1,000 | Richmond County Development Authority, Georgia, Environmental Improvement Revenue Bonds, International Paper Company, Series 2001A, 6.250%, 2/01/25 (Alternative Minimum Tax) | 2/11 at 101 |
|-------|---|-------------|

| | | |
|-----|---|-------------|
| 250 | Richmond County Development Authority, Georgia, Environmental Improvement Revenue Refunding Bonds, International Paper Company, Series 2002A, 6.000%, 2/01/25 (Alternative Minimum Tax) | 2/12 at 101 |
|-----|---|-------------|

| | | |
|-----|---|-----------|
| 370 | Savannah Economic Development Authority, Georgia, Pollution Control Revenue Bonds, Union Camp Corporation, Series 1995, 6.150%, 3/01/17 | No Opt. C |
|-----|---|-----------|

| | | |
|-------|-----------------|--|
| 1,620 | Total Materials | |
|-------|-----------------|--|

TAX OBLIGATION/GENERAL - 10.8% (7.3% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-------------|
| 1,000 | Forsyth County, Georgia, General Obligation Bonds, Series 2004, 5.250%, 3/01/19 | 3/14 at 101 |
|-------|---|-------------|

| | | |
|-----|---|-----------|
| 750 | Georgia, General Obligation Bonds, Series 1998D, 5.250%, 10/01/15 | No Opt. C |
|-----|---|-----------|

| | | |
|-------|--|-----------|
| 1,000 | Georgia, General Obligation Bonds, Series 2005B, 5.000%, 7/01/15 | No Opt. C |
|-------|--|-----------|

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|------------------------|-----------------|-----------------------|
|------------------------|-----------------|-----------------------|

TAX OBLIGATION/GENERAL (continued)

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| | | | |
|----|-------|---|-------------|
| | | Oconee County, Georgia, General Obligation Bonds, Recreation Project, Series 2003: | |
| \$ | 1,410 | 5.500%, 1/01/23 - AMBAC Insured | 1/13 at 101 |
| | 1,470 | 5.250%, 1/01/26 - AMBAC Insured | 1/13 at 101 |
| | 1,000 | Wayne County Hospital Authority, Georgia, Hospital Revenue Bonds, Series 2006, 5.000%, 3/01/23 - XLCA Insured | 3/16 at 100 |

6,630 Total Tax Obligation/General

TAX OBLIGATION/LIMITED - 20.2% (13.7% OF TOTAL INVESTMENTS)

| | | | |
|--|-------|--|-------------|
| | 750 | Georgia Municipal Association Inc., Certificates of Participation, Atlanta Court Project, Series 2002, 5.125%, 12/01/21 - AMBAC Insured | 6/12 at 101 |
| | 855 | Metropolitan Atlanta Rapid Transit Authority, Georgia, Sales Tax Revenue Bonds, Series 2007, 5.250%, 7/01/32 - FGIC Insured | No Opt. C |
| | 2,500 | Metropolitan Atlanta Rapid Transit Authority, Georgia, Sales Tax Revenue Refunding Bonds, Series 1992P, 6.250%, 7/01/20 - AMBAC Insured | No Opt. C |
| | 500 | Puerto Rico Infrastructure Financing Authority, Special Tax Revenue Bonds, Series 2005B, 5.000%, 7/01/41 | 7/15 at 100 |
| | 2,500 | Puerto Rico Municipal Finance Agency, Series 2002A, 5.000%, 8/01/27 - FSA Insured | 8/12 at 100 |
| | 5,000 | Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002F, 5.250%, 7/01/21 - CIFG Insured | No Opt. C |

12,105 Total Tax Obligation/Limited

TRANSPORTATION - 5.8% (3.9% OF TOTAL INVESTMENTS)

| | | | |
|--|-------|---|-------------|
| | 3,650 | Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series 2000A, 5.500%, 1/01/21 - FGIC Insured | 1/10 at 101 |
|--|-------|---|-------------|

U.S. GUARANTEED - 16.0% (10.8% OF TOTAL INVESTMENTS) (4)

| | | | |
|--|-------|--|--------------|
| | 1,000 | Cherokee County School System, Georgia, General Obligation Bonds, Series 2003, 5.000%, 8/01/16 (Pre-refunded 8/01/13) - MBIA Insured | 8/13 at 100 |
| | | DeKalb County, Georgia, Water and Sewerage Revenue Bonds, Series 2000: | |
| | 2,500 | 5.125%, 10/01/31 (Pre-refunded 10/01/10) | 10/10 at 101 |
| | 2,500 | 5.375%, 10/01/35 (Pre-refunded 10/01/10) | 10/10 at 101 |
| | 1,300 | Fairburn, Georgia, Combined Utility Revenue Bonds, Series 2000, 5.750%, 10/01/20 (Pre-refunded 10/01/10) | 10/10 at 101 |

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| | | |
|-------|---|--------------|
| 1,000 | Private Colleges and Universities Authority, Georgia, Revenue Bonds, Emory University, Series 2001A, 5.125%, 9/01/33 (Pre-refunded 9/01/11) | 9/11 at 100 |
| 1,100 | Private Colleges and Universities Authority, Georgia, Revenue Bonds, Mercer University, Series 2001, 5.750%, 10/01/31 (Pre-refunded 10/01/11) | 10/11 at 102 |
| 500 | Puerto Rico, Highway Revenue Bonds, Highway and Transportation Authority, Series 1996Y, 5.500%, 7/01/36 (Pre-refunded 7/01/16) - FSA Insured | 7/16 at 100 |

| | | |
|-------|-----------------------|--|
| 9,900 | Total U.S. Guaranteed | |
|-------|-----------------------|--|

UTILITIES - 4.8% (3.2% OF TOTAL INVESTMENTS)

| | | |
|-------|--|-------------|
| 1,000 | Elberton, Georgia, Combined Utility System Revenue Refunding and Improvement Bonds, Series 2001, 5.000%, 1/01/22 - AMBAC Insured | 1/12 at 100 |
| 1,000 | Georgia Municipal Electric Authority, General Power Revenue Bonds, Project 1, Series 2007A, 5.000%, 1/01/25 - MBIA Insured | 1/17 at 100 |
| 1,000 | Municipal Electric Authority of Georgia, Project One Subordinated Lien Revenue Bonds, Series 2003A, 5.000%, 1/01/22 - MBIA Insured | 1/13 at 100 |

| | | |
|-------|-----------------|--|
| 3,000 | Total Utilities | |
|-------|-----------------|--|

NKG
 Nuveen Georgia Dividend Advantage Municipal Fund 2 (continued)
 Portfolio of INVESTMENTS as of 5-31-07

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|--|--|-----------------------|
| WATER AND SEWER - 24.9% (16.8% OF TOTAL INVESTMENTS) | | |
| \$ 500 | Atlanta, Georgia, Water and Wastewater Revenue Bonds, Series 2004: 5.250%, 11/01/15 - FSA Insured | 11/14 at 100 |
| 1,700 | 5.000%, 11/01/37 - FSA Insured | 11/14 at 100 |
| 1,000 | Augusta, Georgia, Water and Sewerage Revenue Bonds, Series 2002: 5.250%, 10/01/22 - FSA Insured | 10/12 at 100 |
| 3,500 | 5.000%, 10/01/27 - FSA Insured | 10/12 at 100 |
| 1,000 | Douglasville-Douglas County Water and Sewer Authority, Georgia, Water and Sewer Revenue Bonds, Series 2005, 5.000%, 6/01/29 - MBIA Insured | 12/15 at 100 |

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| | | |
|-----------|---|--------------|
| 4,000 | Forsyth County Water and Sewerage Authority, Georgia, Revenue Bonds, Series 2002, 5.000%, 4/01/32 | 4/13 at 100 |
| 950 | Fulton County, Georgia, Water and Sewerage Revenue Bonds, Series 1998, 5.000%, 1/01/16 - FGIC Insured | 7/08 at 101 |
| 3,100 | Harris County, Georgia, Water System Revenue Bonds, Series 2002, 5.000%, 12/01/22 - AMBAC Insured | 12/12 at 100 |
| ----- | | |
| 15,750 | Total Water and Sewer | |
| ----- | | |
| \$ 92,475 | Total Investments (cost \$95,056,371) - 147.9% | |
| ===== | | |
| | Other Assets Less Liabilities - 2.3% | |
| ----- | | |
| | Preferred Shares, at Liquidation Value - (50.2)% | |
| ----- | | |
| | Net Assets Applicable to Common Shares - 100% | |
| ===== | | |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.

N/R Not rated.

See accompanying notes to financial statements.

NNC
 Nuveen North Carolina Premium Income Municipal Fund
 Portfolio of INVESTMENTS

as of 5-31-07

| | | |
|------------------------|-----------------|-----------------------|
| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|------------------------|-----------------|-----------------------|

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| EDUCATION AND CIVIC ORGANIZATIONS - 24.9% (16.0% OF TOTAL INVESTMENTS) | | | |
|--|--------|---|--------------|
| \$ | 1,000 | North Carolina Capital Facilities Financing Agency, Housing Revenue Bonds, Elizabeth City State University, Series 2003A, 5.000%, 6/01/28 - AMBAC Insured | 6/13 at 100 |
| | 2,500 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2005A, 5.000%, 10/01/41 | 10/15 at 100 |
| | 970 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Johnson and Wales University, Series 2003A, 5.250%, 4/01/23 - XLCA Insured | 4/13 at 100 |
| | 3,285 | North Carolina State University at Raleigh, General Revenue Bonds, Series 2003A, 5.000%, 10/01/15 | 10/13 at 100 |
| | 1,530 | University of North Carolina System, Pooled Revenue Bonds, Series 2005A, 5.000%, 4/01/15 - AMBAC Insured | No Opt. C |
| | 580 | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.375%, 4/01/22 - AMBAC Insured | 10/12 at 100 |
| | | University of North Carolina Wilmington, Certificates of Participation, Student Housing Project Revenue Bonds, Series 2006: | |
| | 1,430 | 5.000%, 6/01/23 - FGIC Insured | 6/16 at 100 |
| | 1,505 | 5.000%, 6/01/24 - FGIC Insured | 6/16 at 100 |
| | 500 | 5.000%, 6/01/37 - FGIC Insured | 6/16 at 100 |
| | | University of North Carolina, Chapel Hill, System Net Revenue Bonds, Series 2003: | |
| | 2,380 | 5.000%, 12/01/19 | 12/13 at 100 |
| | 2,725 | 5.000%, 12/01/21 | 12/13 at 100 |
| | 1,500 | 5.000%, 12/01/23 | 12/13 at 100 |
| | 1,675 | University of North Carolina, Wilmington, General Revenue Bonds, Series 2002A, 5.000%, 1/01/23 - AMBAC Insured | 1/12 at 101 |
| | 21,580 | Total Education and Civic Organizations | |

| | | | |
|--|-------|--|-------------|
| | | ENERGY - 1.8% (1.1% OF TOTAL INVESTMENTS) | |
| | 1,500 | Virgin Islands Public Finance Authority, Revenue Bonds, Refinery Project - Hovensa LLC, Series 2003, 6.125%, 7/01/22 (Alternative Minimum Tax) | 1/14 at 100 |

| HEALTH CARE - 25.4% (16.3% OF TOTAL INVESTMENTS) | | | |
|--|-------|---|--------------|
| | 250 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 5.000%, 1/15/45 | 1/15 at 100 |
| | 1,500 | North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2007, 4.500%, 10/01/31 | 10/17 at 100 |
| | 2,000 | North Carolina Medical Care Commission, Healthcare Facilities | 11/13 at 100 |

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| | | |
|-------|--|--------------|
| | Revenue Bonds, Novant Health Obligated Group, Series 2003A, 5.000%, 11/01/19 | |
| 2,000 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Stanly Memorial Hospital, Series 1999, 6.375%, 10/01/29 | 10/09 at 101 |
| | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Union Regional Medical Center, Series 2002A: | |
| 1,000 | 5.500%, 1/01/19 | 1/12 at 100 |
| 550 | 5.500%, 1/01/20 | 1/12 at 100 |
| 1,750 | 5.375%, 1/01/32 | 1/12 at 100 |
| 1,615 | North Carolina Medical Care Commission, Hospital Revenue Bonds, FirstHealth of the Carolinas Inc., Series 1998, 4.750%, 10/01/26 | 10/08 at 101 |

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NNC

Nuveen North Carolina Premium Income Municipal Fund (continued)

Portfolio of INVESTMENTS as of 5-31-07

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|---------------------------|--|--------------------------|
| ----- | | |
| | HEALTH CARE (continued) | |
| \$ 3,000 | North Carolina Medical Care Commission, Hospital Revenue Bonds, Southeastern Regional Medical Center, Series 2002, 5.375%, 6/01/32 | 6/12 at 101 |
| 2,645 | North Carolina Medical Care Commission, Revenue Bonds, Blue Ridge Healthcare System, Series 2005, 5.000%, 1/01/33 - FGIC Insured | 1/15 at 100 |
| | North Carolina Medical Care Commission, Revenue Bonds, Cleveland County Healthcare System, Series 2004A: | |
| 600 | 5.250%, 7/01/20 - AMBAC Insured | 7/14 at 100 |
| 500 | 5.250%, 7/01/22 - AMBAC Insured | 7/14 at 100 |
| 735 | North Carolina Medical Care Commission, Revenue Bonds, Northeast Medical Center, Series 2004, 5.000%, 11/01/24 | 11/14 at 100 |
| 375 | North Carolina Medical Care Commission, Revenue Bonds, Pines at Davidson, Series 2006A, 5.000%, 1/01/36 | 1/16 at 100 |
| | Onslow County Hospital Authority, North Carolina, FHA Insured Mortgage Revenue Bonds, Onslow Memorial Hospital Project, Series 2006: | |
| 685 | 5.000%, 4/01/31 - MBIA Insured | 10/16 at 100 |
| 3,210 | 5.000%, 10/01/34 - MBIA Insured | 10/16 at 100 |
| ----- | | |
| 22,415 | Total Health Care | |
| ----- | | |

HOUSING/MULTIFAMILY - 3.7% (2.4% OF TOTAL INVESTMENTS)

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| | | |
|--|--|--------------|
| 1,000 | Asheville Housing Authority, North Carolina, GNMA-Collateralized Multifamily Housing Revenue Bonds, Woodridge Apartments, Series 1997, 5.800%, 11/20/39 (Alternative Minimum Tax) | 11/07 at 102 |
| 2,290 | Mecklenburg County, North Carolina, FNMA Multifamily Housing Revenue Bonds, Little Rock Apartments, Series 2003, 5.375%, 1/01/36 (Alternative Minimum Tax) | 7/13 at 105 |
| ----- | | |
| 3,290 | Total Housing/Multifamily | |
| ----- | | |
| HOUSING/SINGLE FAMILY - 9.5% (6.1% OF TOTAL INVESTMENTS) | | |
| 1,105 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 10A, 5.400%, 7/01/32 - AMBAC Insured (Alternative Minimum Tax) | 7/10 at 100 |
| 3,640 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 6A, 6.200%, 1/01/29 (Alternative Minimum Tax) | 7/09 at 100 |
| 1,400 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 2007-29A, 4.800%, 7/01/33 (WI/DD, Settling 6/13/07) (Alternative Minimum Tax) | 1/17 at 100 |
| 835 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 25-A, 4.900%, 7/01/37 (Alternative Minimum Tax) | 7/16 at 100 |
| 1,525 | North Carolina Housing Finance Agency, Single Family Revenue Bonds, Series 1996HH, 6.300%, 3/01/26 (Alternative Minimum Tax) | 9/07 at 101 |
| ----- | | |
| 8,505 | Total Housing/Single Family | |
| ----- | | |
| INDUSTRIALS - 1.5% (1.0% OF TOTAL INVESTMENTS) | | |
| 1,400 | North Carolina Capital Facilities Financing Agency, Exempt Facilities Revenue Bonds, Waste Management Inc., Series 2001, 3.750%, 8/01/14 (Mandatory put 8/01/07) (Alternative Minimum Tax) | No Opt. C |
| ----- | | |
| MATERIALS - 1.6% (1.0% OF TOTAL INVESTMENTS) | | |
| 1,425 | Gaston County Industrial Facilities and Pollution Control Financing Authority, North Carolina, National Gypsum Company Project Exempt Facilities Revenue Bonds, Series 2005, 5.750%, 8/01/35 (Alternative Minimum Tax) | 8/15 at 100 |
| ----- | | |
| TAX OBLIGATION/GENERAL - 13.2% (8.5% OF TOTAL INVESTMENTS) | | |
| 1,890 | Craven County, North Carolina, General Obligation Bonds, Series 2002, 5.000%, 5/01/21 - AMBAC Insured | 5/12 at 101 |

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| | | |
|-------|--|-------------|
| 4,285 | Durham County, North Carolina, General Obligation Bonds, Series 2002B, 5.000%, 4/01/16 | 4/12 at 100 |
| 2,820 | Durham, North Carolina, General Obligation Bonds, Series 2007, 5.000%, 4/01/21 | 4/17 at 100 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|------------------------|--|-----------------------|
| ----- | | |
| | TAX OBLIGATION/GENERAL (continued) | |
| \$ 500 | North Carolina, General Obligation Bonds, Series 2004A, 5.000%, 3/01/22 | 3/14 at 100 |
| 1,950 | Sampson County, North Carolina, Certificates of Participation, Series 2006, 5.000%, 6/01/34 - FSA Insured (UB) | 6/17 at 100 |
| ----- | | |
| 11,445 | Total Tax Obligation/General | |
| ----- | | |

| | | |
|-------|---|-------------|
| | TAX OBLIGATION/LIMITED - 29.7% (19.1% OF TOTAL INVESTMENTS) | |
| 1,330 | Cabarrus County, North Carolina, Certificates of Participation, Series 2002, 5.250%, 2/01/17 | 2/13 at 100 |
| 1,800 | Catawba County, North Carolina, Certificates of Participation, Series 2004, 5.250%, 6/01/21 - MBIA Insured | 6/14 at 100 |
| 1,700 | Charlotte, North Carolina, Certificates of Participation, Governmental Facilities Projects, Series 2003G, 5.375%, 6/01/26 | 6/13 at 100 |
| 1,500 | Charlotte, North Carolina, Certificates of Participation, Transit Projects, Series 2003A, 5.000%, 6/01/33 | 6/13 at 100 |
| | Charlotte, North Carolina, Storm Water Fee Revenue Bonds, Series 2002: | |
| 1,050 | 5.250%, 6/01/20 | 6/12 at 101 |
| 1,750 | 5.000%, 6/01/25 | 6/12 at 101 |
| 1,000 | Davidson County, North Carolina, Certificates of Participation, Series 2004, 5.250%, 6/01/14 - AMBAC Insured | No Opt. C |
| | Lee County, North Carolina, Certificates of Participation, Public Schools and Community College, Series 2004: | |
| 1,715 | 5.250%, 4/01/18 - FSA Insured | 4/14 at 100 |
| 500 | 5.250%, 4/01/20 - FSA Insured | 4/14 at 100 |
| 1,000 | 5.250%, 4/01/22 - FSA Insured | 4/14 at 100 |
| 2,600 | North Carolina Infrastructure Finance Corporation, Certificates of Participation, Capital Improvements, Series 2005A, 5.000%, 2/01/19 | 2/15 at 100 |
| 1,500 | North Carolina Infrastructure Finance Corporation, Certificates of Participation, Correctional Facilities, Series 2004A, | 2/14 at 100 |

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| | | | |
|--------|--|-------------|--|
| | 5.000%, 2/01/23 | | |
| 1,500 | North Carolina, Certificates of Participation, Repair and Renovation Project, Series 2004B, 5.000%, 6/01/20 | 6/14 at 100 | |
| | North Carolina, Certificates of Participation, Series 2003: | | |
| 1,130 | 5.250%, 6/01/21 | 6/13 at 100 | |
| 1,000 | 5.250%, 6/01/23 | 6/13 at 100 | |
| 2,000 | Puerto Rico Highway and Transportation Authority, Grant Anticipation Revenue Bonds, Series 2004, 5.000%, 9/15/21 - MBIA Insured | 3/14 at 100 | |
| 1,000 | Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Bonds, Series 2003H, 5.250%, 7/01/15 - FGIC Insured | No Opt. C | |
| 1,000 | Randolph County, North Carolina, Certificates of Participation, Series 2004, 5.000%, 6/01/20 - FSA Insured | 6/14 at 102 | |
| 540 | Wilson, North Carolina, Certificates of Participation, Public Facilities, Series 2007A, 5.000%, 5/01/29 - AGC Insured | 5/17 at 100 | |
| ----- | | | |
| 25,615 | Total Tax Obligation/Limited | | |
| ----- | | | |

TRANSPORTATION - 6.9% (4.5% OF TOTAL INVESTMENTS)

| | | | |
|-------|---|-------------|--|
| | Charlotte, North Carolina, Airport Revenue Bonds, Series 2004A: | | |
| 600 | 5.250%, 7/01/24 - MBIA Insured | 7/14 at 100 | |
| 2,710 | 5.000%, 7/01/29 - MBIA Insured | 7/14 at 100 | |
| 500 | Piedmont Triad Airport Authority, North Carolina, Airport Revenue Bonds, Series 2005A, 5.000%, 7/01/20 - XLCA Insured | 7/15 at 100 | |

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NNC

Nuveen North Carolina Premium Income Municipal Fund (continued)
Portfolio of INVESTMENTS as of 5-31-07

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|------------------------|--|-----------------------|
| ----- | | |
| | TRANSPORTATION (continued) | |
| \$ 2,250 | Raleigh Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A, 5.250%, 11/01/16 - FGIC Insured | 5/11 at 101 |
| ----- | | |
| 6,060 | Total Transportation | |
| ----- | | |

U.S. GUARANTEED - 16.0% (10.3% OF TOTAL INVESTMENTS) (4)

| | | |
|-----|---|-------------|
| 750 | Johnston County Finance Corporation, North Carolina, Installment Payment Revenue Bonds, School and Museum Projects, | 8/09 at 101 |
|-----|---|-------------|

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| | | |
|--------|--|--------------|
| | Series 1999, 5.250%, 8/01/21 (Pre-refunded 8/01/09) - FSA Insured | |
| 4,030 | North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2001, 5.250%, 10/01/31 (Pre-refunded 10/01/11) | 10/11 at 101 |
| 1,165 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 1980, 10.500%, 1/01/10 (ETM) | No Opt. C |
| 4,260 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 1986, 5.000%, 1/01/20 (ETM) | No Opt. C |
| 1,000 | North Carolina, General Obligation Bonds, Series 2000A, 5.100%, 9/01/16 (Pre-refunded 9/01/10) | 9/10 at 102 |
| 420 | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.375%, 4/01/22 (Pre-refunded 10/01/12) - AMBAC Insured | 10/12 at 100 |
| 2,000 | Winston-Salem, North Carolina, Water and Sewerage System Revenue Bonds, Series 2002A, 5.000%, 6/01/18 (Pre-refunded 6/01/12) | 6/12 at 100 |
| ----- | | |
| 13,625 | Total U.S. Guaranteed | |
| ----- | | |

UTILITIES - 12.9% (8.3% OF TOTAL INVESTMENTS)

| | | |
|--------|--|-------------|
| 3,000 | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 2003F, 5.500%, 1/01/15 | 1/13 at 100 |
| 1,000 | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 2005, 5.250%, 1/01/20 - AMBAC Insured | 1/16 at 100 |
| 4,000 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 1999B, 6.500%, 1/01/20 | 1/10 at 101 |
| 2,000 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.250%, 1/01/15 - AMBAC Insured | 1/13 at 100 |
| 1,000 | Wake County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Revenue Refunding Bonds, Carolina Power and Light Company, Series 2002, 5.375%, 2/01/17 | 2/12 at 101 |
| ----- | | |
| 11,000 | Total Utilities | |
| ----- | | |

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|--|---|--------------------------|
| ----- | | |
| WATER AND SEWER - 8.4% (5.4% OF TOTAL INVESTMENTS) | | |
| \$ 1,605 | Broad River Water Authority, North Carolina, Water System Revenue | 6/15 at 100 |

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| | | | |
|------------|--|---|-------------|
| | | Bonds, Series 2005, 5.000%, 6/01/20 - XLCA Insured | |
| 1,295 | | Greensboro, North Carolina, Combined Enterprise System Revenue Bonds, Series 2005A, 5.000%, 6/01/26 | 6/15 at 100 |
| 500 | | Onslow County, North Carolina, Combined Enterprise System Revenue Bonds, Series 2004B, 5.000%, 6/01/23 - XLCA Insured | 6/14 at 100 |
| 3,865 | | Winstom-Salem, North Carolina, Water and Sewer System Revenue Bonds, Series 2007A, 5.000%, 6/01/37 (UB) | 6/17 at 100 |
| ----- | | | |
| 7,265 | | Total Water and Sewer | |
| ----- | | | |
| \$ 135,125 | | Total Investments (cost \$138,519,215) - 155.5% | |
| ===== | | | |
| | | Floating Rate Obligations - (4.3)% | |
| ----- | | | |
| | | Other Assets Less Liabilities - 0.1% | |
| ----- | | | |
| | | Preferred Shares, at Liquidation Value - (51.3)% | |
| ----- | | | |
| | | Net Assets Applicable to Common Shares - 100% | |
| ===== | | | |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
 - (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
 - (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
 - (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- N/R Not rated.
- WI/DD Purchased on a when-issued or delayed delivery basis.
- (ETM) Escrowed to maturity.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provision of SFAS No. 140.

See accompanying notes to financial statements.

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NRB

Nuveen North Carolina Dividend Advantage Municipal Fund
Portfolio of INVESTMENTS

as of 5-31-07

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|--|--|--------------------------|
| ----- | | |
| EDUCATION AND CIVIC ORGANIZATIONS - 19.3% (11.6% OF TOTAL INVESTMENTS) | | |
| \$ 380 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A, 5.125%, 10/01/26 | 10/11 at 100 |
| 500 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, High Point University, Series 2001, 5.125%, 9/01/18 | 9/11 at 101 |
| 1,430 | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.375%, 4/01/17 - AMBAC Insured | 10/12 at 100 |
| 250 | University of North Carolina Wilmington, Certificates of Participation, Student Housing Project Revenue Bonds, Series 2006, 5.000%, 6/01/37 - FGIC Insured | 6/16 at 100 |
| 1,750 | University of North Carolina, Chapel Hill, System Net Revenue Bonds, Series 2001A, 5.000%, 12/01/25 | 6/11 at 100 |
| 1,845 | University of North Carolina, Chapel Hill, System Net Revenue Bonds, Series 2002B, 5.000%, 12/01/11 | No Opt. C |
| ----- | | |
| 6,155 | Total Education and Civic Organizations | |
| ----- | | |
| HEALTH CARE - 19.6% (11.9% OF TOTAL INVESTMENTS) | | |
| 100 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 5.000%, 1/15/45 | 1/15 at 100 |
| 250 | North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2007, 4.500%, 10/01/31 | 10/17 at 100 |
| 1,110 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Union Regional Medical Center, Series 2002A, 5.250%, 1/01/15 | 1/12 at 100 |
| 2,500 | North Carolina Medical Care Commission, Healthcare Revenue Bonds, Carolina Medicorp, Series 1996, 5.250%, 5/01/26 | 11/07 at 100 |
| 1,500 | North Carolina Medical Care Commission, Hospital Revenue Bonds, Southeastern Regional Medical Center, Series 2002, 5.250%, 6/01/22 | 6/12 at 101 |
| 300 | North Carolina Medical Care Commission, Revenue Bonds, Blue Ridge Healthcare System, Series 2005, 5.000%, 1/01/33 - | 1/15 at 100 |

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FGIC Insured

| | | |
|-----|---|--------------|
| 300 | North Carolina Medical Care Commission, Revenue Bonds, Northeast Medical Center, Series 2004, 5.000%, 11/01/24 | 11/14 at 100 |
| 150 | North Carolina Medical Care Commission, Revenue Bonds, Pines at Davidson, Series 2006A, 5.000%, 1/01/36 | 1/16 at 100 |
| 255 | Onslow County Hospital Authority, North Carolina, FHA Insured Mortgage Revenue Bonds, Onslow Memorial Hospital Project, Series 2006, 5.000%, 4/01/31 - MBIA Insured | 10/16 at 100 |

6,465 Total Health Care

HOUSING/SINGLE FAMILY - 6.6% (4.0% OF TOTAL INVESTMENTS)

| | | |
|-----|--|-------------|
| 440 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 10A, 5.400%, 7/01/32 - AMBAC Insured (Alternative Minimum Tax) | 7/10 at 100 |
| 930 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 5A, 5.625%, 7/01/30 (Alternative Minimum Tax) | 7/09 at 100 |
| 500 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 2007-29A, 4.800%, 7/01/33 (WI/DD, Settling 6/13/07) (Alternative Minimum Tax) | 1/17 at 100 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|------------------------|-----------------|-----------------------|
|------------------------|-----------------|-----------------------|

HOUSING/SINGLE FAMILY (continued)

| | | |
|--------|---|-------------|
| \$ 330 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 25-A, 4.900%, 7/01/37 (Alternative Minimum Tax) | 7/16 at 100 |
|--------|---|-------------|

2,200 Total Housing/Single Family

INDUSTRIALS - 1.5% (0.9% OF TOTAL INVESTMENTS)

| | | |
|-----|--|-----------|
| 500 | North Carolina Capital Facilities Financing Agency, Exempt Facilities Revenue Bonds, Waste Management Inc., Series 2001, 3.750%, 8/01/14 (Mandatory put 8/01/07) (Alternative Minimum Tax) | No Opt. C |
|-----|--|-----------|

LONG-TERM CARE - 2.3% (1.5% OF TOTAL INVESTMENTS)

| | | |
|-----|---|--------------|
| 300 | North Carolina Medical Care Commission, Health Care Facilities Revenue Bonds, Presbyterian Homes, Series 2006B, | 10/16 at 100 |
|-----|---|--------------|

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| | | |
|-------|--|--------------|
| | 5.200%, 10/01/21 | |
| 200 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Presbyterian Homes, Series 2006, 5.400%, 10/01/27 | 10/16 at 100 |
| 250 | North Carolina Medical Care Commission, Revenue Bonds, United Church Homes and Services, Series 2005A, 5.250%, 9/01/21 | 9/15 at 100 |
| ----- | | |
| 750 | Total Long-Term Care | |
| ----- | | |

MATERIALS - 1.6% (1.0% OF TOTAL INVESTMENTS)

| | | |
|-------|--|-------------|
| 515 | Gaston County Industrial Facilities and Pollution Control Financing Authority, North Carolina, National Gypsum Company Project Exempt Facilities Revenue Bonds, Series 2005, 5.750%, 8/01/35 (Alternative Minimum Tax) | 8/15 at 100 |
| ----- | | |

TAX OBLIGATION/GENERAL - 9.6% (5.7% OF TOTAL INVESTMENTS)

| | | |
|-------|--|-------------|
| 1,000 | Durham, North Carolina, General Obligation Bonds, Series 2007, 5.000%, 4/01/21 | 4/17 at 100 |
| 1,000 | North Carolina, General Obligation Bonds, Series 2004A: 5.000%, 3/01/18 | 3/14 at 100 |
| 1,000 | 5.000%, 3/01/22 | 3/14 at 100 |
| ----- | | |
| 3,000 | Total Tax Obligation/General | |
| ----- | | |

TAX OBLIGATION/LIMITED - 23.0% (13.9% OF TOTAL INVESTMENTS)

| | | |
|-------|---|--------------|
| 1,400 | Charlotte, North Carolina, Certificates of Participation, Governmental Facilities Projects, Series 2003G, 5.375%, 6/01/26 | 6/13 at 100 |
| 1,870 | Dare County, North Carolina, Certificates of Participation, Series 2002, 5.250%, 6/01/15 - AMBAC Insured | 12/12 at 100 |
| 1,250 | Davidson County, North Carolina, Certificates of Participation, Series 2004, 5.250%, 6/01/21 - AMBAC Insured | 6/14 at 100 |
| 1,390 | Durham, North Carolina, Certificates of Participation, Series 2005B, 5.000%, 6/01/25 | 6/15 at 100 |
| 470 | Raleigh, North Carolina, Certificates of Participation, Downtown Improvement Project, Series 2004B, 5.000%, 6/01/20 | 6/14 at 100 |
| 700 | Sampson County, North Carolina, Certificates of Participation, Series 2006, 5.000%, 6/01/34 - FSA Insured (UB) | 6/17 at 100 |
| 195 | Wilson, North Carolina, Certificates of Participation, Public Facilities, Series 2007A, 5.000%, 5/01/29 - AGC Insured | 5/17 at 100 |

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| | | |
|-------|------------------------------|--|
| 7,275 | Total Tax Obligation/Limited | |
|-------|------------------------------|--|

TRANSPORTATION - 6.2% (3.7% OF TOTAL INVESTMENTS)

| | | |
|-------|--|-------------|
| 450 | Piedmont Triad Airport Authority, North Carolina, Airport Revenue Bonds, Series 2005A, 5.000%, 7/01/20 - XLCA Insured | 7/15 at 100 |
| 1,530 | Raleigh Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A, 5.250%, 11/01/18 - FGIC Insured | 5/11 at 101 |

| | | |
|-------|----------------------|--|
| 1,980 | Total Transportation | |
|-------|----------------------|--|

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NRB
 Nuveen North Carolina Dividend Advantage Municipal Fund (continued)
 Portfolio of INVESTMENTS as of 5-31-07

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|---------------------------|-----------------|--------------------------|
|---------------------------|-----------------|--------------------------|

U.S. GUARANTEED - 15.7% (9.5% OF TOTAL INVESTMENTS) (4)

| | | |
|----------|--|--------------|
| \$ 1,000 | Broad River Water Authority, North Carolina, Water System Revenue Bonds, Series 2000, 5.375%, 6/01/26 (Pre-refunded 6/01/10) - MBIA Insured | 6/10 at 101 |
| 500 | Greensboro, North Carolina, Combined Enterprise System Revenue Bonds, Series 2001A, 5.125%, 6/01/21 (Pre-refunded 6/01/11) | 6/11 at 101 |
| 1,620 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A, 5.125%, 10/01/26 (Pre-refunded 10/01/11) | 10/11 at 100 |
| 800 | North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2001, 5.250%, 10/01/31 (Pre-refunded 10/01/11) | 10/11 at 101 |
| 1,020 | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.375%, 4/01/17 (Pre-refunded 10/01/12) - AMBAC Insured | 10/12 at 100 |

| | | |
|-------|-----------------------|--|
| 4,940 | Total U.S. Guaranteed | |
|-------|-----------------------|--|

UTILITIES - 22.5% (13.7% OF TOTAL INVESTMENTS)

| | | |
|--|---|-------------|
| Greenville, North Carolina, Combined Enterprise System Revenue Bonds, Series 2001: | | |
| 1,000 | 5.250%, 9/01/20 - FSA Insured | 9/11 at 101 |
| 500 | 5.250%, 9/01/21 - FSA Insured | 9/11 at 101 |
| 500 | North Carolina Eastern Municipal Power Agency, Power System | 1/16 at 100 |

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| | | |
|-------|--|-------------|
| | Revenue Bonds, Series 2005, 5.250%, 1/01/20 - AMBAC Insured | |
| 2,500 | North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1993B, 5.500%, 1/01/17 - FGIC Insured | 7/07 at 100 |
| 1,000 | North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1999B, 5.650%, 1/01/16 | 1/09 at 102 |
| 250 | Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005RR, 5.000%, 7/01/24 - FGIC Insured | 7/15 at 100 |
| 1,500 | Wake County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Revenue Refunding Bonds, Carolina Power and Light Company, Series 2002, 5.375%, 2/01/17 | 2/12 at 101 |
| ----- | | |
| 7,250 | Total Utilities | |
| ----- | | |

WATER AND SEWER - 37.6% (22.6% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-------------|
| 2,250 | Charlotte, North Carolina, Water and Sewerage System Revenue Bonds, Series 2001, 5.125%, 6/01/26 | 6/11 at 101 |
| 500 | Greensboro, North Carolina, Combined Enterprise System Revenue Bonds, Series 2005A, 5.000%, 6/01/25 | 6/15 at 100 |
| 400 | Onslow County, North Carolina, Combined Enterprise System Revenue Bonds, Series 2004B, 5.000%, 6/01/23 - XLCA Insured | 6/14 at 100 |
| | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A: | |
| 4,440 | 5.000%, 3/01/31 (UB) | 3/16 at 100 |
| 3,000 | 5.000%, 3/01/36 (UB) | 3/16 at 100 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|------------------------|--|-----------------------|
| ----- | | |
| | WATER AND SEWER (continued) | |
| \$ 5 | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A, Residuals Series II-R-645-1, 6.806%, 3/01/36 (IF) | 3/16 at 100 |
| 1,385 | Winstom-Salem, North Carolina, Water and Sewer System Revenue Bonds, Series 2007A, 5.000%, 6/01/37 (UB) | 6/17 at 100 |
| ----- | | |
| 11,980 | Total Water and Sewer | |
| ----- | | |
| \$ 53,010 | Total Investments (cost \$54,022,454) - 165.5% | |
| ===== | | |
| | Floating Rate Obligations - (19.0)% | |
| ----- | | |

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Other Assets Less Liabilities - 4.4%

 Preferred Shares, at Liquidation Value - (50.9)%

 Net Assets Applicable to Common Shares - 100%
 =====

FORWARD SWAPS OUTSTANDING AT MAY 31, 2007:

| COUNTERPARTY | NOTIONAL AMOUNT | FUND PAY/RECEIVE FLOATING RATE | FLOATING RATE INDEX | FIXED RATE (ANNUALIZED) | FIXED RATE PAYMENT FREQUENCY | EFFE DA |
|---------------|-----------------|--------------------------------|---------------------|-------------------------|------------------------------|---------|
| Goldman Sachs | \$2,700,000 | Pay | 3-Month USD-LIBOR | 5.682% | Semi-Annually | 7/ |
| Goldman Sachs | 800,000 | Pay | 3-Month USD-LIBOR | 5.803 | Semi-Annually | 7/ |

=====
 USD-LIBOR (United States Dollar-London Inter-Bank Offered Rate)

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
 - (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
 - (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
 - (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
 - (5) Effective date represents the date on which both the Fund and counterparty commence interest payment accruals on each forward swap contract.
- N/R Not rated.
- WI/DD Purchased on a when-issued or delayed delivery basis.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provision of SFAS No. 140.

See accompanying notes to financial statements.

NNO

Nuveen North Carolina Dividend Advantage Municipal Fund 2
Portfolio of INVESTMENTS

as of 5-31-07

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|--|---|--------------------------|
| ----- | | |
| EDUCATION AND CIVIC ORGANIZATIONS - 16.1% (10.1% OF TOTAL INVESTMENTS) | | |
| | Appalachian State University, North Carolina, Housing and Student Center System Revenue Refunding Bonds, Series 2001: | |
| \$ 600 | 5.125%, 7/15/24 - MBIA Insured | 1/11 at 101 |
| 200 | 5.125%, 7/15/27 - MBIA Insured | 1/11 at 101 |
| | Appalachian State University, North Carolina, Housing and Student Center System Revenue Refunding Bonds, Series 2002: | |
| 1,040 | 5.000%, 7/15/14 - MBIA Insured | 7/12 at 100 |
| 1,000 | 5.000%, 7/15/15 - MBIA Insured | 7/12 at 100 |
| | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A: | |
| 715 | 5.125%, 10/01/26 | 10/11 at 100 |
| 380 | 5.125%, 10/01/41 | 10/11 at 100 |
| 1,000 | University of North Carolina System, Pooled Revenue Bonds, Series 2005A, 5.000%, 4/01/22 - AMBAC Insured | 4/15 at 100 |
| 635 | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.375%, 4/01/19 - AMBAC Insured | 10/12 at 100 |
| | University of North Carolina Wilmington, Certificates of Participation, Student Housing Project Revenue Bonds, Series 2006: | |
| 500 | 5.000%, 6/01/21 - FGIC Insured | 6/16 at 100 |
| 250 | 5.000%, 6/01/37 - FGIC Insured | 6/16 at 100 |
| 1,500 | University of North Carolina, Chapel Hill, System Net Revenue Bonds, Series 2002B, 5.000%, 12/01/11 | No Opt. C |
| 250 | University of North Carolina, Charlotte, Certificates of Participation, Student Housing Project, Series 2005, 5.000%, 3/01/21 - AMBAC Insured | 3/15 at 100 |
| 400 | University of North Carolina, Greensboro, General Revenue Refunding Bonds, Series 2002B, 5.375%, 4/01/17 - FSA Insured | 4/11 at 101 |
| ----- | | |
| 8,470 | Total Education and Civic Organizations | |
| ----- | | |
| HEALTH CARE - 23.8% (14.9% OF TOTAL INVESTMENTS) | | |
| 2,130 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, Carolinas Healthcare | 1/11 at 101 |

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| | | |
|-------|---|--------------|
| | System, Series 2001A, 5.000%, 1/15/31 | |
| 200 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 5.000%, 1/15/45 | 1/15 at 100 |
| 150 | North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2007, 4.500%, 10/01/31 | 10/17 at 100 |
| 2,000 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Novant Health Obligated Group, Series 2003A, 5.000%, 11/01/20 | 11/13 at 100 |
| 1,005 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Union Regional Medical Center, Series 2002A, 5.250%, 1/01/13 | 1/12 at 100 |
| | North Carolina Medical Care Commission, Hospital Revenue Bonds, Southeastern Regional Medical Center, Series 2002: | |
| 1,000 | 5.500%, 6/01/15 | 6/12 at 101 |
| 2,000 | 5.250%, 6/01/22 | 6/12 at 101 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|---------------------------|---|--------------------------|
| ----- | | |
| | HEALTH CARE (continued) | |
| \$ 2,000 | North Carolina Medical Care Commission, Revenue Bonds, Blue Ridge Healthcare System, Series 2005, 5.000%, 1/01/33 - FGIC Insured | 1/15 at 100 |
| | North Carolina Medical Care Commission, Revenue Bonds, Cleveland County Healthcare System, Series 2004A: | |
| 595 | 5.250%, 7/01/20 - AMBAC Insured | 7/14 at 100 |
| 500 | 5.250%, 7/01/22 - AMBAC Insured | 7/14 at 100 |
| 500 | North Carolina Medical Care Commission, Revenue Bonds, Northeast Medical Center, Series 2004, 5.000%, 11/01/24 | 11/14 at 100 |
| 185 | North Carolina Medical Care Commission, Revenue Bonds, Pines at Davidson, Series 2006A, 5.000%, 1/01/36 | 1/16 at 100 |
| 430 | Onslow County Hospital Authority, North Carolina, FHA Insured Mortgage Revenue Bonds, Onslow Memorial Hospital Project, Series 2006, 5.000%, 4/01/31 - MBIA Insured | 10/16 at 100 |
| ----- | | |
| 12,695 | Total Health Care | |
| ----- | | |

HOUSING/SINGLE FAMILY - 6.2% (3.9% OF TOTAL INVESTMENTS)

| | | |
|-----|--|-------------|
| 375 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 10A, 5.400%, 7/01/32 - AMBAC Insured (Alternative Minimum Tax) | 7/10 at 100 |
|-----|--|-------------|

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| | | | |
|-----|---|--|-------------|
| | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 13A: | | |
| 830 | 4.700%, 7/01/12 (Alternative Minimum Tax) | | 7/11 at 100 |
| 835 | 4.850%, 7/01/13 (Alternative Minimum Tax) | | 7/11 at 100 |
| 850 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 2007-29A, 4.800%, 7/01/33 (WI/DD, Settling 6/13/07) (Alternative Minimum Tax) | | 1/17 at 100 |
| 510 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 25-A, 4.900%, 7/01/37 (Alternative Minimum Tax) | | 7/16 at 100 |

3,400 Total Housing/Single Family

INDUSTRIALS - 1.4% (0.9% OF TOTAL INVESTMENTS)

| | | | |
|-----|--|--|-----------|
| 800 | North Carolina Capital Facilities Financing Agency, Exempt Facilities Revenue Bonds, Waste Management Inc., Series 2001, 3.750%, 8/01/14 (Mandatory put 8/01/07) (Alternative Minimum Tax) | | No Opt. C |
|-----|--|--|-----------|

LONG-TERM CARE - 2.0% (1.3% OF TOTAL INVESTMENTS)

| | | | |
|-----|--|--|--------------|
| 600 | North Carolina Medical Care Commission, Health Care Facilities Revenue Bonds, Presbyterian Homes, Series 2006B, 5.200%, 10/01/21 | | 10/16 at 100 |
| 250 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Presbyterian Homes, Series 2006, 5.400%, 10/01/27 | | 10/16 at 100 |
| 250 | North Carolina Medical Care Commission, Revenue Bonds, United Church Homes and Services, Series 2005A, 5.250%, 9/01/21 | | 9/15 at 100 |

1,100 Total Long-Term Care

MATERIALS - 3.8% (2.3% OF TOTAL INVESTMENTS)

| | | | |
|-------|---|--|-------------|
| 865 | Gaston County Industrial Facilities and Pollution Control Financing Authority, North Carolina, National Gypsum Company Project Exempt Facilities Revenue Bonds, Series 2005, 5.750%, 8/01/35 (Alternative Minimum Tax) | | 8/15 at 100 |
| 1,100 | Northampton County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Environmental Improvement Revenue Bonds, International Paper Company, Series 2001A, 6.200%, 2/01/25 (Alternative Minimum Tax) | | 2/11 at 101 |

1,965 Total Materials

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TAX OBLIGATION/GENERAL - 7.4% (4.7% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-------------|
| 250 | Durham County, North Carolina, General Obligation Bonds, Series 2000, 5.600%, 5/01/15 | 5/10 at 102 |
| 1,475 | Durham, North Carolina, General Obligation Bonds, Series 2007, 5.000%, 4/01/22 | 4/17 at 100 |

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NNO

Nuveen North Carolina Dividend Advantage Municipal Fund 2 (continued)
Portfolio of INVESTMENTS as of 5-31-07

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL PROVISIONS |
|------------------------------------|--|---------------------|
| ----- | | |
| TAX OBLIGATION/GENERAL (continued) | | |
| \$ 1,000 | North Carolina, General Obligation Bonds, Series 2004A, 5.000%, 3/01/22 | 3/14 at 100 |
| 1,150 | Sampson County, North Carolina, Certificates of Participation, Series 2006, 5.000%, 6/01/34 - FSA Insured (UB) | 6/17 at 100 |
| ----- | | |
| 3,875 | Total Tax Obligation/General | |
| ----- | | |

TAX OBLIGATION/LIMITED - 29.7% (18.7% OF TOTAL INVESTMENTS)

| | | |
|-------|---|--------------|
| 30 | Cabarrus County, North Carolina, Certificates of Participation, Series 2002, 5.250%, 2/01/16 | 2/13 at 100 |
| 1,750 | Charlotte, North Carolina, Certificates of Participation, Governmental Facilities Projects, Series 2003G, 5.000%, 6/01/28 | 6/13 at 100 |
| 1,850 | Charlotte, North Carolina, Storm Water Fee Revenue Bonds, Series 2002, 5.250%, 6/01/18 | 6/12 at 101 |
| | Hartnett County, North Carolina, Certificates of Participation, Series 2002: | |
| 1,000 | 5.250%, 12/01/15 - FSA Insured | 12/12 at 101 |
| 2,025 | 5.375%, 12/01/16 - FSA Insured | 12/12 at 101 |
| 715 | Lee County, North Carolina, Certificates of Participation, Public Schools and Community College, Series 2004, 5.250%, 4/01/20 - FSA Insured | 4/14 at 100 |
| 1,380 | Pasquotank County, North Carolina, Certificates of Participation, Series 2004, 5.000%, 6/01/25 - MBIA Insured | 6/14 at 100 |
| 2,070 | Pitt County, North Carolina, Certificates of Participation, School Facilities Project, Series 2004B, 5.000%, 4/01/29 - AMBAC Insured | 4/14 at 100 |

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| | | |
|--------|--|-------------|
| 1,270 | Puerto Rico Infrastructure Financing Authority, Special Tax Revenue Bonds, Series 2005C, 5.500%, 7/01/16 - AMBAC Insured | No Opt. C |
| | Raleigh, North Carolina, Certificates of Participation, Downtown Improvement Project, Series 2004B: | |
| 805 | 5.000%, 6/01/20 | 6/14 at 100 |
| 1,310 | 5.000%, 6/01/21 | 6/14 at 100 |
| 1,000 | Randolph County, North Carolina, Certificates of Participation, Series 2004, 5.000%, 6/01/20 - FSA Insured | 6/14 at 102 |
| 325 | Wilson, North Carolina, Certificates of Particiation, Public Facilities, Series 2007A, 5.000%, 5/01/29 - AGC Insured | 5/17 at 100 |
| ----- | | |
| 15,530 | Total Tax Obligation/Limited | |
| ----- | | |
| | TRANSPORTATION - 16.9% (10.7% OF TOTAL INVESTMENTS) | |
| 2,035 | Charlotte, North Carolina, Airport Revenue Bonds, Series 2004A, 5.000%, 7/01/34 - MBIA Insured | 7/14 at 100 |
| 590 | Piedmont Triad Airport Authority, North Carolina, Airport Revenue Bonds, Series 2005A, 5.000%, 7/01/20 - XLCA Insured | 7/15 at 100 |
| | Raleigh Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A: | |
| 1,000 | 5.250%, 11/01/15 - FGIC Insured | 5/11 at 101 |
| 2,320 | 5.250%, 11/01/16 - FGIC Insured | 5/11 at 101 |
| 2,230 | 5.250%, 11/01/17 - FGIC Insured | 5/11 at 101 |
| | University of North Carolina, Charlotte, Parking System Revenue Bonds, Series 2002: | |
| 270 | 5.000%, 1/01/20 - MBIA Insured | 1/12 at 101 |
| 500 | 5.125%, 1/01/27 - MBIA Insured | 1/12 at 101 |
| ----- | | |
| 8,945 | Total Transportation | |
| ----- | | |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|------------------------|--|-----------------------|
| ----- | | |
| | U.S. GUARANTEED - 17.0% (10.7% OF TOTAL INVESTMENTS) (4) | |
| | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A: | |
| \$ 500 | 5.125%, 10/01/26 (Pre-refunded 10/01/11) | 10/11 at 100 |
| 1,620 | 5.125%, 10/01/41 (Pre-refunded 10/01/11) | 10/11 at 100 |
| 370 | North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2001, 5.250%, 10/01/31 (Pre-refunded 10/01/11) | 10/11 at 101 |

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| | | |
|-------|--|--------------|
| | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2004: | |
| 1,000 | 5.000%, 3/01/21 (Pre-refunded 3/01/14) | 3/14 at 100 |
| 1,750 | 5.000%, 3/01/22 (Pre-refunded 3/01/14) | 3/14 at 100 |
| 465 | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.375%, 4/01/19 (Pre-refunded 10/01/12) - AMBAC Insured | 10/12 at 100 |
| 3,200 | Wake County, North Carolina, General Obligation School Bonds, Series 2000, 5.400%, 2/01/13 (Pre-refunded 2/01/10) | 2/10 at 101 |
| ----- | | |
| 8,905 | Total U.S. Guaranteed | |
| ----- | | |

UTILITIES - 13.8% (8.7% OF TOTAL INVESTMENTS)

| | | |
|-------|--|-------------|
| 500 | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 2005, 5.250%, 1/01/20 - AMBAC Insured | 1/16 at 100 |
| 2,500 | North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1993B, 5.500%, 1/01/17 - FGIC Insured | 7/07 at 100 |
| 1,500 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 1999B, 6.500%, 1/01/20 | 1/10 at 101 |
| 250 | Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005RR, 5.000%, 7/01/24 - FGIC Insured | 7/15 at 100 |
| 2,600 | Wake County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Revenue Refunding Bonds, Carolina Power and Light Company, Series 2002, 5.375%, 2/01/17 | 2/12 at 101 |
| ----- | | |
| 7,350 | Total Utilities | |
| ----- | | |

WATER AND SEWER - 20.8% (13.1% OF TOTAL INVESTMENTS)

| | | |
|-------|---|-------------|
| 2,520 | Charlotte, North Carolina, Water and Sewerage System Revenue Bonds, Series 2002A, 5.250%, 7/01/13 | No Opt. C |
| 1,000 | Durham County, North Carolina, Enterprise System Revenue Bonds, Series 2002, 5.000%, 6/01/23 - MBIA Insured | 6/13 at 100 |
| | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A: | |
| 3,095 | 5.000%, 3/01/31 (UB) | 3/16 at 100 |
| 975 | 5.000%, 3/01/36 (UB) | 3/16 at 100 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|---------------------------|--|--------------------------|
| ----- | | |
| | WATER AND SEWER (continued) | |
| \$ 40 | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A, Residuals Series II-R-645-1, 6.807%, 3/01/31 (IF) | 3/16 at 100 |
| 1,000 | Wilmington, North Carolina, Water and Sewer Revenue Bonds, Series 2005, 5.000%, 6/01/25 - FSA Insured | 6/15 at 100 |
| 2,275 | Winstom-Salem, North Carolina, Water and Sewer System Revenue Bonds, Series 2007A, 5.000%, 6/01/37 (UB) | 6/17 at 100 |
| ----- | | |
| 10,905 | Total Water and Sewer | |
| ----- | | |
| \$ 83,940 | Total Investments (cost \$85,869,368) - 158.9% | |
| ===== | | |
| | Floating Rate Obligations - (9.0)% | |
| | ----- | |
| | Other Assets Less Liabilities - 0.7% | |
| | ----- | |
| | Preferred Shares, at Liquidation Value - (50.6)% | |
| | ----- | |
| | Net Assets Applicable to Common Shares - 100% | |
| | ===== | |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
 - (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
 - (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
 - (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- N/R Not rated.
- WI/DD Purchased on a when-issued or delayed delivery basis.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust

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reflected as a financing transaction pursuant to the provision of SFAS No. 140.

See accompanying notes to financial statements.

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NII

Nuveen North Carolina Dividend Advantage Municipal Fund 3
Portfolio of INVESTMENTS

as of 5-31-07

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|---|---|--------------------------|
| ----- | | |
| CONSUMER STAPLES - 3.7% (2.3% OF TOTAL INVESTMENTS) | | |
| \$ 2,000 | Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.500%, 5/15/39 | 5/12 at 100 |
| ----- | | |
| EDUCATION AND CIVIC ORGANIZATIONS - 5.0% (3.1% OF TOTAL INVESTMENTS) | | |
| North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A: | | |
| 330 | 5.125%, 10/01/26 | 10/11 at 100 |
| 95 | 5.125%, 10/01/41 | 10/11 at 100 |
| 1,290 | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.000%, 4/01/27 - AMBAC Insured | 10/12 at 100 |
| University of North Carolina Wilmington, Certificates of Participation, Student Housing Project Revenue Bonds, Series 2006: | | |
| 500 | 5.000%, 6/01/21 - FGIC Insured | 6/16 at 100 |
| 500 | 5.000%, 6/01/37 - FGIC Insured | 6/16 at 100 |
| ----- | | |
| 2,715 | Total Education and Civic Organizations | |
| ----- | | |
| HEALTH CARE - 15.6% (9.6% OF TOTAL INVESTMENTS) | | |
| 750 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, Carolinas Healthcare System, Series 2001A, 5.000%, 1/15/31 | 1/11 at 101 |
| 2,000 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolina Healthcare System, Series 1997A, 5.125%, 1/15/22 | 7/07 at 102 |
| 200 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 5.000%, 1/15/45 | 1/15 at 100 |
| 2,100 | North Carolina Medical Care Commission, Health System Revenue | 10/17 at 100 |

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| | | |
|-------|---|--------------|
| | Bonds, Mission St. Joseph's Health System, Series 2007, 4.500%, 10/01/31 | |
| 2,000 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Novant Health Obligated Group, Series 2003A, 5.000%, 11/01/18 | 11/13 at 100 |
| 500 | North Carolina Medical Care Commission, Revenue Bonds, Blue Ridge Healthcare System, Series 2005, 5.000%, 1/01/33 - FGIC Insured | 1/15 at 100 |
| 500 | North Carolina Medical Care Commission, Revenue Bonds, Northeast Medical Center, Series 2004, 5.000%, 11/01/24 | 11/14 at 100 |
| 190 | North Carolina Medical Care Commission, Revenue Bonds, Pines at Davidson, Series 2006A, 5.000%, 1/01/36 | 1/16 at 100 |
| 430 | Onslow County Hospital Authority, North Carolina, FHA Insured Mortgage Revenue Bonds, Onslow Memorial Hospital Project, Series 2006, 5.000%, 4/01/31 - MBIA Insured | 10/16 at 100 |

| | | |
|-------|-------------------|--|
| 8,670 | Total Health Care | |
|-------|-------------------|--|

HOUSING/MULTIFAMILY - 1.8% (1.1% OF TOTAL INVESTMENTS)

| | | |
|-------|--|-------------|
| 1,000 | Mecklenburg County, North Carolina, FNMA Multifamily Housing Revenue Bonds, Little Rock Apartments, Series 2003, 5.150%, 1/01/22 (Alternative Minimum Tax) | 7/13 at 105 |
|-------|--|-------------|

HOUSING/SINGLE FAMILY - 4.1% (2.5% OF TOTAL INVESTMENTS)

| | | |
|-----|---|-------------|
| 940 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 5A, 5.625%, 7/01/30 (Alternative Minimum Tax) | 7/09 at 100 |
|-----|---|-------------|

NII

Nuveen North Carolina Dividend Advantage Municipal Fund 3 (continued)
Portfolio of INVESTMENTS as of 5-31-07

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|---------------------------|---|--------------------------|
| | HOUSING/SINGLE FAMILY (continued) | |
| \$ 850 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 2007-29A, 4.800%, 7/01/33 (WI/DD, Settling 6/13/07) (Alternative Minimum Tax) | 1/17 at 100 |
| 510 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 25-A, 4.900%, 7/01/37 (Alternative Minimum Tax) | 7/16 at 100 |

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| | | |
|---|--|--------------|
| 2,300 | Total Housing/Single Family | |
| ----- | | |
| INDUSTRIALS - 1.4% (0.9% OF TOTAL INVESTMENTS) | | |
| 800 | North Carolina Capital Facilities Financing Agency, Exempt Facilities Revenue Bonds, Waste Management Inc., Series 2001, 3.750%, 8/01/14 (Mandatory put 8/01/07) (Alternative Minimum Tax) | No Opt. C |
| ----- | | |
| LONG-TERM CARE - 1.5% (0.9% OF TOTAL INVESTMENTS) | | |
| 600 | North Carolina Medical Care Commission, Health Care Facilities Revenue Bonds, Presbyterian Homes, Series 2006B, 5.200%, 10/01/21 | 10/16 at 100 |
| 250 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Presbyterian Homes, Series 2006, 5.400%, 10/01/27 | 10/16 at 100 |
| ----- | | |
| 850 | Total Long-Term Care | |
| ----- | | |
| TAX OBLIGATION/GENERAL - 21.1% (13.0% OF TOTAL INVESTMENTS) | | |
| 3,900 | Cary, North Carolina, General Obligation Water and Sewer Bonds, Series 2001, 5.000%, 3/01/20 | 3/11 at 102 |
| 1,500 | Durham, North Carolina, General Obligation Bonds, Series 2007, 5.000%, 4/01/22 | 4/17 at 100 |
| | Lincoln County, North Carolina, General Obligation Bonds, Series 2002A: | |
| 850 | 5.000%, 6/01/19 - FGIC Insured | 6/12 at 101 |
| 900 | 5.000%, 6/01/20 - FGIC Insured | 6/12 at 101 |
| 1,050 | 5.000%, 6/01/21 - FGIC Insured | 6/12 at 101 |
| 500 | North Carolina, General Obligation Bonds, Series 2004A, 5.000%, 3/01/22 | 3/14 at 100 |
| 2,000 | Puerto Rico, General Obligation and Public Improvement Refunding Bonds, Series 1997, 6.500%, 7/01/15 - MBIA Insured | No Opt. C |
| 400 | Raleigh, North Carolina, General Obligation Bonds, Series 2002, 5.000%, 6/01/21 | 6/12 at 100 |
| ----- | | |
| 11,100 | Total Tax Obligation/General | |
| ----- | | |
| TAX OBLIGATION/LIMITED - 29.3% (18.0% OF TOTAL INVESTMENTS) | | |
| 1,800 | Catawba County, North Carolina, Certificates of Participation, Series 2004, 5.250%, 6/01/22 - MBIA Insured | 6/14 at 100 |
| 1,500 | Centennial Authority, North Carolina, Hotel Tax Revenue Bonds, | 9/07 at 102 |

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| | | | |
|-------|---|--|--------------|
| | Arena Project, Series 1997, 5.125%, 9/01/19 - FSA Insured | | |
| 2,750 | Charlotte, North Carolina, Certificates of Participation, Governmental Facilities Projects, Series 2003G, 5.000%, 6/01/33 | | 6/13 at 100 |
| 3,000 | Dare County, North Carolina, Certificates of Participation, Series 2002, 5.000%, 6/01/23 - AMBAC Insured | | 12/12 at 100 |
| 500 | Lee County, North Carolina, Certificates of Participation, Public Schools and Community College, Series 2004, 5.250%, 4/01/20 - FSA Insured | | 4/14 at 100 |
| 1,000 | North Carolina, Certificates of Participation, Repair and Renovation Project, Series 2004B, 5.000%, 6/01/20 | | 6/14 at 100 |
| 2,000 | Rutherford County, North Carolina, Certificates of Participation, Series 2002, 5.000%, 9/01/21 - AMBAC Insured | | 9/12 at 101 |
| 1,200 | Sampson County, North Carolina, Certificates of Participation, Series 2006, 5.000%, 6/01/34 - FSA Insured (UB) | | 6/17 at 100 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|---------------------------|---|--------------------------|
| ----- | | |
| | TAX OBLIGATION/LIMITED (continued) | |
| \$ 1,785 | Union County, North Carolina, Certificates of Participation, Series 2003, 5.000%, 6/01/20 - AMBAC Insured | 6/13 at 101 |
| 325 | Wilson, North Carolina, Certificates of Participation, Public Facilities, Series 2007A, 5.000%, 5/01/29 - AGC Insured | 5/17 at 100 |
| ----- | | |
| 15,860 | Total Tax Obligation/Limited | |
| ----- | | |
| | TRANSPORTATION - 9.0% (5.5% OF TOTAL INVESTMENTS) | |
| | Raleigh Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A: | |
| 1,780 | 5.250%, 11/01/15 - FGIC Insured | 5/11 at 101 |
| 3,100 | 5.000%, 11/01/20 - FGIC Insured | 5/11 at 101 |
| ----- | | |
| 4,880 | Total Transportation | |
| ----- | | |
| | U.S. GUARANTEED - 22.6% (13.9% OF TOTAL INVESTMENTS) (4) | |
| 500 | Broad River Water Authority, North Carolina, Water System Revenue Bonds, Series 2000, 5.375%, 6/01/26 (Pre-refunded 6/01/10) - MBIA Insured | 6/10 at 101 |
| 50 | Cumberland County, North Carolina, Hospital Facility Revenue Bonds, Cumberland County Hospital System Inc., Cape Fear | 10/09 at 101 |

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| | | |
|--------|--|--------------|
| | Valley Health System, Series 1999, 5.250%, 10/01/29 (Pre-refunded 10/01/09) | |
| | Forsyth County, North Carolina, Certificates of Participation, Public Facilities and Equipment Project, Series 2002: | |
| 1,325 | 5.125%, 1/01/16 (Pre-refunded 1/01/13) | 1/13 at 101 |
| 770 | 5.250%, 1/01/19 (Pre-refunded 1/01/13) | 1/13 at 101 |
| 1,235 | 5.250%, 1/01/23 (Pre-refunded 1/01/13) | 1/13 at 101 |
| | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A: | |
| 1,420 | 5.125%, 10/01/26 (Pre-refunded 10/01/11) | 10/11 at 100 |
| 405 | 5.125%, 10/01/41 (Pre-refunded 10/01/11) | 10/11 at 100 |
| 3,000 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2002A, 5.125%, 7/01/42 (Pre-refunded 10/01/12) | 10/12 at 100 |
| 500 | North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2001, 5.250%, 10/01/31 (Pre-refunded 10/01/11) | 10/11 at 101 |
| 610 | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.000%, 4/01/27 (Pre-refunded 10/01/12) - AMBAC Insured | 10/12 at 100 |
| 2,215 | Winston-Salem, North Carolina, Water and Sewerage System Revenue Bonds, Series 2002A, 5.000%, 6/01/19 (Pre-refunded 6/01/12) | 6/12 at 100 |
| ----- | | |
| 12,030 | Total U.S. Guaranteed | |
| ----- | | |
| | UTILITIES - 15.7% (9.6% OF TOTAL INVESTMENTS) | |
| 500 | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 2005, 5.250%, 1/01/20 - AMBAC Insured | 1/16 at 100 |
| 4,000 | North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1993B, 5.500%, 1/01/17 - FGIC Insured | 7/07 at 100 |
| 2,665 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.250%, 1/01/15 - AMBAC Insured | 1/13 at 100 |
| 1,400 | Wake County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Revenue Refunding Bonds, Carolina Power and Light Company, Series 2002, 5.375%, 2/01/17 | 2/12 at 101 |
| ----- | | |
| 8,565 | Total Utilities | |
| ----- | | |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL C PROVISIONS |
|---------------------------|--|--------------------------|
| ----- | | |
| | WATER AND SEWER - 31.8% (19.6% OF TOTAL INVESTMENTS) | |
| | Charlotte, North Carolina, Water and Sewerage System Revenue Bonds, Series 2001: | |
| \$ 750 | 5.125%, 6/01/26 | 6/11 at 101 |
| 1,780 | 5.125%, 6/01/26 - FGIC Insured | 6/11 at 101 |
| 300 | Durham County, North Carolina, Enterprise System Revenue Bonds, Series 2002, 5.000%, 6/01/18 - MBIA Insured | 6/13 at 100 |
| 2,500 | Kannapolis, North Carolina, Water and Sewerage System Revenue Bonds, Series 2001B, 5.250%, 2/01/26 - FSA Insured (Alternative Minimum Tax) | 2/12 at 101 |
| 500 | Onslow County, North Carolina, Combined Enterprise System Revenue Bonds, Series 2004B, 5.000%, 6/01/23 - XLCA Insured | 6/14 at 100 |
| 1,000 | Orange Water and Sewerage Authority, North Carolina, Water and Sewerage System Revenue Bonds, Series 2001, 5.000%, 7/01/26 | 7/11 at 101 |
| | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A, | |
| 4,950 | 5.000%, 3/01/31 (UB) | 3/16 at 100 |
| 3,000 | 5.000%, 3/01/36 (UB) | 3/16 at 100 |
| 5 | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A, Residuals Series II-R-645-1, 6.806%, 3/01/36 (IF) | 3/16 at 100 |
| 2,375 | Winstom-Salem, North Carolina, Water and Sewer System Revenue Bonds, Series 2007A, 5.000%, 6/01/37 (UB) | 6/17 at 100 |
| ----- | | |
| 17,160 | Total Water and Sewer | |
| ----- | | |
| \$ 87,930 | Total Investments (cost \$90,080,805) - 162.6% | |
| ===== | | |
| | Floating Rate Obligations - (13.6)% | |
| | Other Assets Less Liabilities - 0.6% | |
| | Preferred Shares, at Liquidation Value - (49.6)% | |
| | Net Assets Applicable to Common Shares - 100% | |
| ===== | | |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.

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- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
 - (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- N/R Not rated.
- WI/DD Purchased on a when-issued or delayed delivery basis.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provision of SFAS No. 140.

See accompanying notes to financial statements.

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Statement of
ASSETS & LIABILITIES

May 31, 2007

| | GEORGIA PREMIUM INCOME (NPG) |
|--|---------------------------------------|
| <hr/> | |
| ASSETS | |
| Investments, at value (cost \$77,044,910, \$42,020,135 and \$95,056,371, respectively) | \$80,023,369 |
| Cash | 436,474 |
| Receivables: | |
| Interest | 1,408,360 |
| Investments sold | 1,380,000 |
| Other assets | 2,833 |
| <hr/> | |
| Total assets | 83,251,036 |
| <hr/> | |
| LIABILITIES | |
| Cash overdraft | -- |
| Payable for investments purchased | -- |
| Floating rate obligations | -- |
| Unrealized depreciation on forward swaps | -- |
| Accrued expenses: | |
| Management fees | 44,901 |
| Other | 27,380 |
| Preferred share dividends payable | 19,304 |
| <hr/> | |
| Total liabilities | 91,585 |
| <hr/> | |

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| | |
|---|--------------|
| Preferred shares, at liquidation value | 27,800,000 |
| ----- | |
| Net assets applicable to Common shares | \$55,359,451 |
| ===== | |
| Common shares outstanding | 3,805,652 |
| ===== | |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 14.55 |
| ===== | |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF: | |
| ----- | |
| Common shares, \$.01 par value per share | \$ 38,057 |
| Paid-in surplus | 52,378,108 |
| Undistributed (Over-distribution of) net investment income | (49,719) |
| Accumulated net realized gain (loss) from investments and derivative transactions | 14,546 |
| Net unrealized appreciation (depreciation) of investments and derivative transactions | 2,978,459 |
| ----- | |
| Net assets applicable to Common shares | \$55,359,451 |
| ===== | |
| Authorized shares: | |
| Common | Unlimited |
| Preferred | Unlimited |
| ===== | |

See accompanying notes to financial statements.

Statement of
ASSETS & LIABILITIES (continued)

May 31, 2007

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) |
|---|---|---|
| ----- | | |
| ASSETS | | |
| Investments, at value (cost \$138,519,215, \$54,022,454, \$85,869,368, \$90,080,805, respectively) | \$141,794,013 | \$55,303,292 |
| Cash | -- | 1,173,662 |
| Receivables: | | |
| Interest | 2,308,902 | 825,753 |
| Investments sold | -- | -- |
| Other assets | 8,350 | 7,694 |
| ----- | | |
| Total assets | 144,111,265 | 57,310,401 |
| ----- | | |
| LIABILITIES | | |
| Cash overdraft | 725,625 | -- |
| Payable for investments purchased | 1,389,668 | 496,310 |
| Floating rate obligations | 3,870,000 | 6,350,000 |
| Unrealized depreciation on forward swaps | -- | 17,297 |
| Accrued expenses: | | |

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| | | |
|---|---------------|--------------|
| Management fees | 74,388 | 18,612 |
| Other | 35,625 | 16,730 |
| Preferred share dividends payable | 24,673 | 2,907 |
| ----- | | |
| Total liabilities | 6,119,979 | 6,901,856 |
| ----- | | |
| Preferred shares, at liquidation value | 46,800,000 | 17,000,000 |
| ----- | | |
| Net assets applicable to Common shares | \$ 91,191,286 | \$33,408,545 |
| ===== | | |
| Common shares outstanding | 6,351,838 | 2,260,826 |
| ===== | | |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 14.36 | \$ 14.78 |
| ===== | | |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF: | | |
| ----- | | |
| Common shares, \$.01 par value per share | \$ 63,518 | \$ 22,608 |
| Paid-in surplus | 87,829,648 | 32,058,032 |
| Undistributed (Over-distribution of) net investment income | (214,814) | (30,449) |
| Accumulated net realized gain (loss) from investments and derivative transactions | 238,136 | 94,813 |
| Net unrealized appreciation (depreciation) of investments and derivative transactions | 3,274,798 | 1,263,541 |
| ----- | | |
| Net assets applicable to Common shares | \$ 91,191,286 | \$33,408,545 |
| ===== | | |
| Authorized shares: | | |
| Common | Unlimited | Unlimited |
| Preferred | Unlimited | Unlimited |
| ===== | | |

See accompanying notes to financial statements.

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Statement of
OPERATIONS

Year Ended May 31, 2007

| | |
|---|---------------------------------------|
| | GEORGIA PREMIUM INCOME (NPG) |
| ----- | |
| INVESTMENT INCOME | \$3,973,420 |
| ----- | |
| EXPENSES | |
| Management fees | 532,562 |
| Preferred shares - auction fees | 69,500 |
| Preferred shares - dividend disbursing agent fees | 10,000 |
| Shareholders' servicing agent fees and expenses | 4,980 |
| Floating rate obligations interest expense and fees | -- |
| Custodian's fees and expenses | 26,638 |
| Trustees' fees and expenses | 1,973 |
| Professional fees | 12,581 |
| Shareholders' reports - printing and mailing expenses | 15,172 |

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| | |
|---|-------------|
| Stock exchange listing fees | 323 |
| Investor relations expense | 11,359 |
| Other expenses | 13,232 |
| ----- | |
| Total expenses before custodian fee credit and expense reimbursement | 698,320 |
| Custodian fee credit | (9,835) |
| Expense reimbursement | -- |
| ----- | |
| Net expenses | 688,485 |
| ----- | |
| Net investment income | 3,284,935 |
| ----- | |
| REALIZED AND UNREALIZED GAIN (LOSS) | |
| Net realized gain (loss) from investments | 81,348 |
| Net realized gain (loss) from forward swaps | -- |
| Net realized gain (loss) from futures | -- |
| Change in net unrealized appreciation (depreciation) of investments | 43,450 |
| Change in net unrealized appreciation (depreciation) of forward swaps | -- |
| ----- | |
| Net realized and unrealized gain (loss) | 124,798 |
| ----- | |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS | |
| From net investment income | (869,692) |
| From accumulated net realized gains | -- |
| ----- | |
| Decrease in net assets applicable to Common shares from distributions to Preferred shareholders | (869,692) |
| ----- | |
| Net increase (decrease) in net assets applicable to Common shares from operations | \$2,540,041 |
| ===== | |

See accompanying notes to financial statements.

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Statement of
OPERATIONS (continued)

Year Ended May 31, 2007

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) |
|---|---|---|
| INVESTMENT INCOME | \$ 6,546,473 | \$2,541,540 |
| ----- | | |
| EXPENSES | | |
| Management fees | 882,150 | 323,088 |
| Preferred shares - auction fees | 117,001 | 42,501 |
| Preferred shares - dividend disbursing agent fees | 10,000 | 10,000 |
| Shareholders' servicing agent fees and expenses | 9,932 | 271 |
| Floating rate obligations interest expense and fees | 27,570 | 131,716 |
| Custodian's fees and expenses | 36,418 | 19,973 |
| Trustees' fees and expenses | 3,390 | 1,311 |
| Professional fees | 14,729 | 11,432 |
| Shareholders' reports - printing and mailing expenses | 24,682 | 10,142 |
| Stock exchange listing fees | 9,785 | 192 |

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| | | |
|---|--------------|-------------|
| Investor relations expense | 19,278 | 6,760 |
| Other expenses | 16,380 | 12,897 |
| <hr/> | | |
| Total expenses before custodian fee credit and expense reimbursement | 1,171,315 | 570,283 |
| Custodian fee credit | (20,188) | (8,478) |
| Expense reimbursement | -- | (118,799) |
| <hr/> | | |
| Net expenses | 1,151,127 | 443,006 |
| <hr/> | | |
| Net investment income | 5,395,346 | 2,098,534 |
| <hr/> | | |
| REALIZED AND UNREALIZED GAIN (LOSS) | | |
| Net realized gain (loss) from investments | 368,361 | 229,088 |
| Net realized gain (loss) from forward swaps | -- | -- |
| Net realized gain (loss) from futures | -- | 21,833 |
| Change in net unrealized appreciation (depreciation) of investments | 98,311 | (153,016) |
| Change in net unrealized appreciation (depreciation) of forward swaps | -- | (17,297) |
| <hr/> | | |
| Net realized and unrealized gain (loss) | 466,672 | 80,608 |
| <hr/> | | |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS | | |
| <hr/> | | |
| From net investment income | (1,481,763) | (500,664) |
| From accumulated net realized gains | (19,120) | (25,847) |
| <hr/> | | |
| Decrease in net assets applicable to Common shares from distributions to Preferred shareholders | (1,500,883) | (526,511) |
| <hr/> | | |
| Net increase (decrease) in net assets applicable to Common shares from operations | \$ 4,361,135 | \$1,652,631 |
| <hr/> | | |

See accompanying notes to financial statements.

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Statement of
CHANGES in NET ASSETS

| | GEORGIA PREMIUM INCOME (NPG) | | GEORGIA DIVIDEND ADVANTAGE (NZX) | |
|---|---------------------------------|-----------------------|-------------------------------------|-----------------------|
| | YEAR ENDED 5/31/07 | YEAR ENDED 5/31/06 | YEAR ENDED 5/31/07 | YEAR ENDED 5/31/06 |
| <hr/> | | | | |
| OPERATIONS | | | | |
| Net investment income | \$ 3,284,935 | \$ 3,319,942 | \$ 1,802,562 | \$ 1,845,409 |
| Net realized gain (loss) | | | | |
| from investments | 81,348 | 463,246 | 69,122 | 15,105 |
| Net realized gain (loss) | | | | |
| from forward swaps | -- | -- | -- | (19,734) |
| Net realized gain (loss) | | | | |
| from futures | -- | -- | -- | -- |
| Change in net unrealized appreciation (depreciation) of investments | 43,450 | (2,358,498) | (14,277) | (994,754) |
| Change in net unrealized appreciation (depreciation) of forward swaps | -- | -- | (29,585) | 67,410 |
| Distributions to | | | | |

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| | | | | |
|---|--------------|--------------|--------------|--------------|
| Preferred Shareholders: | | | | |
| From net investment income | (869,692) | (645,442) | (481,666) | (368,644) |
| From accumulated net realized gains | -- | (29,168) | -- | -- |
| ----- | | | | |
| Net increase (decrease) in net assets applicable to Common shares from operations | 2,540,041 | 750,080 | 1,346,156 | 544,792 |
| ----- | | | | |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | | | |
| From net investment income | (2,539,683) | (2,967,320) | (1,481,082) | (1,699,327) |
| From accumulated net realized gains | -- | (251,264) | -- | -- |
| ----- | | | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (2,539,683) | (3,218,584) | (1,481,082) | (1,699,327) |
| ----- | | | | |
| CAPITAL SHARE TRANSACTIONS | | | | |
| Common Shares: | | | | |
| Offering costs adjustments | -- | -- | -- | -- |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | 40,850 | 99,552 | 53,889 | 59,258 |
| Preferred shares offering costs adjustments | -- | -- | -- | -- |
| ----- | | | | |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | 40,850 | 99,552 | 53,889 | 59,258 |
| ----- | | | | |
| Net increase (decrease) in net assets applicable to Common shares | 41,208 | (2,368,952) | (81,037) | (1,095,277) |
| Net assets applicable to Common shares at the beginning of year | 55,318,243 | 57,687,195 | 28,912,197 | 30,007,474 |
| ----- | | | | |
| Net assets applicable to Common shares at the end of year | \$55,359,451 | \$55,318,243 | \$28,831,160 | \$28,912,197 |
| ===== | | | | |
| Undistributed (Over-distribution of) net investment income at the end of year | \$ (49,719) | \$ 74,721 | \$ (51,564) | \$ 108,622 |
| ===== | | | | |

See accompanying notes to financial statements.

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Statement of
CHANGES in NET ASSETS (continued)

NORTH CAROLINA
PREMIUM INCOME (NNC)

| YEAR ENDED | YEAR ENDED |
|------------|------------|
| 5/31/07 | 5/31/06 |
| ----- | |

OPERATIONS

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| | | |
|---|--------------|--------------|
| Net investment income | \$ 5,395,346 | \$ 5,594,531 |
| Net realized gain (loss) from investments | 368,361 | 406,707 |
| Net realized gain (loss) from forward swaps | -- | -- |
| Net realized gain (loss) from futures | -- | -- |
| Change in net unrealized appreciation (depreciation) of investments | 98,311 | (4,033,853) |
| Change in net unrealized appreciation (depreciation) of forward swaps | -- | -- |
| Distributions to Preferred Shareholders: | | |
| From net investment income | (1,481,763) | (1,024,654) |
| From accumulated net realized gains | (19,120) | (136,337) |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares from operations | 4,361,135 | 806,394 |
| ----- | | |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | |
| From net investment income | (4,163,346) | (4,996,624) |
| From accumulated net realized gains | (89,554) | (1,010,708) |
| ----- | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (4,252,900) | (6,007,332) |
| ----- | | |
| CAPITAL SHARE TRANSACTIONS | | |
| Common Shares: | | |
| Offering costs adjustments | -- | -- |
| Net proceeds from Common shares issued to shareholders due to reinvestment of distributions | 50,016 | 226,109 |
| Preferred shares offering costs adjustments | -- | -- |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | 50,016 | 226,109 |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares | 158,251 | (4,974,829) |
| Net assets applicable to Common shares at the beginning of year | 91,033,035 | 96,007,864 |
| ----- | | |
| Net assets applicable to Common shares at the end of year | \$91,191,286 | \$91,033,035 |
| ===== | | |
| Undistributed (Over-distribution of) net investment income at the end of year | \$ (214,814) | \$ 34,949 |
| ===== | | |

See accompanying notes to financial statements.

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| | | |
|---|--------------|--------------|
| OPERATIONS | | |
| Net investment income | \$ 3,419,247 | \$ 3,445,695 |
| Net realized gain (loss) from investments | 406,698 | 144,400 |
| Net realized gain (loss) from forward swaps | -- | (83,226) |
| Net realized gain (loss) from futures | -- | -- |
| Change in net unrealized appreciation (depreciation) of investments | (28,954) | (2,445,879) |
| Change in net unrealized appreciation (depreciation) of forward swaps | -- | 172,011 |
| Distributions to Preferred Shareholders: | | |
| From net investment income | (878,117) | (652,732) |
| From accumulated net realized gains | (39,705) | (46,077) |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares from operations | 2,879,169 | 534,192 |
| ----- | | |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | |
| From net investment income | (2,647,748) | (3,076,672) |
| From accumulated net realized gains | (184,018) | (463,738) |
| ----- | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (2,831,766) | (3,540,410) |
| ----- | | |
| CAPITAL SHARE TRANSACTIONS | | |
| Common Shares: | | |
| Offering costs adjustments | -- | 6,568 |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | 49,760 | 89,225 |
| Preferred shares offering costs adjustments | -- | 6,694 |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | 49,760 | 102,487 |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares | 97,163 | (2,903,731) |
| Net assets applicable to Common shares at the beginning of year | 55,251,484 | 58,155,215 |
| ----- | | |
| Net assets applicable to Common shares at the end of year | \$55,348,647 | \$55,251,484 |
| ===== | | |
| Undistributed (Over-distribution of) net investment income at the end of year | \$ (195,865) | \$ (87,058) |
| ===== | | |

See accompanying notes to financial statements.

CAROLINA
DIVIDEND
ADVANTAGE
(NRB)

| | |
|--|--------------|
| ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHARES FROM OPERATIONS | \$ 1,652,631 |
| Adjustments to reconcile the net increase (decrease) in net assets applicable to Common shares from operations to net cash provided by (used in) operating activities: | |
| Purchases of investments | (13,438,175) |
| Proceeds from sales and maturities of investments | 7,910,843 |
| Proceeds from sales of futures | 21,833 |
| Amortization/(Accretion) of premiums and discounts, net | 107,833 |
| (Increase) Decrease in receivable for interest | 93,097 |
| Increase (Decrease) in payable for investments purchased | 496,310 |
| Increase (Decrease) in accrued management fees | 1,953 |
| Increase (Decrease) in accrued other liabilities | 1,922 |
| Increase (Decrease) in Preferred shares dividends payable | 1,683 |
| Net realized (gain) loss from investments | (229,088) |
| Net realized (gain) loss from futures | (21,833) |
| Change in net unrealized (appreciation) depreciation of investments | 153,016 |
| Change in net unrealized (appreciation) depreciation of forward swaps | 17,297 |
| ----- | |
| Net cash provided by (used in) operating activities | (3,230,678) |
| ----- | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Increase in floating rate obligations | 6,350,000 |
| Cash distributions paid to Common shareholders | (1,780,776) |
| ----- | |
| Net cash provided by (used in) financing activities | 4,569,224 |
| ----- | |
| NET INCREASE (DECREASE) IN CASH | 1,338,546 |
| Cash at the beginning of period | (164,884) |
| ----- | |
| CASH AT THE END OF PERIOD | \$ 1,173,662 |
| ===== | |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Non-cash financing activities not included herein consist of reinvestments of
Common share distributions of \$78,190.

See accompanying notes to financial statements.

Notes to
FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The funds (the "Funds") covered in this report and their corresponding Common share stock exchange symbols are Nuveen Georgia Premium Income Municipal Fund (NPG), Nuveen Georgia Dividend Advantage Municipal Fund (NZX), Nuveen Georgia Dividend Advantage Municipal Fund 2 (NKG), Nuveen North Carolina Premium Income Municipal Fund (NNC), Nuveen North Carolina Dividend Advantage Municipal Fund (NRB), Nuveen North Carolina Dividend Advantage Municipal Fund 2 (NNO) and

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Nuveen North Carolina Dividend Advantage Municipal Fund 3 (NII). Common shares of Georgia Premium Income (NPG), Georgia Dividend Advantage (NZX), Georgia Dividend Advantage 2 (NKG), North Carolina Dividend Advantage (NRB), North Carolina Dividend Advantage 2 (NNO) and North Carolina Dividend Advantage 3 (NII) are traded on the American Stock Exchange while Common shares of North Carolina Premium Income (NNC) are traded on the New York Stock Exchange. The Funds are registered under the Investment Company Act of 1940, as amended, as closed-end management investment companies.

Each Fund seeks to provide current income exempt from both regular federal and designated state income taxes by investing primarily in a diversified portfolio of municipal obligations issued by state and local government authorities within a single state or certain U.S. territories.

The following is a summary of significant accounting policies followed by the Funds in the preparation of their financial statements in accordance with U.S. generally accepted accounting principles.

Investment Valuation

The prices of municipal bonds in each Fund's investment portfolio are provided by a pricing service approved by the Fund's Board of Trustees. When market price quotes are not readily available (which is usually the case for municipal securities), the pricing service may establish fair value based on yields or prices of municipal bonds of comparable quality, type of issue, coupon, maturity and rating, indications of value from securities dealers, evaluations of anticipated cash flows or collateral and general market conditions. Prices of forward swap contracts are also provided by an independent pricing service approved by each Fund's Board of Trustees. Futures contracts are valued using the closing settlement price, or, in the absence of such a price, at the mean of the bid and asked prices. If the pricing service is unable to supply a price for a municipal bond, forward swap contract or futures contract, each Fund may use a market price or fair market value quote provided by a major broker/dealer in such investments. If it is determined that the market price or fair market value for an investment is unavailable or inappropriate, the Board of Trustees of the Funds, or its designee, may establish a fair value for the investment. Temporary investments in securities that have variable rate and demand features qualifying them as short-term investments are valued at amortized cost, which approximates market value.

Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from transactions are determined on the specific identification method. Investments purchased on a when-issued/delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when-issued/delayed delivery purchase commitments. At May 31, 2007, North Carolina Premium Income (NNC), North Carolina Dividend Advantage (NRB), North Carolina Dividend Advantage 2 (NNO) and North Carolina Dividend Advantage 3 (NII) each had outstanding when-issued/delayed delivery purchase commitments of \$1,389,668, \$496,310, \$843,727 and \$843,727, respectively. There were no such outstanding purchase commitments in any of the other Funds.

Investment Income

Interest income, which includes the amortization of premiums and accretion of discounts for financial reporting purposes, is recorded on an accrual basis. Investment income also includes paydown gains and losses, if any.

Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to distribute substantially all net investment income and net capital gains to shareholders and to otherwise comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required. Furthermore, each Fund intends to satisfy conditions which will enable interest from municipal securities, which is exempt from regular federal and designated state income taxes, to retain such tax-exempt status when distributed to shareholders of the Funds. Net realized capital gains and ordinary income distributions paid by the Funds are subject to federal taxation.

Dividends and Distributions to Common Shareholders

Dividends from tax-exempt net investment income are declared monthly. Net realized capital gains and/or market discount from investment transactions, if any, are distributed to shareholders not less frequently than annually. Furthermore, capital gains are distributed only to the extent they exceed available capital loss carryforwards.

Distributions to Common shareholders of tax-exempt net investment income, net realized capital gains and/or market discount, if any, are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles.

Preferred Shares

The Funds have issued and outstanding Preferred shares, \$25,000 stated value per share, as a means of effecting financial leverage. Each Fund's Preferred shares are issued in one Series. The dividend rate paid by the Funds on each Series is determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and is payable at the end of each rate period. The number of Preferred shares outstanding for each Fund is as follows:

| | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | CAROLINA DIVIDEND ADVANTAGE |
|-------------------|---------------------------------------|---|---|---|---|-----------------------------------|
| Number of shares: | | | | | | |
| Series M | -- | 600 | -- | -- | -- | |
| Series T | -- | -- | -- | -- | 680 | |
| Series W | -- | -- | -- | -- | -- | |
| Series TH | 1,112 | -- | -- | 1,872 | -- | |
| Series F | -- | -- | 1,320 | -- | -- | |

Inverse Floating Rate Securities

Each Fund may invest in inverse floating rate securities. An inverse floating rate security is created by depositing a municipal bond, typically with a fixed interest rate, into a special purpose trust created by a broker-dealer. In turn,

this trust (a) issues floating rate certificates, in face amounts equal to some fraction of the deposited bond's par amount or market value, that typically pay short-term tax-exempt interest rates to third parties, and (b) issues to a long-term investor (such as one of the Funds) an inverse floating rate certificate (sometimes referred to as an "inverse floater") that represents all remaining or residual interest in the trust. The income received by the inverse floater holder varies inversely with the short-term rate paid to the floating rate certificates' holders, and in most circumstances the inverse floater holder bears substantially all of the underlying bond's downside investment risk and also benefits disproportionately from any potential appreciation of the underlying bond's value. The price of an inverse floating rate security will be more volatile than that of the underlying bond because the interest rate is dependent on not only the fixed coupon rate of the underlying bond but also on the short-term interest paid on the floating rate certificates, and because the inverse floating rate security essentially bears the risk of loss of the greater face value of the underlying bond.

A Fund may purchase an inverse floating rate security in a secondary market transaction without first owning the underlying bond (referred to as an "externally-deposited inverse floater"), or instead by first selling a fixed-rate bond to a broker-dealer for deposit into the special purpose trust and receiving in turn the residual interest in the trust (referred to as a "self-deposited inverse floater"). An investment in an externally-deposited inverse floater is identified in the Portfolio of Investments as an "Inverse floating rate investment". An investment in a self-deposited inverse floater is accounted for as a financing transaction in accordance with Statement of Financial Accounting Standards (SFAS) No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities". In such instances, a fixed-rate bond deposited into a special purpose trust is identified in the Portfolio of Investments as an "Underlying bond of an inverse floating rate trust", with the Fund accounting for the short-term floating rate certificates issued by the trust as "Floating rate obligations" on the Statement of Assets and Liabilities. In addition, the Fund reflects in Investment Income the entire earnings of the underlying bond and accounts for the related interest paid to the

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holders of the short-term floating rate certificates as "Floating rate obligations interest expense and fees" in the Statement of Operations.

During the fiscal year ended May 31, 2007, North Carolina Premium Income (NNC), North Carolina Dividend Advantage (NRB), North Carolina Dividend Advantage 2 (NNO) and North Carolina Dividend Advantage 3 (NII) invested in externally deposited inverse floaters and/or self-deposited inverse floaters. Georgia Premium Income (NPG), Georgia Dividend Advantage (NZX) and Georgia Dividend Advantage 2 (NKG) did not invest in any such instruments during the fiscal year ended May 31, 2007.

The average floating rate obligations outstanding and average annual interest rate related to self-deposited inverse floaters during the fiscal year ended May 31, 2007, were as follows:

NORTH
CAROLINA
PREMIUM
INCOME
(NNC)

| | |
|---------------------------------------|---------|
| Average floating rate obligations | 708,110 |
| Average annual interest rate and fees | 3.89% |

Forward Swap Transactions

The Funds are authorized to invest in certain derivative financial instruments. The Funds' use of forward interest rate swap transactions is intended to help the Fund manage its overall interest rate sensitivity, either shorter or longer, generally to more closely align the Fund's interest rate sensitivity with that of the broader municipal market. Forward interest rate swap transactions involve each Fund's agreement with a counterparty to pay, in the future, a fixed or variable rate payment in exchange for the counterparty paying the Fund a variable or fixed rate payment, the accruals for which would begin at a specified date in the future (the "effective date"). The amount of the payment obligation is based on the notional amount of the forward swap contract and the termination date of the swap (which is akin to a bond's maturity). The value of the Fund's swap commitment would increase or decrease based primarily on the extent to which long-term interest rates for bonds having a maturity of the swap's termination date increases or decreases. The Funds may terminate a swap contract prior to the effective date, at which point a realized gain or loss is recognized. When a forward swap is terminated, it ordinarily does not involve the delivery of securities or other underlying assets or principal, but rather is settled in cash on a net basis. Each Fund intends, but is not obligated, to terminate its forward swaps before the effective date. Accordingly, the risk of loss with respect to the swap counterparty on such transactions is limited to the credit risk associated with a counterparty failing to honor its commitment to pay any realized gain to the Fund upon termination. To reduce such credit risk, all counterparties are required to pledge collateral daily (based on the daily valuation of each swap) on behalf of each Fund with a value approximately equal to the amount of any unrealized gain above a pre-determined threshold. Reciprocally, when any of the Funds have an unrealized loss on a swap contract, the Funds have instructed the custodian to pledge assets of the Funds as collateral with a value approximately equal to the amount of the unrealized loss above a pre-determined threshold. Collateral pledges are monitored and subsequently adjusted if and when the swap valuations fluctuate, either up or down, by at least the predetermined threshold amount.

Futures Contracts

The Funds are authorized to invest in futures contracts. Upon entering into a futures contract, a Fund is required to deposit with the broker an amount of cash or liquid securities equal to a specified percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by a Fund each day, depending on the daily fluctuation of the value of the contract.

During the period the futures contract is open, changes in the value of the contract are recognized as an unrealized gain or loss by "marking-to-market" on a daily basis to reflect the changes in market value of the contract. When the contract is closed or expired, a Fund records a realized gain or loss equal to the difference between the value of the contract on the closing date and value of the contract when originally entered into. Cash held by the broker to cover initial margin requirements on open futures contracts, if any, is recognized in the Statement of Assets and Liabilities. Additionally, the Statement of Assets and Liabilities reflects a receivable or payable for the variation margin when applicable. North Carolina Dividend Advantage (NRB) was the only Fund to invest in futures contracts during the fiscal year ended May 31, 2007.

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Risks of investments in futures contracts include the possible adverse movement of the securities or indices underlying the contracts, the possibility that there may not be a liquid secondary market for the contracts and/or that a change in the value of the contract may not correlate with a change in the value of the underlying securities or indices.

Custodian Fee Credit

Each Fund has an arrangement with the custodian bank whereby certain custodian fees and expenses are reduced by credits earned on each Fund's cash on deposit with the bank. Such deposit arrangements are an alternative to overnight investments.

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Indemnifications

Under the Funds' organizational documents, their Officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Funds. In addition, in the normal course of business, the Funds enter into contracts that provide general indemnifications to other parties. The Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. However, the Funds have not had prior claims or losses pursuant to these contracts and expect the risk of loss to be remote.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets applicable to Common shares from operations during the reporting period. Actual results may differ from those estimates.

2. FUND SHARES

Transactions in Common shares were as follows:

| | GEORGIA PREMIUM INCOME (NPG) | | GEORGIA DIVIDEND ADVANTAGE (NZX) | | YEAR ENDED 5/31/06 |
|--|---------------------------------|------------|-------------------------------------|------------|-----------------------|
| | YEAR ENDED | YEAR ENDED | YEAR ENDED | YEAR ENDED | |
| | 5/31/07 | 5/31/06 | 5/31/07 | 5/31/06 | |
| Common shares issued to shareholders due to reinvestment of distributions | 2,656 | 6,229 | 3,317 | 3,662 | |

| | NORTH CAROLINA PREMIUM INCOME (NNC) | | YEAR ENDED 5/31/06 | YEAR ENDED 5/31/07 | YEAR ENDED 5/31/06 |
|--------------------------------------|--|------------|-----------------------|-----------------------|-----------------------|
| | YEAR ENDED | YEAR ENDED | | | |
| | 5/31/07 | 5/31/06 | | | |
| Common shares issued to shareholders | | | | | |

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| | | | |
|--------------------------------------|---|------------|--------|
| due to reinvestment of distributions | 3,363 | 14,230 | 4 |
| ===== | | | |
| | NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | | N |
| | YEAR ENDED | YEAR ENDED | YEAR E |
| | 5/31/07 | 5/31/06 | 5/3 |
| ===== | | | |
| Common shares issued to shareholders | | | |
| due to reinvestment of distributions | 3,293 | 5,637 | 1 |
| ===== | | | |

3. INVESTMENT TRANSACTIONS

Purchases and sales (including maturities but excluding short-term investments and derivative transactions) during the fiscal year ended May 31, 2007, were as follows:

| | | | |
|----------------------|--------------|---|-----------------------------------|
| | | GEORGIA PREMIUM INCOME (NPG) | GEOR DIVI ADVAN (|
| ===== | | | |
| Purchases | | \$3,646,909 | \$4,949 |
| Sales and maturities | | 6,422,431 | 4,818 |
| ===== | | | |
| | | NORTH CAROLINA PREMIUM INCOME (NNC) | N CARO DIVI ADVANTA (|
| ===== | | | |
| Purchases | \$25,866,712 | \$13,438,175 | \$12,946 |
| Sales and maturities | 18,236,590 | 7,910,843 | 7,381 |
| ===== | | | |

4. INCOME TAX INFORMATION

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to the treatment of paydown gains and losses, timing differences in recognizing taxable market discount, timing differences in recognizing certain gains and losses on investment transactions and the treatment of investments in inverse floating rate transactions subject to SFAS No.140. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts on the Statement of Assets and Liabilities presented in the

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annual report, based on their Federal tax basis treatment; temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset values of the Funds.

At May 31, 2007, the cost of investments was as follows:

| | GEORGIA PREMIUM INCOME (NPG) | GEO DIVI ADVAN (|
|---------------------|---------------------------------------|---------------------------|
| Cost of investments | \$77,035,094 | \$42,101 |

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | N CARO DIVI ADVANTA (|
|---------------------|---|---|-----------------------------------|
| Cost of investments | \$134,645,726 | \$47,677,144 | \$80,872 |

Gross unrealized appreciation and gross unrealized depreciation of investments at May 31, 2007, were as follows:

| | GEORGIA PREMIUM INCOME (NPG) | GEO DIVI ADVAN (|
|---|---------------------------------------|---------------------------|
| Gross unrealized: | | |
| Appreciation | \$3,068,919 | \$1,357 |
| Depreciation | (80,644) | (170) |
| Net unrealized appreciation (depreciation) of investments | \$2,988,275 | \$1,187 |

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | N CARO DIVI ADVANTA (|
|---|---|---|-----------------------------------|
| Gross unrealized: | | | |
| Appreciation | \$3,555,092 | \$1,377,844 | \$2,211 |
| Depreciation | (270,934) | (99,965) | (130) |
| Net unrealized appreciation (depreciation) of investments | \$3,284,158 | \$1,277,879 | \$2,080 |

The tax components of undistributed net tax-exempt income, net ordinary income and net long-term capital gains at May 31, 2007, the Funds' tax year end, were as follows:

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| | GEORGIA PREMIUM INCOME (NPG) | GEO DIVI ADVAN (|
|---|---------------------------------------|---------------------------|
| Undistributed net tax-exempt income * | \$161,466 | \$70 |
| Undistributed net ordinary income ** | -- | |
| Undistributed net long-term capital gains | 14,546 | |

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | N CARO DIVI ADVANTA (|
|---|---|---|-----------------------------------|
| Undistributed net tax-exempt income * | \$130,792 | \$114,016 | \$ 22 |
| Undistributed net ordinary income ** | -- | 1,006 | |
| Undistributed net long-term capital gains | 238,136 | 98,768 | 246 |

* Undistributed net tax-exempt income (on a tax basis) has not been reduced for the dividend declared on May 1, 2007, paid on June 1, 2007.

** Net ordinary income consists of taxable market discount income and net short-term capital gains, if any.

The tax character of distributions paid during the tax years ended May 31, 2007 and May 31, 2006, was designated for purposes of the dividends paid deduction as follows:

| 2007 | GEORGIA PREMIUM INCOME (NPG) | GEO DIVID ADVAN (|
|--|---------------------------------------|----------------------------|
| Distributions from net tax-exempt income*** | \$3,438,850 | \$1,980 |
| Distributions from net ordinary income ** | -- | |
| Distributions from net long-term capital gains**** | -- | |

| 2007 | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | N CARO DIVI ADVANTA (|
|--|---|---|-----------------------------------|
| Distributions from net tax-exempt income*** | \$5,698,177 | \$2,254,608 | \$3,550 |
| Distributions from net ordinary income ** | -- | 133 | |
| Distributions from net long-term capital gains**** | 108,674 | 143,410 | 223 |

GEORGIA GEO

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| | PREMIUM INCOME (NPG) | DIVID ADVAN (|
|--|----------------------------|---------------------|
|--|----------------------------|---------------------|

2006

| | | |
|--|-------------|---------|
| Distributions from net tax-exempt income | \$3,641,791 | \$2,072 |
| Distributions from net ordinary income ** | 3,242 | |
| Distributions from net long-term capital gains | 280,565 | |

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | N CARO DIVI ADVANTA (|
|--|---|---|-----------------------------------|
|--|---|---|-----------------------------------|

2006

| | | | |
|--|-------------|-------------|---------|
| Distributions from net tax-exempt income | \$6,057,580 | \$2,388,973 | \$3,738 |
| Distributions from net ordinary income ** | 24,591 | -- | 123 |
| Distributions from net long-term capital gains | 1,146,601 | -- | 400 |

** Net ordinary income consists of taxable market discount income and net short-term capital gains, if any.

*** The Funds hereby designate these amounts paid during the fiscal year ended May 31, 2007, as Exempt Interest Dividends.

**** The Funds hereby designate these amounts paid during the fiscal year ended May 31, 2007, as long-term capital gain dividends pursuant to Internal Revenue Code Section 852(b)(3).

At May 31, 2007, the following Funds had unused capital loss carryforwards available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire as follows:

| | GEORGIA DIVIDEND ADVANTAGE (NZX) | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII) |
|------------------|---|---|---|
| Expiration year: | | | |
| 2012 | \$ -- | \$ 18,158 | \$119,458 |
| 2013 | 52,813 | 177,608 | 36,008 |
| 2014 | 113,538 | 287,093 | 474,910 |
| 2015 | 17,587 | -- | -- |
| Total | \$183,938 | \$482,859 | \$630,376 |

5. MANAGEMENT FEES AND OTHER TRANSACTIONS WITH AFFILIATES

Each fund's management fee is separated into two components - a complex-level component, based on the aggregate amount of all fund assets managed by Nuveen Asset Management (the "Adviser"), a wholly owned subsidiary of Nuveen Investments, Inc. ("Nuveen"), and a specific fund-level component, based only on the amount of assets within each individual fund. This pricing structure enables Nuveen fund shareholders to benefit from growth in the assets within each

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individual fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

The annual fund-level fee, payable monthly, for each Fund is based upon the average daily net assets (including net assets attributable to Preferred shares) of each Fund as follows:

| AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO PREFERRED SHARES) | GEORGIA PREMIUM INCOME (NPG) NORTH CAROLINA PREMIUM INCOME (NNC) | FUND-LEVEL FEE RATE |
|--|---|---------------------|
| For the first \$125 million | . | 4500% |
| For the next \$125 million | | .4375 |
| For the next \$250 million | | .4250 |
| For the next \$500 million | | .4125 |
| For the next \$1 billion | | .4000 |
| For the next \$3 billion | | .3875 |
| For net assets over \$5 billion | | .3750 |

| AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO PREFERRED SHARES) | GEORGIA DIVIDEND ADVANTAGE (NZX) GEORGIA DIVIDEND ADVANTAGE 2 (NKG) NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII) | FUND-LEVEL FEE RATE |
|--|---|---------------------|
| For the first \$125 million | | .4500% |
| For the next \$125 million | | .4375 |
| For the next \$250 million | | .4250 |
| For the next \$500 million | | .4125 |
| For the next \$1 billion | | .4000 |
| For net assets over \$2 billion | | .3750 |

The annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S., is based on the aggregate amount of total fund assets managed as stated in the table below. As of May 31, 2007, the complex-level fee rate was .1824%.

| COMPLEX-LEVEL ASSETS (1) | COMPLEX-LEVEL FEE RATE |
|--|------------------------|
| For the first \$55 billion | .2000% |
| For the next \$1 billion | .1800 |
| For the next \$1 billion | .1600 |
| For the next \$3 billion | .1425 |
| For the next \$3 billion | .1325 |
| For the next \$3 billion | .1250 |
| For the next \$5 billion | .1200 |
| For the next \$5 billion | .1175 |
| For the next \$15 billion | .1150 |
| For Managed Assets over \$91 billion (2) | .1400 |

(1) The complex-level fee component of the management fee for the funds is calculated based upon the aggregate Managed Assets ("Managed Assets" means the average daily net assets of each fund including assets attributable to preferred stock issued by or borrowings by the Nuveen funds) of Nuveen-sponsored funds in the U.S.

(2) With respect to the complex-wide Managed Assets over \$91 billion, the fee

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rate or rates that will apply to such assets will be determined at a later date. In the unlikely event that complex-wide Managed Assets reach \$91 billion prior to a determination of the complex-level fee rate or rates to be applied to Managed Assets in excess of \$91 billion, the complex-level fee rate for such complex-wide Managed Assets shall be .1400% until such time as a different rate or rates is determined.

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The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Funds pay no compensation directly to those of its Trustees who are affiliated with the Adviser or to its Officers, all of whom receive remuneration for their services to the Funds from the Adviser or its affiliates. The Board of Trustees has adopted a deferred compensation plan for independent Trustees that enables Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from certain Nuveen advised Funds. Under the plan, deferred amounts are treated as though equal dollar amounts had been invested in shares of select Nuveen advised funds.

For the first ten years of Georgia Dividend Advantage's (NZX) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily net assets (including net assets attributable to Preferred shares), for fees and expenses in the amounts and for the time periods set forth below:

| YEAR ENDING SEPTEMBER 30, | | YEAR ENDING SEPTEMBER 30, | |
|------------------------------|------|------------------------------|------|
| 2001* | .30% | 2007 | .25% |
| 2002 | .30 | 2008 | .20 |
| 2003 | .30 | 2009 | .15 |
| 2004 | .30 | 2010 | .10 |
| 2005 | .30 | 2011 | .05 |
| 2006 | .30 | | |

* From the commencement of operations.

The Adviser has not agreed to reimburse Georgia Dividend Advantage (NZX) for any portion of its fees and expenses beyond September 30, 2011.

For the first eight years of Georgia Dividend Advantage 2's (NKG) and North Carolina Dividend Advantage 3's (NII) operations, the Adviser has agreed to reimburse the Funds, as a percentage of average daily net assets (including net assets attributable to Preferred shares), for fees and expenses in the amounts and for the time periods set forth below:

| YEAR ENDING SEPTEMBER 30, | | YEAR ENDING SEPTEMBER 30, | |
|------------------------------|------|------------------------------|------|
| 2002* | .32% | 2007 | .32% |
| 2003 | .32 | 2008 | .24 |
| 2004 | .32 | 2009 | .16 |
| 2005 | .32 | 2010 | .08 |
| 2006 | .32 | | |

* From the commencement of operations.

The Adviser has not agreed to reimburse Georgia Dividend Advantage 2 (NKG) and North Carolina Dividend Advantage 3 (NII) for any portion of its fees and

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expenses beyond September 30, 2010.

For the first ten years of North Carolina Dividend Advantage's (NRB) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily net assets (including net assets attributable to Preferred shares), for fees and expenses in the amounts and for the time periods set forth below:

| YEAR ENDING JANUARY 31, | | YEAR ENDING JANUARY 31, | |
|----------------------------|------|----------------------------|------|
| 2001* | .30% | 2007 | .25% |
| 2002 | .30 | 2008 | .20 |
| 2003 | .30 | 2009 | .15 |
| 2004 | .30 | 2010 | .10 |
| 2005 | .30 | 2011 | .05 |
| 2006 | .30 | | |

* From the commencement of operations.

The Adviser has not agreed to reimburse North Carolina Dividend Advantage (NRB) for any portion of its fees and expenses beyond January 31, 2011.

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For the first ten years of North Carolina Dividend Advantage 2's (NNO) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily net assets (including net assets attributable to Preferred shares), for fees and expenses in the amounts and for the time periods set forth below:

| YEAR ENDING NOVEMBER 30, | | YEAR ENDING NOVEMBER 30, | |
|-----------------------------|------|-----------------------------|------|
| 2001* | .30% | 2007 | .25% |
| 2002 | .30 | 2008 | .20 |
| 2003 | .30 | 2009 | .15 |
| 2004 | .30 | 2010 | .10 |
| 2005 | .30 | 2011 | .05 |
| 2006 | .30 | | |

* From the commencement of operations.

The Adviser has not agreed to reimburse North Carolina Dividend Advantage 2 (NNO) for any portion of its fees and expenses beyond November 30, 2011.

6. NEW ACCOUNTING PRONOUNCEMENTS

Financial Accounting Standards Board Interpretation No. 48 On July 13, 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Funds' tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Adoption of FIN 48 is required for fiscal years beginning after December 15, 2006, and is to be applied to all open tax years as

of the effective date. Recent SEC guidance allows funds to delay implementing FIN 48 into NAV calculations until the fund's last NAV calculation in the first required financial statement reporting period. As a result, the Funds must begin to incorporate FIN 48 into their NAV calculations by November 30, 2007. At this time, management is continuing to evaluate the implications of FIN 48 and does not expect the adoption of FIN 48 will have a significant impact on the net assets or results of operations of the Funds.

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157 In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements." This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. SFAS No. 157 applies to fair value measurements already required or permitted by existing standards. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The changes to current generally accepted accounting principles from the application of this standard relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. As of May 31, 2007, the Funds do not believe the adoption of SFAS No. 157 will impact the financial statement amounts; however, additional disclosures may be required about the inputs used to develop the measurements and the effect of certain of the measurements included within the Statement of Operations for the period.

7. SUBSEQUENT EVENTS

Distributions to Common Shareholders

The Funds declared Common share dividend distributions from their tax-exempt net investment income which were paid on July 2, 2007, to shareholders of record on June 15, 2007, as follows:

| | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) |
|--------------------|---------------------------------------|---|---|---|---|---|
| Dividend per share | \$.0530 | \$.0570 | \$.0530 | \$.0490 | \$.0600 | \$.0600 |

Agreement and Plan of Merger

On June 20, 2007, Nuveen Investments announced that it had entered into a definitive Agreement and Plan of Merger ("Merger Agreement") with an investor group majority-led by Madison Dearborn Partners, LLC. Madison Dearborn Partners, LLC is a private equity investment firm based in Chicago, Illinois. The investor group includes affiliates of Merrill Lynch, Wachovia, Citigroup, Deutsche Bank and Morgan Stanley. It is anticipated that Merrill Lynch and its affiliates will be indirect "affiliated persons" (as that term is defined in the Investment Company Act of 1940) of the Funds. Under the terms of the merger, each outstanding share of Nuveen Investments' common stock (other than dissenting

shares) will be converted into the right to receive a specified amount of cash, without interest. The merger is expected to be completed by the end of the year, subject to customary conditions, including obtaining the approval of Nuveen Investments shareholders, obtaining necessary fund and client consents sufficient to satisfy the terms of the Merger Agreement, and expiration of certain regulatory waiting periods. The obligations of Madison Dearborn Partners, LLC to consummate the merger are not conditioned on its obtaining financing. The Merger Agreement includes a "go shop" provision through July 19, 2007, during which Nuveen Investments may actively solicit and negotiate competing takeover proposals.

The consummation of the merger will be deemed to be an "assignment" (as defined in the 1940 Act) of the investment management agreement between each Fund and the Adviser, and will result in the automatic termination of each Fund's agreement. Prior to the consummation of the merger, it is anticipated that the Board of Trustees of each Fund will consider a new investment management agreement with the Adviser. If approved by the Board, the new agreement would be presented to the Fund's shareholders for approval, and, if so approved by shareholders, would take effect upon consummation of the merger. There can be no assurance that the merger described above will be consummated as contemplated or that necessary shareholder approvals will be obtained.

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Financial
HIGHLIGHTS

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Financial
HIGHLIGHTS

Selected data for a Common share outstanding throughout each period:

| | Investment Operations | | | | | | Total |
|------------------|--|-----------------------------|--|---|---|--|--------|
| | Beginning Common Share Net Asset Value | Net Investment Income | Realized/ Unrealized Gain (Loss) | Distributions from Net Investment Income to Preferred Share- holders+ | Distributions from Capital Gains to Preferred Share- holders+ | | |
| ===== | | | | | | | |
| GEORGIA PREMIUM | | | | | | | |
| INCOME (NPG) | | | | | | | |
| ----- | | | | | | | |
| Year Ended 5/31: | | | | | | | |
| 2007 | \$14.55 | \$.86 | \$.04 | \$ (.23) | \$ -- | | \$.67 |
| 2006 | 15.19 | .87 | (.48) | (.17) | (.01) | | .21 |
| 2005 | 14.42 | .92 | .84 | (.09) | -- | | 1.67 |
| 2004 | 15.36 | .97 | (.96) | (.05) | -- | | (.04) |
| 2003 | 14.31 | .96 | 1.02 | (.07) | -- | | 1.91 |

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GEORGIA DIVIDEND
ADVANTAGE (NZX)

| Year Ended 5/31: | | | | | | |
|------------------|-------|-----|--------|-------|-------|-------|
| 2007 | 14.71 | .92 | .02 | (.25) | -- | .69 |
| 2006 | 15.30 | .94 | (.47) | (.19) | -- | .28 |
| 2005 | 14.47 | .96 | .85 | (.10) | -- | 1.71 |
| 2004 | 15.62 | .97 | (1.18) | (.06) | -- | (.27) |
| 2003 | 14.00 | .96 | 1.65 | (.06) | (.02) | 2.53 |

Total Returns

| Offering Costs and Preferred Share Underwriting Discounts | Ending Common Share Net Asset Value | Ending Market Value | Based on Market Value* | Based on Common Share Net Asset Value* |
|---|-------------------------------------|---------------------|------------------------|--|
|---|-------------------------------------|---------------------|------------------------|--|

GEORGIA PREMIUM
INCOME (NPG)

| Year Ended 5/31: | | | | | |
|------------------|-------|---------|---------|---------|-------|
| 2007 | \$ -- | \$14.55 | \$14.12 | (2.55)% | 4.62% |
| 2006 | -- | 14.55 | 15.16 | (4.12) | 1.42 |
| 2005 | -- | 15.19 | 16.70 | 15.46 | 11.88 |
| 2004 | -- | 14.42 | 15.30 | (4.56) | (.23) |
| 2003 | -- | 15.36 | 16.95 | 12.92 | 13.78 |

GEORGIA DIVIDEND
ADVANTAGE (NZX)

| Year Ended 5/31: | | | | | |
|------------------|-----|-------|-------|--------|--------|
| 2007 | -- | 14.65 | 16.00 | 8.10 | 4.75 |
| 2006 | -- | 14.71 | 15.50 | 2.91 | 1.87 |
| 2005 | .01 | 15.30 | 15.89 | 20.74 | 12.10 |
| 2004 | -- | 14.47 | 13.95 | (5.15) | (1.73) |
| 2003 | .03 | 15.62 | 15.59 | 12.56 | 18.82 |

Ratios/Supplemental Data

| Ending Net Assets Applicable to Common Shares (000) | Ratios to Average Net Assets Applicable to Common Shares Before Credit/Reimbursement | | | Ratios to Average Net Assets Applicable to Common Shares After Credit/Reimbursement | |
|---|--|-----------------------------------|-------------------------|---|-----------------------------------|
| | Expenses Including Interest++ (a) | Expenses Excluding Interest++ (a) | Net Investment Income++ | Expenses Including Interest++ (a) | Expenses Excluding Interest++ (a) |

GEORGIA PREMIUM
INCOME (NPG)

| Year Ended 5/31: | | | | | |
|------------------|----------|-------|-------|-------|-------|
| 2007 | \$55,359 | 1.25% | 1.25% | 5.84% | 1.23% |

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| | | | | | |
|------|--------|------|------|------|------|
| 2006 | 55,318 | 1.25 | 1.25 | 5.87 | 1.22 |
| 2005 | 57,687 | 1.25 | 1.25 | 6.15 | 1.23 |
| 2004 | 54,607 | 1.23 | 1.23 | 6.54 | 1.22 |
| 2003 | 58,050 | 1.29 | 1.29 | 6.53 | 1.26 |

GEORGIA DIVIDEND
ADVANTAGE (NZX)

Year Ended 5/31:

| | | | | | |
|------|--------|------|------|------|-----|
| 2007 | 28,831 | 1.35 | 1.35 | 5.74 | .92 |
| 2006 | 28,912 | 1.31 | 1.31 | 5.82 | .85 |
| 2005 | 30,007 | 1.27 | 1.27 | 5.93 | .80 |
| 2004 | 28,348 | 1.27 | 1.27 | 6.03 | .81 |
| 2003 | 30,576 | 1.31 | 1.31 | 6.00 | .83 |

| Preferred Shares at End of Period | | | Floating Rate Obligations at End of Period | |
|---|---|--------------------------------|---|----------------------------------|
| Aggregate Amount Outstanding (000) | Liquidation and Market Value Per Share | Asset Coverage Per Share | Aggregate Amount Outstanding (000) | Asset Coverage Per \$1,000 |

GEORGIA PREMIUM
INCOME (NPG)

Year Ended 5/31:

| | | | | | |
|------|----------|----------|----------|-------|-------|
| 2007 | \$27,800 | \$25,000 | \$74,784 | \$ -- | \$ -- |
| 2006 | 27,800 | 25,000 | 74,747 | -- | -- |
| 2005 | 27,800 | 25,000 | 76,877 | -- | -- |
| 2004 | 27,800 | 25,000 | 74,107 | -- | -- |
| 2003 | 27,800 | 25,000 | 77,203 | -- | -- |

GEORGIA DIVIDEND
ADVANTAGE (NZX)

Year Ended 5/31:

| | | | | | |
|------|--------|--------|--------|----|----|
| 2007 | 15,000 | 25,000 | 73,052 | -- | -- |
| 2006 | 15,000 | 25,000 | 73,187 | -- | -- |
| 2005 | 15,000 | 25,000 | 75,012 | -- | -- |
| 2004 | 15,000 | 25,000 | 72,247 | -- | -- |
| 2003 | 15,000 | 25,000 | 75,961 | -- | -- |

* Total Return on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. Total Return on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. Total returns are not annualized.

** After custodian fee credit and expense reimbursement, where applicable.

+ The amounts shown are based on Common share equivalents.

++ Ratios do not reflect the effect of dividend payments to Preferred shareholders; income ratios reflect income earned on assets attributable to Preferred shares.

(a) Interest expense arises from the application of SFAS No. 140 to certain inverse floating rate transactions entered into by the Fund as more fully described in Footnote 1 - Inverse Floating Rate Securities.

See accompanying notes to financial statements.

68-69 spread

Financial
HIGHLIGHTS (continued)

Selected data for a Common share outstanding throughout each period:

| | Investment Operations | | | | | |
|---------------------------------------|--|-----------------------------|--|---|---|--------|
| | Beginning Common Share Net Asset Value | Net Investment Income | Realized/ Unrealized Gain (Loss) | Distributions from Net Investment Income to Preferred Share- holders+ | Distributions from Capital Gains to Preferred Share- holders+ | Total |
| ===== | | | | | | |
| GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | | | | | | |
| ----- | | | | | | |
| Year Ended 5/31: | | | | | | |
| 2007 | \$14.25 | \$.89 | \$.17 | \$ (.24) | \$ -- | \$.82 |
| 2006 | 14.71 | .88 | (.45) | (.19) | -- | .24 |
| 2005 | 13.79 | .87 | .94 | (.11) | -- | 1.70 |
| 2004 | 15.01 | .88 | (1.23) | (.05) | -- | (.40) |
| 2003 (a) | 14.33 | .47 | .92 | (.04) | -- | 1.35 |
| ===== | | | | | | |

| | Total Returns | | | | |
|---------------------------------------|--|---|---------------------------|----------------------------------|--|
| | Offering Costs and Preferred Share Underwriting Discounts | Ending Common Share Net Asset Value | Ending Market Value | Based on Market Value** | Based on Common Share Net Asset Value** |
| ----- | | | | | |
| GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | | | | | |
| ----- | | | | | |
| Year Ended 5/31: | | | | | |
| 2007 | \$ -- | \$14.44 | \$14.50 | 14.40% | 5.79% |
| 2006 | -- | 14.25 | 13.26 | (1.61) | 1.68 |
| 2005 | -- | 14.71 | 14.18 | 13.61 | 12.61 |
| 2004 | -- | 13.79 | 13.20 | (6.57) | (2.67) |
| 2003 (a) | (.20) | 15.01 | 14.98 | 3.16 | 8.22 |
| ===== | | | | | |

| | Ratios/Supplemental Data | |
|---------------|--|--|
| | Ratios to Average Net Assets Applicable to Common Shares Before Credit/Reimbursement | Ratios to A Applicable After Credi |
| Ending Net | | |

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| | Assets Applicable to Common Shares (000) | Expenses Including Interest++ (a) | Expenses Excluding Interest++ (a) | Net Investment Income++ | Expenses Including Interest++ (a) | Exp Excl Int |
|---------------------------------------|---|---|---|-------------------------------|---|--------------------|
| GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | | | | | | |
| Year Ended 5/31: | | | | | | |
| 2007 | \$65,770 | 1.24% | 1.24% | 5.63% | .74% | |
| 2006 | 64,901 | 1.24 | 1.24 | 5.63 | .75 | |
| 2005 | 66,974 | 1.23 | 1.23 | 5.58 | .74 | |
| 2004 | 62,810 | 1.22 | 1.22 | 5.63 | .73 | |
| 2003 (a) | 68,325 | 1.16* | 1.16* | 4.36* | .69* | |

| Preferred Shares at End of Period | | | Floating Rate Obligations at End of Period | |
|---|---|--------------------------------|---|----------------------------------|
| Aggregate Amount Outstanding (000) | Liquidation and Market Value Per Share | Asset Coverage Per Share | Aggregate Amount Outstanding (000) | Asset Coverage Per \$1,000 |

GEORGIA DIVIDEND
ADVANTAGE 2 (NKG)

| | | | | | |
|------------------|----------|----------|----------|-------|-------|
| Year Ended 5/31: | | | | | |
| 2007 | \$33,000 | \$25,000 | \$74,825 | \$ -- | \$ -- |
| 2006 | 33,000 | 25,000 | 74,168 | -- | -- |
| 2005 | 33,000 | 25,000 | 75,738 | -- | -- |
| 2004 | 33,000 | 25,000 | 72,583 | -- | -- |
| 2003 (a) | 33,000 | 25,000 | 76,761 | -- | -- |

* Annualized.

** Total Return on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. Total Return on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. Total returns are not annualized.

*** After custodian fee credit and expense reimbursement, where applicable.

+ The amounts shown are based on Common share equivalents.

++ Ratios do not reflect the effect of dividend payments to Preferred shareholders; income ratios reflect income earned on assets attributable to Preferred shares.

(a) For the period September 25, 2002 (commencement of operations) through May 31, 2003.

(b) Interest expense arises from the application of SFAS No. 140 to certain inverse floating rate transactions entered into by the Fund as more fully described in Footnote 1 - Inverse Floating Rate Securities.

See accompanying notes to financial statements.

70-71 spread

Financial

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HIGHLIGHTS (continued)

Selected data for a Common share outstanding throughout each period:

| | Investment Operations | | | | | | Total |
|--|--|-----------------------------|--|---|---|--------|-------|
| | Beginning Common Share Net Asset Value | Net Investment Income | Realized/ Unrealized Gain (Loss) | Distributions from Net Investment Income to Preferred Share- holders+ | Distributions from Capital Gains to Preferred Share- holders+ | | |
| NORTH CAROLINA PREMIUM INCOME (NNC) | | | | | | | |
| Year Ended 5/31: | | | | | | | |
| 2007 | \$14.34 | \$.85 | \$.07 | \$ (.23) | \$ --* | \$.69 | |
| 2006 | 15.16 | .88 | (.57) | (.16) | (.02) | .13 | |
| 2005 | 14.55 | .91 | .70 | (.11) | -- | 1.50 | |
| 2004 | 15.50 | .95 | (.95) | (.06) | -- | (.06) | |
| 2003 | 14.18 | .98 | 1.27 | (.07) | -- | 2.18 | |
| NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | | | | | | | |
| Year Ended 5/31: | | | | | | | |
| 2007 | 14.87 | .93 | .03 | (.22) | (.01) | .73 | |
| 2006 | 15.46 | .94 | (.48) | (.17) | -- | .29 | |
| 2005 | 14.72 | .97 | .78 | (.09) | -- | 1.66 | |
| 2004 | 15.87 | .98 | (1.10) | (.05) | -- | (.17) | |
| 2003 | 14.39 | 1.00 | 1.54 | (.06) | (.02) | 2.46 | |

| | Total Returns | | | | | |
|---|--|---|---------------------------|----------------------------------|--|--|
| | Offering Costs and Preferred Share Underwriting Discounts | Ending Common Share Net Asset Value | Ending Market Value | Based on Market Value** | Based on Common Share Net Asset Value** | |
| NORTH CAROLINA PREMIUM INCOME (NNC) | | | | | | |
| Year Ended 5/31: | | | | | | |
| 2007 | \$ -- | \$14.36 | \$14.30 | (.78)% | 4.84% | |
| 2006 | -- | 14.34 | 15.09 | (6.84) | .87 | |
| 2005 | -- | 15.16 | 17.20 | 17.79 | 10.52 | |
| 2004 | -- | 14.55 | 15.40 | (4.08) | (.40) | |
| 2003 | -- | 15.50 | 16.95 | 10.27 | 15.80 | |
| NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | | | | | | |

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| | | | | | |
|------------------|-----|-------|-------|--------|--------|
| Year Ended 5/31: | | | | | |
| 2007 | -- | 14.78 | 16.44 | (2.26) | 4.98 |
| 2006 | -- | 14.87 | 17.70 | 8.03 | 1.93 |
| 2005 | -- | 15.46 | 17.25 | 21.19 | 11.53 |
| 2004 | -- | 14.72 | 15.05 | (2.76) | (1.08) |
| 2003 | .01 | 15.87 | 16.45 | 13.52 | 17.75 |

Ratios/Supplemental Data

| | Ratios to Average Net Assets Applicable to Common Shares Before Credit/Reimbursement | | | Ratios to A Applicable After Credi | | |
|--|--|--|--|--|--|--------------------|
| | Ending Net Assets Applicable to Common Shares (000) | Expenses Including Interest++(a) | Expenses Excluding Interest++(a) | Net Investment Income++ | Expenses Including Interest++(a) | Exp Excl Int |

NORTH CAROLINA
PREMIUM INCOME (NNC)

| | | | | | |
|------------------|----------|-------|-------|-------|-------|
| Year Ended 5/31: | | | | | |
| 2007 | \$91,191 | 1.27% | 1.24% | 5.82% | 1.25% |
| 2006 | 91,033 | 1.25 | 1.25 | 5.98 | 1.24 |
| 2005 | 96,008 | 1.23 | 1.23 | 6.09 | 1.22 |
| 2004 | 91,941 | 1.23 | 1.23 | 6.35 | 1.22 |
| 2003 | 97,785 | 1.27 | 1.27 | 6.60 | 1.25 |

NORTH CAROLINA
DIVIDEND ADVANTAGE (NRB)

| | | | | | |
|------------------|--------|------|------|------|------|
| Year Ended 5/31: | | | | | |
| 2007 | 33,409 | 1.68 | 1.29 | 5.82 | 1.31 |
| 2006 | 33,537 | 1.29 | 1.29 | 5.79 | .84 |
| 2005 | 34,820 | 1.27 | 1.27 | 5.90 | .81 |
| 2004 | 33,110 | 1.24 | 1.24 | 5.96 | .78 |
| 2003 | 35,591 | 1.30 | 1.30 | 6.16 | .83 |

| Preferred Shares at End of Period | | | Floating Rate Obligations at End of Period | | |
|---|---|--------------------------------|---|----------------------------------|--|
| Aggregate Amount Outstanding (000) | Liquidation and Market Value Per Share | Asset Coverage Per Share | Aggregate Amount Outstanding (000) | Asset Coverage Per \$1,000 | |

NORTH CAROLINA
PREMIUM INCOME (NNC)

| | | | | | |
|------------------|----------|----------|----------|---------|----------|
| Year Ended 5/31: | | | | | |
| 2007 | \$46,800 | \$25,000 | \$73,713 | \$3,870 | \$36,657 |
| 2006 | 46,800 | 25,000 | 73,629 | -- | -- |
| 2005 | 46,800 | 25,000 | 76,286 | -- | -- |
| 2004 | 46,800 | 25,000 | 74,114 | -- | -- |
| 2003 | 46,800 | 25,000 | 77,236 | -- | -- |

NORTH CAROLINA

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DIVIDEND ADVANTAGE (NRB)

| ----- | | | | | |
|------------------|--------|--------|--------|-------|-------|
| Year Ended 5/31: | | | | | |
| 2007 | 17,000 | 25,000 | 74,130 | 6,350 | 8,938 |
| 2006 | 17,000 | 25,000 | 74,319 | -- | -- |
| 2005 | 17,000 | 25,000 | 76,205 | -- | -- |
| 2004 | 17,000 | 25,000 | 73,692 | -- | -- |
| 2003 | 17,000 | 25,000 | 77,340 | -- | -- |

- =====
 * Per share Distributions from Capital Gains to Preferred Shareholders rounds to less than \$.01 per share.
 ** Total Return on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. Total Return on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. Total returns are not annualized.
 *** After custodian fee credit and expense reimbursement, where applicable.
 + The amounts shown are based on Common share equivalents.
 ++ Ratios do not reflect the effect of dividend payments to Preferred shareholders; income ratios reflect income earned on assets attributable to Preferred shares.
 (a) Interest expense arises from the application of SFAS No. 140 to certain inverse floating rate transactions entered into by the Fund as more fully described in Footnote 1 - Inverse Floating Rate Securities.

See accompanying notes to financial statements.

72-73 spread

Financial
 HIGHLIGHTS (continued)

Selected data for a Common share outstanding throughout each period:

| ----- | | | | | | |
|--|-----------------------------|---|--|--|----------|--------|
| Investment Operations | | | | | | |
| Beginning Common Share Net Asset Value | Net Investment Income | Net Realized/ Unrealized Gain (Loss) | Distributions | Distributions | Total | |
| | | | from Net Investment Income to Preferred Share- holders+ | from Capital Gains to Preferred Share- holders+ | | |
| ===== | | | | | | |
| NORTH CAROLINA | | | | | | |
| DIVIDEND | | | | | | |
| ADVANTAGE 2 (NNO) | | | | | | |
| ----- | | | | | | |
| Year Ended 5/31: | | | | | | |
| 2007 | \$14.75 | \$.91 | \$.10 | \$ (.23) | \$ (.01) | \$.77 |
| 2006 | 15.55 | .92 | (.60) | (.17) | (.01) | .14 |
| 2005 | 14.81 | .94 | .83 | (.10) | -- | 1.67 |
| 2004 | 15.98 | .94 | (1.17) | (.06) | -- | (.29) |
| 2003 | 14.30 | .94 | 1.78 | (.07) | (.02) | 2.63 |

NORTH CAROLINA

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DIVIDEND
ADVANTAGE 3 (NII)

| Year Ended 5/31: | | | | | | |
|------------------|-------|-----|--------|-------|----|-------|
| 2007 | 14.26 | .89 | .11 | (.23) | -- | .77 |
| 2006 | 14.78 | .88 | (.50) | (.18) | -- | .20 |
| 2005 | 13.89 | .89 | .91 | (.11) | -- | 1.69 |
| 2004 | 14.96 | .90 | (1.09) | (.07) | -- | (.26) |
| 2003 (a) | 14.33 | .49 | .87 | (.05) | -- | 1.31 |

| | Offering Costs and Preferred Share Underwriting Discounts | Ending Common Share Net Asset Value | Ending Market Value | Total Returns | |
|--|--|---|---------------------------|----------------------------------|--|
| | | | | Based on Market Value** | Based on Common Share Net Asset Value** |
| | | | | | |

NORTH CAROLINA
DIVIDEND
ADVANTAGE 2 (NNO)

| Year Ended 5/31: | | | | | |
|------------------|-------|---------|---------|--------|--------|
| 2007 | \$ -- | \$14.76 | \$15.50 | 6.64% | 5.24% |
| 2006 | -- | 14.75 | 15.28 | (.18) | .97 |
| 2005 | -- | 15.55 | 16.25 | 16.46 | 11.56 |
| 2004 | -- | 14.81 | 14.80 | (1.94) | (1.83) |
| 2003 | -- | 15.98 | 15.97 | 14.10 | 18.98 |

NORTH CAROLINA
DIVIDEND
ADVANTAGE 3 (NII)

| Year Ended 5/31: | | | | | |
|------------------|-------|-------|-------|--------|--------|
| 2007 | -- | 14.38 | 14.64 | 6.23 | 5.48 |
| 2006 | -- | 14.26 | 14.42 | (1.59) | 1.41 |
| 2005 | -- | 14.78 | 15.40 | 18.78 | 12.39 |
| 2004 | -- | 13.89 | 13.68 | (4.93) | (1.75) |
| 2003 (a) | (.21) | 14.96 | 15.20 | 4.56 | 7.86 |

Ratios/Supplemental Data

| Ending Net Assets Applicable to Common Shares (000) | Ratios to Average Net Assets Applicable to Common Shares Before Credit/Reimbursement | | | Ratios to Average Net Assets Applicable to Common Shares After Credit/Reimbursement | | |
|--|--|---|-------------------------------|---|---|-------------------------------|
| | Expenses Including Interest++ (a) | Expenses Excluding Interest++ (a) | Net Investment Income++ | Expenses Including Interest++ (a) | Expenses Excluding Interest++ (a) | Net Investment Income++ |
| | | | | | | |

NORTH CAROLINA
DIVIDEND ADVANTAGE 2 (NNO)

Year Ended 5/31:

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| | | | | | |
|------|----------|-------|-------|-------|------|
| 2007 | \$55,349 | 1.39% | 1.24% | 5.68% | .96% |
| 2006 | 55,251 | 1.24 | 1.24 | 5.62 | .77 |
| 2005 | 58,155 | 1.23 | 1.23 | 5.64 | .77 |
| 2004 | 55,311 | 1.22 | 1.22 | 5.71 | .77 |
| 2003 | 59,642 | 1.24 | 1.24 | 5.80 | .76 |

NORTH CAROLINA
DIVIDEND ADVANTAGE 3 (NII)

Year Ended 5/31:

| | | | | | |
|----------|--------|-------|-------|-------|------|
| 2007 | 56,511 | 1.49 | 1.23 | 5.62 | 1.00 |
| 2006 | 56,049 | 1.23 | 1.23 | 5.58 | .75 |
| 2005 | 58,035 | 1.24 | 1.24 | 5.65 | .76 |
| 2004 | 54,482 | 1.22 | 1.22 | 5.75 | .73 |
| 2003 (a) | 58,653 | 1.18* | 1.18* | 4.61* | .71* |

| Preferred Shares at End of Period | | | Floating Rate Obligations at End of Period | | |
|------------------------------------|--|--------------------------|--|----------------------------|--|
| Aggregate Amount Outstanding (000) | Liquidation and Market Value Per Share | Asset Coverage Per Share | Aggregate Amount Outstanding (000) | Asset Coverage Per \$1,000 | |

NORTH CAROLINA
DIVIDEND ADVANTAGE 2 (NNO)

Year Ended 5/31:

| | | | | | |
|------|----------|----------|----------|---------|----------|
| 2007 | \$28,000 | \$25,000 | \$74,418 | \$4,995 | \$17,686 |
| 2006 | 28,000 | 25,000 | 74,332 | -- | -- |
| 2005 | 28,000 | 25,000 | 76,924 | -- | -- |
| 2004 | 28,000 | 25,000 | 74,385 | -- | -- |
| 2003 | 28,000 | 25,000 | 78,252 | -- | -- |

NORTH CAROLINA
DIVIDEND ADVANTAGE 3 (NII)

Year Ended 5/31:

| | | | | | |
|----------|--------|--------|--------|-------|--------|
| 2007 | 28,000 | 25,000 | 75,457 | 7,680 | 12,004 |
| 2006 | 28,000 | 25,000 | 75,044 | -- | -- |
| 2005 | 28,000 | 25,000 | 76,817 | -- | -- |
| 2004 | 28,000 | 25,000 | 73,644 | -- | -- |
| 2003 (a) | 28,000 | 25,000 | 77,369 | -- | -- |

* Annualized.

** Total Return on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. Total Return on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. Total returns are not annualized.

*** After custodian fee credit and expense reimbursement, where applicable. + The amounts shown are based on Common share equivalents.

++ Ratios do not reflect the effect of dividend payments to Preferred shareholders; income ratios reflect income earned on assets attributable to Preferred shares.

(a) For the period September 25, 2002 (commencement of operations) through May 31, 2003.

(b) Interest expense arises from the application of SFAS No. 140 to certain inverse floating rate transactions entered into by the Fund as more fully

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described in Footnote 1 - Inverse Floating Rate Securities.

See accompanying notes to financial statements.

74-75 spread

Board Members & OFFICERS

The management of the Funds, including general supervision of the duties performed for the Funds by the Adviser, is the responsibility of the Board Members of the Funds. The number of board members of the Fund is currently set at nine. None of the board members who are not "interested" persons of the Funds has ever been a director or employee of, or consultant to, Nuveen or its affiliates. The names and business addresses of the board members and officers of the Funds, their principal occupations and other affiliations during the past five years, the number of portfolios each oversees and other directorships they hold are set forth below.

| NAME, BIRTHDATE & ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED AND TERM(2) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY BOARD MEMBER | PRINCIPAL OCCUPATION INCLUDING DIRECTORSH DURING PAS |
|---------------------------------|------------------------------------|--|---|--|
|---------------------------------|------------------------------------|--|---|--|

BOARD MEMBER WHO IS AN INTERESTED PERSON OF THE FUNDS:

| | | | | |
|---|--|----------------|-----|---|
| o TIMOTHY R. SCHWERTFEGER(1) 3/28/49 333 W. Wacker Drive Chicago, IL 60606 | Chairman of the Board and Board Member | 1994 ANNUAL | 176 | Director (Chairman (Chairman (Investment Chairman a Asset Mana Rittenhous 1999); Cha Advisers I Chairman a Advisory C Advisory C (1996-2006 Corporation |
|---|--|----------------|-----|---|

BOARD MEMBERS WHO ARE NOT INTERESTED PERSONS OF THE FUNDS:

| | | | | |
|--|-------------------------------------|-------------------|-----|--|
| o ROBERT P. BREMNER 8/22/40 333 W. Wacker Drive Chicago, IL 60606 | Lead Independent Board member | 1997 CLASS III | 176 | Private In |
| o JACK B. EVANS 10/22/48 333 W. Wacker Drive Chicago, IL 60606 | Board member | 1999 CLASS III | 176 | President, private ph 1996); Dir Fire Group of the Boa Iowa Unive Companies; Iowa Colle Advisory C Finance in University |

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| | | | |
|--|--------------|------------------|-----|
| <ul style="list-style-type: none"> o WILLIAM C. HUNTER 3/6/48 333 W. Wacker Drive Chicago, IL 60606 | Board member | 2004 CLASS II | 176 |
|--|--------------|------------------|-----|

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and Chief
Group, Inc
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and Distin
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the Federa
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Director (
Director,
2005-Octob

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| NAME, BIRTHDATE & ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED AND TERM(2) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY BOARD MEMBER | PRINCIPAL OCCUPATION INCLUDING DIRECTORSH DURING PAS |
|---------------------------------|------------------------------------|--|---|--|
|---------------------------------|------------------------------------|--|---|--|

BOARD MEMBERS WHO ARE NOT INTERESTED PERSONS OF THE FUNDS:

| | | | |
|---|--------------|------------------|-----|
| <ul style="list-style-type: none"> o DAVID J. KUNDERT 10/28/42 333 W. Wacker Drive Chicago, IL 60606 | Board member | 2005 CLASS II | 174 |
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| <ul style="list-style-type: none"> o WILLIAM J. SCHNEIDER 9/24/44 333 W. Wacker Drive Chicago, IL 60606 | Board member | 1997 ANNUAL | 176 |
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| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED (4) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY OFFICER | PRINCIPAL OCCUPATION DURING PAS |
|--|------------------------------------|---|--|--|
| <ul style="list-style-type: none"> o JUDITH M. STOCKDALE 12/29/47 333 W. Wacker Drive Chicago, IL 60606 | Board member | 1997 CLASS I | 176 | Advisory B Ohio and B Cleveland Executive Donnelley, E thereto, E Protection |
| <ul style="list-style-type: none"> o CAROLE E. STONE 6/28/47 333 West Wacker Drive Chicago, IL 60606 | Board member | 2007 CLASS I | 176 | Director, (since 200 Associatio Commission Public Aut formerly D of the Bud Authoritie Director, Corporatio |
| <ul style="list-style-type: none"> o EUGENE S. SUNSHINE 1/22/50 333 W. Wacker Drive Chicago, IL 60606 | Board member | 2005 CLASS II | 176 | Senior Vic Finance, N 1997); Dir Options Ex Board of D insurance University Chamber of a business Director (of therapy physically children; National M national p community- |

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| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED (4) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY OFFICER | PRINCIPAL OCCUPATION DURING PAS |
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| OFFICERS OF THE FUND: | | | | |
| <ul style="list-style-type: none"> o GIFFORD R. ZIMMERMAN 9/9/56 333 W. Wacker Drive Chicago, IL 60606 | Chief Administrative Officer | 1988 | 176 | Managing D Secretary formerly, General Co Managing D Secretary formerly, Nuveen Ass (since 200 1994) of N Secretary Company, L and Assist |

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| | | | | | | Investment Managing D Assistant Management LLC (since Investors, Management Managing D Counsel (1 formerly, Corp. and Corp. (3); |
| o | WILLIAMS ADAMS IV 6/9/55 333 West Wacker Drive Chicago, IL 60606 | Vice President | 2007 | 119 | | Executive Products o 1999), pri Structured |
| o | JULIA L. ANTONATOS 9/22/63 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2004 | 176 | | Managing D Vice Presi Investment Analyst. |
| o | CEDRIC H. ANTOSIEWICZ 1/11/62 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2007 | 119 | | Managing D Vice Presi Investment |
| o | MICHAEL T. ATKINSON 2/3/66 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Assistant Secretary | 2000 | 176 | | Vice Presi Investment |
| o | PETER H. D'ARRIGO 11/28/67 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 1999 | 176 | | Vice Presi Investment Inc. (sinc Treasurer 2002) and Inc. (sinc NWQ Invest (since 200 of Nuveen (since 200 Management Barbara As Assistant Investors, President Nuveen Adv Institutio Financial |
| o | LORNA C. FERGUSON 10/24/45 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 1998 | 176 | | Managing D Vice Presi Managing D President Corp. and Corp. (3); Nuveen Ass |

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| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED (4) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY OFFICER | PRINCIPAL OCCUPATION DURING PAS |
|--|---|---|--|--|
| OFFICERS OF THE FUND: | | | | |
| <ul style="list-style-type: none"> o WILLIAM M. FITZGERALD 3/2/64 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 1995 | 176 | Managing D Vice Presi Managing D Advisory C Advisory C 2001) of N President Advisers I |
| <ul style="list-style-type: none"> o STEPHEN D. FOY 5/31/54 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Controller | 1998 | 176 | Vice Presi Controller Investment and Funds Investment Accountant |
| <ul style="list-style-type: none"> o WALTER M. KELLY 2/24/70 333 West Wacker Drive Chicago, IL 60606 | Chief Compliance Officer and Vice President | 2003 | 176 | Assistant Secretary Vice Presi Assistant General Co Investment (2001-2003 Price, Kau |
| <ul style="list-style-type: none"> o DAVID J. LAMB 3/22/63 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2000 | 176 | Vice Presi Investment Accountant |
| <ul style="list-style-type: none"> o TINA M. LAZAR 8/27/61 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2002 | 176 | Vice Presi (since 199 |
| <ul style="list-style-type: none"> o LARRY W. MARTIN 7/27/51 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Assistant Secretary | 1988 | 176 | Vice Presi Assistant Investment and Assist Corp. and Corp. (3); Assistant Inc.; Vice Assistant Asset Mana 2000), Ass General Co Asset Mana Assistant Advisers I Secretary |

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- o KEVIN J. MCCARTHY
3/26/66 Vice President 2007 176
333 W. Wacker Drive and Secretary
Chicago, IL 60606
- o JOHN V. MILLER
4/10/67 Vice President 2007 176
333 W. Wacker Drive
Chicago, IL 60606

Vice Presi
Counsel, N
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Lloyd LLP

Managing D
Vice Presi
Investment
Analyst.

- (1) Mr. Schwertfeger is an "interested person" of the Funds, as defined in the Investment Company Act of 1940, because he is an officer and board member of the Adviser.
- (2) Board Members serve three year terms, except for two board members who are elected by the holders of Preferred Shares. The Board of Trustees is divided into three classes, Class I, Class II, and Class III, with each being elected to serve until the third succeeding annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed, except two board members are elected by the holders of Preferred Shares to serve until the next annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed. The first year elected or appointed represents the year in which the board member was first elected or appointed to any fund in the Nuveen Complex.
- (3) Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. were reorganized into Nuveen Asset Management, effective January 1, 2005.
- (4) Officers serve one year terms through July of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

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Annual Investment
Management Agreement
APPROVAL PROCESS

The Board of Trustees is responsible for overseeing the performance of the investment adviser to the Funds and determining whether to continue the advisory arrangements. At a meeting held on May 21-23, 2007 (the "May Meeting"), the Board of Trustees of the Funds, including the independent Trustees, unanimously approved the continuance of the Investment Management Agreement between each Fund and NAM (the "Fund Adviser").

THE APPROVAL PROCESS

During the course of the year, the Board received a wide variety of materials relating to the services provided by the Fund Adviser and the performance of the Funds. At each of its quarterly meetings, the Board reviews investment performance and various matters relating to the respective Fund's operations, including the Fund's compliance program, shareholder services, valuation, custody, distribution and other information relating to the nature, extent and

quality of services provided by the Fund Adviser. Between the regularly scheduled quarterly meetings, the Trustees received information on particular matters as the need arose. In considering whether to renew the respective advisory contract with the Fund Adviser at the May Meeting, the independent Trustees also received extensive materials well in advance of their meeting which outlined, among other things:

- o the nature, extent and quality of services provided by the Fund Adviser;
- o the organization and business operations of the Fund Adviser, including the responsibilities of various departments and key personnel;
- o the Fund's past performance as well as the Fund's performance compared to funds with similar investment objectives based on data and information provided by an independent third party and to customized benchmarks;
- o the profitability of the Fund Adviser and certain industry profitability analyses for unaffiliated advisers;
- o the expenses of the Fund Adviser in providing the various services;
- o the advisory fees and total expense ratios of the Fund, including comparisons of such fees and expenses with those of comparable, unaffiliated funds based on information and data provided by an independent third party (the "Peer Universe") as well as compared to a subset of funds within the Peer Universe (the "Peer Group") of the respective Fund (as applicable);
- o the advisory fees the Fund Adviser assesses to other types of investment products or clients;
- o the soft dollar practices of the Fund Adviser, if any; and
- o from independent legal counsel, a legal memorandum describing among other things, applicable laws, regulations and duties in reviewing and approving advisory contracts.

At the May Meeting, the Fund Adviser made a presentation to and responded to questions from the Board.

Prior to and after the presentations and reviewing the written materials, the independent Trustees met privately with their legal counsel to review the Board's duties in reviewing advisory contracts and consider the renewal of the advisory contracts. The independent Trustees, in consultation with independent counsel, reviewed the factors set out in judicial decisions and SEC directives relating to the renewal of advisory contracts. As outlined in more detail below, the Trustees considered all factors they believed relevant with respect to each Fund, including, but not limited to, the following: (a) the nature, extent and quality of the services to be provided by the Fund Adviser; (b) the investment performance of the Fund and the Fund Adviser; (c) the costs of the services to be provided and profits to be realized by the Fund Adviser and its affiliates; (d) the extent to which economies of scale would be realized; and (e) whether fee levels reflect these economies of scale for the benefit of Fund investors. In addition, as noted, the Trustees met regularly throughout the year to oversee the Funds. In evaluating the advisory contracts, the Trustees also relied upon

their knowledge resulting from their meetings and other interactions throughout

the year of the Fund Adviser, its services and the Funds. It is with this background that the Trustees considered each advisory contract.

A. NATURE, EXTENT AND QUALITY OF SERVICES

In reviewing the Fund Adviser, the Trustees considered the nature, extent and quality of the Fund Adviser's services. The Trustees reviewed materials outlining, among other things, the Fund Adviser's organization and business; the types of services that the Fund Adviser or its affiliates provide and are expected to provide to the Funds; the performance record of the applicable Fund (as described in further detail below); and any initiatives Nuveen has taken for the municipal fund product line. As noted, the Trustees are already familiar with the organization, operations and personnel of the Fund Adviser due to the Trustees' experience in governing the respective Fund and working with NAM on matters relating to the Funds. With respect to personnel, the Trustees recognized NAM's investment in additional qualified personnel throughout the various groups in the organization and recommended to NAM that it continue to review staffing needs as necessary. In addition, with respect to the municipal funds advised by NAM, the Trustees reviewed materials describing the current status and, in particular, the developments in 2006 with respect to NAM's investment process, investment strategies (including additional tools used in executing such strategies), personnel (including portfolio management and research teams), trading process, hedging team, risk management team (e.g., reviewing credit quality, duration limits, derivative use, as applicable), and investment operations (such as, enhancements to trading procedures, pricing procedures, and client services). The Trustees recognized NAM's investment of resources and efforts to continue to enhance and refine its investment process.

In addition to advisory services, the independent Trustees considered the quality of any administrative or non-advisory services provided. With respect to NAM, NAM provides the Funds with a wide variety of services and officers and other personnel as are necessary for the operations of the respective Fund, including,

- o product management;
- o fund administration;
- o oversight of shareholder services and other fund service providers;
- o administration of Board relations;
- o regulatory and portfolio compliance; and
- o legal support services.

As the Funds operate in a highly regulated industry and given the importance of compliance, the Trustees considered, in particular, NAM's compliance activities for the Funds and enhancements thereto. In this regard, the Trustees recognized the quality of NAM's compliance team. The Trustees further noted NAM's negotiations with other service providers and the corresponding reduction in certain service providers' fees.

With respect to closed-end funds, in addition to the foregoing services, the Trustees also noted the additional services that NAM or its affiliates provide to closed-end funds, including, in particular, its secondary market support activities. The Trustees recognized Nuveen's continued commitment to supporting the secondary market for the common shares of its closed-end funds through a variety of programs designed to raise investor and analyst awareness and understanding of closed-end funds. These efforts include:

- o maintaining shareholder communications;

- o providing advertising for closed-end funds;
- o maintaining its closed-end fund website;
- o continual contact with financial advisers;
- o providing educational symposia;
- o conducting research with investors and financial analysis regarding closed-end funds; and
- o evaluating secondary market performance.

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With respect to Funds that utilize leverage through the issuance of preferred shares, the Trustees noted Nuveen's continued support for the preferred shares by, among other things:

- o maintaining an in-house trading desk;
- o maintaining a product manager for the preferred shares;
- o developing distribution for preferred shares with new market participants;
- o maintaining an orderly auction process;
- o managing leverage and risk management of leverage; and
- o maintaining systems necessary to test compliance with rating agency criteria.

Based on their review, the Trustees found that, overall, the nature, extent and quality of services provided (and expected to be provided) to the respective Funds under the Investment Management Agreements were satisfactory.

B. THE INVESTMENT PERFORMANCE OF THE FUNDS AND FUND ADVISER

The Board considered the investment performance for each Fund, including the Fund's historic performance as well as its performance compared to funds with similar investment objectives (the "Performance Peer Group") based on data provided by an independent third party (as described below). With respect to municipal funds, the Trustees reviewed portfolio level performance against customized benchmarks, as described in further detail below.

In evaluating the performance information, in certain instances, the Trustees noted that the closest Performance Peer Group for a Fund may not adequately reflect such Fund's investment objectives and strategies, thereby limiting the usefulness of the comparisons of such Fund's performance with that of the Performance Peer Group.

With respect to state specific municipal funds, the Trustees also recognized that certain state municipal funds do not have a corresponding state specific Performance Peer Group in which case their performance is measured against a more general municipal category for various states. With respect to municipal closed-end funds, municipal funds that do not have corresponding state-specific Performance Peer Groups are from all states other than New York, California, Florida, New Jersey, Michigan, and Pennsylvania. However, with respect to Funds

based on Florida, New Jersey, Michigan and Pennsylvania, the peer group may be so small or the Nuveen Funds may dominate the category to such an extent that performance information for such Funds was also compared to the more general category for all states (other than New York and California).

With respect to municipal funds, the Trustees reviewed performance information including, among other things, total return information compared with the Fund's Performance Peer Group for the one-, three- and five-year periods (as applicable) ending December 31, 2006. The Trustees also reviewed the Fund's portfolio level performance (which does not reflect fund level fees and expenses) compared to customized portfolio-level benchmarks for the one- and three-year periods ending December 31, 2006 (as applicable). This analysis is designed to assess the efficacy of investment decisions against appropriate measures of risk and total return, within specific market segments. This information supplements the Fund performance information provided to the Board at each of its quarterly meetings. Based on their review, the Trustees determined that the respective Fund's absolute and relative investment performance over time had been satisfactory, subject to the following. With respect to various municipal closed-end funds, the Trustees have noted the relative total return underperformance in recent years compared to peers. The Trustees reviewed materials and discussed with the Fund Adviser the factors contributing to the shift in performance including, among other things, the degree of risk undertaken by peers compared to the Funds (such as through the increased use of leverage or taking concentrated positions in high risk credits). In addition, the Trustees also considered a Fund's dividend performance and the extent of any secondary market discounts. The Trustees noted NAM's efforts to evaluate the factors affecting performance and determine whether modification to a Fund's investment strategy is necessary or appropriate and are satisfied with the steps being taken.

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C. FEES, EXPENSES AND PROFITABILITY

1. FEES AND EXPENSES

In evaluating the management fees and expenses of a Fund, the Board reviewed, among other things, the Fund's advisory fees (net and gross management fees) and total expense ratios (before and after expense reimbursements and/or waivers) in absolute terms as well as comparisons to the gross management fees (before waivers), net management fees (after waivers) and total expense ratios (before and after waivers) of comparable funds in the Peer Universe and the Peer Group. In reviewing the fee schedule for a Fund, the Trustees considered the fund-level and complex-wide breakpoint schedules (described in further detail below) and any fee waivers and reimbursements provided by Nuveen (applicable, in particular, for certain Funds launched since 1999). The Trustees further reviewed data regarding the construction of Peer Groups as well as the methods of measurement for the fee and expense analysis and the performance analysis. In certain cases, due to the small number of peers in the Peer Universe, the Peer Universe and Peer Group may be the same. In reviewing the comparison of fee and expense information, the Trustees recognized that in certain cases, the Fund size relative to peers, the small size and odd composition of the Peer Group (including differences in objectives and strategies), expense anomalies, timing of information used or other factors impact the comparisons thereby limiting some of their usefulness. With respect to municipal closed-end funds, the Trustees also considered the differences in the use of leverage. Based on their review of the fee and expense information provided, the Trustees determined that each Fund's net

total expense ratio was within an acceptable range compared to peers.

2. COMPARISONS WITH THE FEES OF OTHER CLIENTS

The Trustees further reviewed data comparing the advisory fees of NAM with fees NAM charges to other clients. With respect to municipal funds, such other clients include municipal managed accounts. In general, the advisory fees charged for separate accounts are somewhat lower than the advisory fees assessed to the Funds. The Trustees considered the differences in the product types, including, but not limited to, the services provided, the structure and operations, product distribution and costs thereof, portfolio investment policies, investor profiles, account sizes and regulatory requirements. The Trustees noted, in particular, that the range of services provided to the Funds (as discussed above) is more extensive than that provided to separately managed accounts. As described in further detail above, such additional services include, but are not limited to, providing: product management, fund administration, oversight of third party service providers, administration of Board relations, and legal support. Funds further operate in a highly regulated industry requiring extensive compliance functions compared to the other investment products. Given the inherent differences in the products, particularly the extensive services provided to the Funds, the Trustees believe such facts justify the different levels of fees.

3. PROFITABILITY OF FUND ADVISERS

In conjunction with its review of fees, the Trustees also considered the profitability of Nuveen for its advisory activities (which incorporated Nuveen's wholly-owned affiliated sub-advisers) and its financial condition. The Trustees reviewed the revenues and expenses of Nuveen's advisory activities for the last three years, the allocation methodology used in preparing the profitability data as well as the 2006 Annual Report for Nuveen. The Trustees noted this information supplements the profitability information requested and received during the year to help keep them apprised of developments affecting profitability (such as changes in fee waivers and expense reimbursement commitments). In this regard, the Trustees noted the enhanced dialogue and information regarding profitability with NAM during the year, including more frequent meetings and updates from Nuveen's corporate finance group. The Trustees also reviewed data comparing Nuveen's profitability with other fund sponsors prepared by three independent third party service providers as well as comparisons of the revenues, expenses and profit margins of various unaffiliated management firms with similar amounts of assets under management prepared by Nuveen.

In reviewing profitability, the Trustees have recognized the subjective nature in determining profitability which may be affected by numerous factors, including, the allocation of expenses. Further, the Trustees

have recognized the difficulties in making comparisons as the profitability of other advisers generally is not publicly available and the profitability information that is available for certain advisers or management firms may not be representative of the industry and may be affected by, among other things, the adviser's particular business mix, capital costs, types of funds managed and expense allocations.

Notwithstanding the foregoing, the Trustees reviewed Nuveen's methodology and

assumptions for allocating expenses across product lines to determine profitability. Last year, the Trustees also designated an independent Trustee as a point person for the Board to review the methodology determinations during the year and any refinements thereto and report back to them. The Trustees also reviewed the comparisons of Nuveen's profitability margins (including pre- and post-marketing profit margins) with the profitability of various unaffiliated management firms. In reviewing profitability, the Trustees recognized Nuveen's increased investment into its fund business. Based on its review, the Trustees concluded that they were satisfied that Nuveen's level of profitability for its advisory activities was reasonable in light of the services provided.

In evaluating the reasonableness of the compensation, the Trustees also considered any other revenues paid to the Fund Adviser as well as any indirect benefits (such as soft dollar arrangements, if any) the Fund Adviser and its affiliates are expected to receive that are directly attributable to their management of the Funds, if any. See Section E below for additional information. Based on their review of the overall fee arrangements of the applicable Fund, the Trustees determined that the advisory fees and expenses of the respective Fund were reasonable.

D. ECONOMIES OF SCALE AND WHETHER FEE LEVELS REFLECT THESE ECONOMIES OF SCALE

With respect to economies of scale, the Trustees recognized the potential benefits resulting from the costs of a Fund being spread over a larger asset base. To help ensure the shareholders share in these benefits, the Trustees have reviewed and considered the breakpoints in the advisory fee schedules that reduce advisory fees. In addition to advisory fee breakpoints, the Board also approved in 2004 a complex-wide fee arrangement. Pursuant to the complex-wide fee arrangement, the fees of the funds in the Nuveen complex, including the Funds, are reduced as the assets in the fund complex reach certain levels. In evaluating the complex-wide fee arrangement, the Trustees noted that the last breakpoint for the complex-wide fee schedule is at the \$91 billion level and anticipate further review and/or negotiations prior to the assets of the Nuveen complex reaching such threshold. Based on their review, the Trustees concluded that the breakpoint schedule and complex-wide fee arrangement currently was acceptable and desirable in providing benefits from economies of scale to shareholders subject to further evaluation of the complex-wide fee schedule as assets in the complex increase.

E. INDIRECT BENEFITS

In evaluating fees, the Trustees also considered any indirect benefits or profits the Fund Adviser or its affiliates may receive as a result of its relationship with each Fund. With respect to closed-end funds, the Trustees considered revenues received by affiliates of NAM for serving as agent at Nuveen's preferred trading desk and for serving as a co-manager in the initial public offering of new closed-end exchange traded funds.

In addition to the above, the Trustees considered whether the Fund Adviser received any benefits from soft dollar arrangements whereby a portion of the commissions paid by a Fund for brokerage may be used to acquire research that may be useful to the Fund Adviser in managing the assets of the Fund and other clients. With respect to NAM, the Trustees noted that NAM does not currently have any soft dollar arrangements; however, to the extent certain bona fide agency transactions that occur on markets that traditionally trade on a principal basis and riskless principal transactions are considered as generating "commissions," NAM intends to comply with the applicable safe harbor provisions.

F. OTHER CONSIDERATIONS

The Trustees did not identify any single factor discussed previously as all-important or controlling. The Trustees, including the independent Trustees,

unanimously concluded that the terms of the NAM Investment Management Agreements are fair and reasonable, that the Fund Adviser's fees are reasonable in light of the services provided to each Fund and that the renewal of the NAM Investment Management Agreements should be approved.

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Reinvest Automatically
EASILY and CONVENIENTLY

Nuveen makes reinvesting easy. A phone call is all it takes to set up your reinvestment account.

NUVEEN CLOSED-END FUNDS DIVIDEND REINVESTMENT PLAN

Your Nuveen Closed-End Fund allows you to conveniently reinvest dividends and/or capital gains distributions in additional Fund shares.

By choosing to reinvest, you'll be able to invest money regularly and automatically, and watch your investment grow through the power of tax-free compounding. Just like dividends or distributions in cash, there may be times when income or capital gains taxes may be payable on dividends or distributions that are reinvested.

It is important to note that an automatic reinvestment plan does not ensure a profit, nor does it protect you against loss in a declining market.

EASY AND CONVENIENT

To make recordkeeping easy and convenient, each month you'll receive a statement showing your total dividends and distributions, the date of investment, the shares acquired and the price per share, and the total number of shares you own.

HOW SHARES ARE PURCHASED

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the greater of the net asset value or 95% of the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. If the Plan Agent begins purchasing Fund shares on the open market while shares are trading below net asset value, but the Fund's shares subsequently trade at or above their net asset value before the Plan Agent is able to complete its purchases, the Plan Agent may cease open-market purchases and may invest the uninvested portion of the distribution in newly-issued Fund shares at a price equal to the greater of the shares' net asset value or 95% of the shares' market value on the last business day immediately prior to the purchase date. Dividends and distributions received to purchase shares in the open market will normally be invested shortly after the dividend payment date. No interest will be paid on dividends and distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions.

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FLEXIBLE

You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change. Should you withdraw, you can receive a certificate for all whole shares credited to your reinvestment account and cash payment for fractional shares, or cash payment for all reinvestment account shares, less brokerage commissions and a \$2.50 service fee.

You can reinvest whether your shares are registered in your name, or in the name of a brokerage firm, bank, or other nominee. Ask your investment advisor if his or her firm will participate on your behalf. Participants whose shares are registered in the name of one firm may not be able to transfer the shares to another firm and continue to participate in the Plan.

The Fund reserves the right to amend or terminate the Plan at any time. Although the Fund reserves the right to amend the Plan to include a service charge payable by the participants, there is no direct service charge to participants in the Plan at this time.

CALL TODAY TO START REINVESTING DIVIDENDS AND/OR DISTRIBUTIONS

For more information on the Nuveen Automatic Reinvestment Plan or to enroll in or withdraw from the Plan, speak with your financial advisor or call us at (800) 257-8787.

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Other Useful INFORMATION

QUARTERLY PORTFOLIO OF INVESTMENTS AND PROXY VOTING INFORMATION

Each Fund's (i) quarterly portfolio of investments, (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the 12-month period ended June 30, 2006, and (iii) a description of the policies and procedures that the Funds used to determine how to vote proxies relating to portfolio securities are available without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at www.nuveen.com.

You may also obtain this and other Fund information directly from the Securities and Exchange Commission ("SEC"). The SEC may charge a copying fee for this information. Visit the SEC on-line at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, D.C. Call the SEC at 1-202-942-8090 for room hours and operation. You may also request Fund information by sending an e-mail request to publicinfo@sec.gov or by writing to the SEC's Public References Section at 450 Fifth Street NW, Washington, D.C. 20549.

CEO CERTIFICATION DISCLOSURE

For Funds listed on the New York Stock Exchange, each Fund's Chief Executive Officer has submitted to the Exchange the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

Each Fund has filed with the Securities and Exchange Commission the certification of its Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act.

INVESTMENT POLICY CHANGE

In February 2007, the Board of Trustees voted to remove investment policy restrictions that limited the territorial bond holdings of these Funds to a maximum of 10 percent of net assets. This change will give the Funds' portfolio managers greater flexibility to achieve its investment objectives.

GLOSSARY OF TERMS USED IN THIS REPORT

- o Average Annual Total Return: This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return that would have been necessary each year to equal the investment's actual cumulative performance (including change in NAV or market price and reinvested dividends and capital gains distributions, if any) over the time period being considered.
- o Average Effective Maturity: The average of the number of years to maturity of the bonds in a Fund's portfolio, computed by weighting each bond's time to maturity (the date the security comes due) by the market value of the security. This figure does not account for the likelihood of prepayments or the exercise of call provisions unless an escrow account has been established to redeem the bond before maturity. The market value weighting for an investment in an inverse floating rate security is the value of the portfolio's residual interest in the inverse floating rate trust, and does not include the value of the floating rate securities issued by the trust.
- o Inverse Floaters: Inverse floating rate securities are created by depositing a municipal bond, typically with a fixed interest rate, into a special purpose trust created by a broker-dealer. This trust, in turn, (a) issues floating rate certificates typically paying short-term tax-exempt interest rates to third parties in amounts equal to some fraction of the deposited bond's par amount or market value, and (b) issues an inverse floating rate certificate (sometimes referred to as an "inverse floater") to an investor (such as a Fund) interested in gaining investment exposure to a long-term municipal bond. The income received by the holder of the inverse floater varies inversely with the short-term rate paid to the floating rate certificates' holders, and in most circumstances the holder of the inverse floater bears substantially all of the underlying bond's downside investment risk. The holder of the inverse floater typically also benefits disproportionately from any potential appreciation of the underlying bond's value. Hence, an inverse floater essentially represents an investment in the underlying bond on a leveraged basis.
- o Leverage-Adjusted Duration: Duration is a measure of the expected period over which a bond's principal and interest will be paid, and consequently is a measure of the sensitivity of a bond's or bond Fund's value to changes when market interest rates change. Generally, the longer a bond's or Fund's duration, the more the price of the bond or Fund will change as interest rates change. Leverage-adjusted duration takes into account the leveraging process for a Fund and therefore is longer than the duration of the Fund's portfolio of bonds.
- o Market Yield (also known as Dividend Yield or Current Yield): An investment's current annualized dividend divided by its current market price.
- o Net Asset Value (NAV): A Fund's common share NAV per share is calculated by subtracting the liabilities of the Fund (including any MuniPreferred shares issued in order to leverage the Fund) from its total assets and then dividing the remainder by the number of shares outstanding. Fund NAVs are calculated at the end of each business day.

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- o Taxable-Equivalent Yield: The yield necessary from a fully taxable investment to equal, on an after-tax basis, the yield of a municipal bond investment.

BOARD OF TRUSTEES

Robert P. Bremner
Jack B. Evans
William C. Hunter
David J. Kundert
William J. Schneider
Timothy R. Schwertfeger
Judith M. Stockdale
Carol E. Stone
Eugene S. Sunshine

FUND MANAGER

Nuveen Asset Management
333 West Wacker Drive
Chicago, IL 60606

CUSTODIAN

State Street Bank & Trust Company
Boston, MA

TRANSFER AGENT AND SHAREHOLDER SERVICES

State Street Bank & Trust Company
Nuveen Funds
P.O. Box 43071
Providence, RI 02940-3071
(800) 257-8787

LEGAL COUNSEL

Chapman and Cutler LLP
Chicago, IL

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP
Chicago, IL

Each Fund intends to repurchase shares of its own common or preferred stock in the future at such times and in such amounts as is deemed advisable. No shares were repurchased during the period covered by this report. Any future repurchases will be reported to shareholders in the next annual or semiannual report.

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Nuveen Investments:

SERVING INVESTORS FOR GENERATIONS

Since 1898, financial advisors and their clients have relied on Nuveen Investments to provide dependable investment solutions. For the past century, Nuveen Investments has adhered to the belief that the best approach to investing is to apply conservative risk-management principles to help minimize volatility.

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Building on this tradition, we today offer a range of high quality equity and fixed-income solutions that are integral to a well-diversified core portfolio. Our clients have come to appreciate this diversity, as well as our continued adherence to proven, long-term investing principles.

WE OFFER MANY DIFFERENT INVESTING SOLUTIONS FOR OUR CLIENTS' DIFFERENT NEEDS.

Managing \$166 billion in assets, as of March 31, 2007, Nuveen Investments offers access to a number of different asset classes and investing solutions through a variety of products. Nuveen Investments markets its capabilities under six distinct brands: NWQ, specializing in value-style equities; Nuveen, managing fixed-income investments; Santa Barbara, committed to growth equities; Tradewinds, specializing in global value equities; Rittenhouse, focused on "blue-chip" growth equities; and Symphony, with expertise in alternative investments as well as equity and income portfolios.

FIND OUT HOW WE CAN HELP YOU REACH YOUR FINANCIAL GOALS.

To learn more about the products and services Nuveen Investments offers, talk to your financial advisor, or call us at (800) 257-8787. Please read the information provided carefully before you invest. Be sure to obtain a prospectus, where applicable. Investors should consider the investment objective and policies, risk considerations, charges and expenses of the Fund carefully before investing. The prospectus contains this and other information relevant to an investment in the Fund. For a prospectus, please contact your securities representative or NUVEEN INVESTMENTS, 333 W. WACKER DR., CHICAGO, IL 60606. Please read the prospectus carefully before you invest or send money.

Learn more about Nuveen Funds at: WWW.NUVEEN.COM/ETF

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FUND DETAILS
DAILY FINANCIAL NEWS
INVESTOR EDUCATION
INTERACTIVE PLANNING TOOLS

EAN-C-0507D

ITEM 2. CODE OF ETHICS.

As of the end of the period covered by this report, the registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. There were no amendments to or waivers from the Code during the period covered by this report. The registrant has posted the code of ethics on its website at www.nuveen.com/etf. (To view the code, click on the Investor Resources drop down menu box, click on Fund Governance and then click on Code of Conduct.)

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's Board of Directors or Trustees determined that the registrant has at least one "audit committee financial expert" (as defined in Item 3 of Form N-CSR) serving on its Audit Committee. The registrant's audit committee financial expert is Jack B. Evans, Chairman of the Audit Committee, who is "independent" for purposes of Item 3 of Form N-CSR.

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Mr. Evans was formerly President and Chief Operating Officer of SCI Financial Group, Inc., a full service registered broker-dealer and registered investment adviser ("SCI"). As part of his role as President and Chief Operating Officer, Mr. Evans actively supervised the Chief Financial Officer (the "CFO") and actively supervised the CFO's preparation of financial statements and other filings with various regulatory authorities. In such capacity, Mr. Evans was actively involved in the preparation of SCI's financial statements and the resolution of issues raised in connection therewith. Mr. Evans has also served on the audit committee of various reporting companies. At such companies, Mr. Evans was involved in the oversight of audits, audit plans, and the preparation of financial statements. Mr. Evans also formerly chaired the audit committee of the Federal Reserve Bank of Chicago.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Nuveen Georgia Dividend Advantage Municipal Fund 2

The following tables show the amount of fees that Ernst & Young LLP, the Fund's auditor, billed to the Fund during the Fund's last two full fiscal years. For engagements with Ernst & Young LLP the Audit Committee approved in advance all audit services and non-audit services that Ernst & Young LLP provided to the Fund, except for those non-audit services that were subject to the pre-approval exception under Rule 2-01 of Regulation S-X (the "pre-approval exception"). The pre-approval exception for services provided directly to the Fund waives the pre-approval requirement for services other than audit, review or attest services if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid by the Fund to its accountant during the fiscal year in which the services are provided; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the audit is completed.

The Audit Committee has delegated certain pre-approval responsibilities to its Chairman (or, in his absence, any other member of the Audit Committee).

SERVICES THAT THE FUND'S AUDITOR BILLED TO THE FUND

| FISCAL YEAR ENDED | AUDIT FEES BILLED TO FUND (1) | AUDIT-RELATED FEES BILLED TO FUND (2) | TAX FEES BILLED TO FUND (3) |
|---|----------------------------------|--|--------------------------------|
| May 31, 2007 | \$ 8,973 | \$ 0 | \$ 0 |
| Percentage approved pursuant to pre-approval exception | 0% | 0% | 0% |
| May 31, 2006 | \$ 8,495 | \$ 0 | \$504 |
| Percentage approved pursuant to pre-approval exception | 0% | 0% | 0% |

(1) "Audit Fees" are the aggregate fees billed for professional services for the audit of the Fund's annual financial statements and services provided

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in connection with statutory and regulatory filings or engagements.

- (2) "Audit Related Fees" are the aggregate fees billed for assurance and related services reasonably related to the performance of the audit or review of financial statements and are not reported under "Audit Fees".
- (3) "Tax Fees" are the aggregate fees billed for professional services for tax advice, tax compliance, and tax planning.
- (4) "All Other Fees" are the aggregate fees billed for products and services other than "Audit Fees", "Audit Related Fees", and "Tax Fees".

SERVICES THAT THE FUND'S AUDITOR BILLED TO THE
ADVISER AND AFFILIATED FUND SERVICE PROVIDERS

The following tables show the amount of fees billed by Ernst & Young LLP to Nuveen Asset Management ("NAM" or the "Adviser"), and any entity controlling, controlled by or under common control with NAM ("Control Affiliate") that provides ongoing services to the Fund ("Affiliated Fund Service Provider"), for engagements directly related to the Fund's operations and financial reporting, during the Fund's last two full fiscal years.

The tables also show the percentage of fees subject to the pre-approval exception. The pre-approval exception for services provided to the Adviser and any Affiliated Fund Service Provider (other than audit, review or attest services) waives the pre-approval requirement if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid to Ernst & Young LLP by the Fund, the Adviser and Affiliated Fund Service Providers during the fiscal year in which the services are provided that would have to be pre-approved by the Audit Committee; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the Fund's audit is completed.

| FISCAL YEAR ENDED | AUDIT-RELATED FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS | TAX FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS (1) | ALL OTHER BILLED TO AND AFFILIATED SERVICE PROVIDERS |
|--|---|---|---|
| May 31, 2007 | \$ 0 | \$ 0 | \$ 0 |
| Percentage approved pursuant to pre-approval exception | 0% | 0% | 0% |
| May 31, 2006 | \$ 0 | \$ 2,400 | \$ 0 |
| Percentage approved pursuant to pre-approval exception | 0% | 0% | 0% |

(1) The amounts reported for the Fund under the column heading "Tax Fees" represents amounts billed to the Adviser exclusively for the preparation

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for the Fund's tax return, the cost of which is borne by the Adviser. In the aggregate, for all Nuveen funds for which Ernst & Young LLP serves as independent registered public accounting firm, these fees amounted to \$161,400 in 2006. Beginning with fund fiscal years ending August 31, 2006, Ernst & Young LLP will no longer prepare the fund tax returns.

NON-AUDIT SERVICES

The following table shows the amount of fees that Ernst & Young LLP billed during the Fund's last two full fiscal years for non-audit services. The Audit Committee is required to pre-approve non-audit services that Ernst & Young LLP provides to the Adviser and any Affiliated Fund Services Provider, if the engagement related directly to the Fund's operations and financial reporting (except for those subject to the de minimis exception described above). The Audit Committee requested and received information from Ernst & Young LLP about any non-audit services that Ernst & Young LLP rendered during the Fund's last fiscal year to the Adviser and any Affiliated Fund Service Provider. The Committee considered this information in evaluating Ernst & Young LLP's independence.

| FISCAL YEAR ENDED | TOTAL NON-AUDIT FEES BILLED TO FUND | TOTAL NON-AUDIT FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS (ENGAGEMENTS RELATED DIRECTLY TO THE OPERATIONS AND FINANCIAL REPORTING OF THE FUND) | TOTAL BILL AFFIL PROV |
|-------------------|--|---|--------------------------------|
| May 31, 2007 | \$ 2,250 | \$ 0 | |
| May 31, 2006 | \$ 3,354 | \$ 2,400 | |

"Non-Audit Fees billed to Adviser" for both fiscal year ends represent "Tax Fees" billed to Adviser in their respective amounts from the previous table.

Audit Committee Pre-Approval Policies and Procedures. Generally, the Audit Committee must approve (i) all non-audit services to be performed for the Fund by the Fund's independent accountants and (ii) all audit and non-audit services to be performed by the Fund's independent accountants for the Affiliated Fund Service Providers with respect to operations and financial reporting of the Fund. Regarding tax and research projects conducted by the independent accountants for the Fund and Affiliated Fund Service Providers (with respect to operations and financial reports of the Fund) such engagements will be (i) pre-approved by the Audit Committee if they are expected to be for amounts greater than \$10,000; (ii) reported to the Audit Committee chairman for his verbal approval prior to engagement if they are expected to be for amounts under \$10,000 but greater than \$5,000; and (iii) reported to the Audit Committee at the next Audit Committee meeting if they are expected to be for an amount under \$5,000.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant's Board of Directors or Trustees has a separately designated Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78c(a)(58)(A)). The members of the audit committee are Robert P. Bremner, Jack B. Evans, William J. Schneider, Eugene S. Sunshine and David J. Kundert.

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ITEM 6. SCHEDULE OF INVESTMENTS.

See Portfolio of Investments in Item 1.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The registrant invests its assets primarily in municipal bonds and cash management securities. On rare occasions the registrant may acquire, directly or through a special purpose vehicle, equity securities of a municipal bond issuer whose bonds the registrant already owns when such bonds have deteriorated or are expected shortly to deteriorate significantly in credit quality. The purpose of acquiring equity securities generally will be to acquire control of the municipal bond issuer and to seek to prevent the credit deterioration or facilitate the liquidation or other workout of the distressed issuer's credit problem. In the course of exercising control of a distressed municipal issuer, NAM may pursue the registrant's interests in a variety of ways, which may entail negotiating and executing consents, agreements and other arrangements, and otherwise influencing the management of the issuer. NAM does not consider such activities proxy voting for purposes of Rule 206(4)-6 under the 1940 Act, but nevertheless provides reports to the registrant's Board of Trustees on its control activities on a quarterly basis.

In the rare event that a municipal issuer were to issue a proxy or that the registrant were to receive a proxy issued by a cash management security, NAM would either engage an independent third party to determine how the proxy should be voted or vote the proxy with the consent, or based on the instructions, of the registrant's Board of Trustees or its representative. A member of NAM's legal department would oversee the administration of the voting, and ensure that records were maintained in accordance with Rule 206(4)-6, reports were filed with the SEC on Form N-PX, and the results provided to the registrant's Board of Trustees and made available to shareholders as required by applicable rules.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

THE PORTFOLIO MANAGER

The following individual has primary responsibility for the day-to-day implementation of the registrant's investment strategies:

| NAME | FUND |
|-----------------|--|
| Daniel J. Close | Nuveen Georgia Dividend Advantage Municipal Fund 2 |

Other Accounts Managed. In addition to managing the registrant, the portfolio manager is also primarily responsible for the day-to-day portfolio management of the following accounts:

| PORTFOLIO MANAGER | TYPE OF ACCOUNT MANAGED | NUM AC |
|-------------------|----------------------------|-----------|
| ----- | | |

Daniel J. Close

Registered Investment Company
Other Pooled Investment Vehicles
Other Accounts

- * Assets are as of May 31, 2007. None of the assets in these accounts are subject to an advisory fee based on performance.

Compensation. Each portfolio manager's compensation consists of three basic elements--base salary, cash bonus and long-term incentive compensation. The compensation strategy is to annually compare overall compensation, including these three elements, to the market in order to create a compensation structure that is competitive and consistent with similar financial services companies. As discussed below, several factors are considered in determining each portfolio manager's total compensation. In any year these factors may include, among others, the effectiveness of the investment strategies recommended by the portfolio manager's investment team, the investment performance of the accounts managed by the portfolio manager, and the overall performance of Nuveen Investments, Inc. (the parent company of NAM). Although investment performance is a factor in determining the portfolio manager's compensation, it is not necessarily a decisive factor. The portfolio manager's performance is evaluated in part by comparing manager's performance against a specified investment benchmark. This fund-specific benchmark is a customized subset (limited to bonds in each Fund's specific state and with certain maturity parameters) of the S&P/Investortools Municipal Bond index, an index comprised of bonds held by managed municipal bond fund customers of Standard & Poor's Securities Pricing, Inc. that are priced daily and whose fund holdings aggregate at least \$2 million. As of April 30, 2007, the S&P/Investortools Municipal Bond index was comprised of 50,300 securities with an aggregate current market value of \$ 985.260 billion.

Base salary. Each portfolio manager is paid a base salary that is set at a level determined by NAM in accordance with its overall compensation strategy discussed above. NAM is not under any current contractual obligation to increase a portfolio manager's base salary.

Cash bonus. Each portfolio manager is also eligible to receive an annual cash bonus. The level of this bonus is based upon evaluations and determinations made by each portfolio manager's supervisors, along with reviews submitted by his peers. These reviews and evaluations often take into account a number of factors, including the effectiveness of the investment strategies recommended to the NAM's investment team, the performance of the accounts for which he/she serves as portfolio manager relative to any benchmarks established for those accounts, his/her effectiveness in communicating investment performance to stockholders and their representatives, and his/her contribution to the NAM investment process and to the execution of investment strategies. The cash bonus component is also impacted by the overall performance of Nuveen Investments, Inc. in achieving its business objectives.

Long-term incentive compensation. Each portfolio manager is eligible to receive bonus compensation in the form of equity-based awards issued in securities issued by Nuveen Investments, Inc. The amount of such compensation is dependent upon the same factors articulated for cash bonus awards but also factors in his long-term potential with the firm.

Material Conflicts of Interest. Each portfolio manager's simultaneous management of the registrant and the other accounts noted above may present actual or apparent conflicts of interest with respect to the allocation and aggregation of securities orders placed on behalf of the Registrant and the other account. NAM, however, believes that such potential conflicts are mitigated by the fact that the NAM has adopted several policies that address

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potential conflicts of interest, including best execution and trade allocation policies that are designed to ensure (1) that portfolio management is seeking the best price for portfolio securities under the circumstances, (2) fair and equitable allocation of investment opportunities among accounts over time and (3) compliance with applicable regulatory requirements. All accounts are to be treated in a non-preferential manner, such that allocations are not based upon account performance, fee structure or preference of the portfolio manager, although the allocation procedures may provide allocation preferences to funds with special characteristics (such as favoring state funds versus national funds for allocations of in-state bonds). In addition, NAM has adopted a Code of Conduct that sets forth policies regarding conflicts of interest.

Beneficial Ownership of Securities. As of the May 31, 2007, the portfolio manager beneficially owned the following dollar range of equity securities issued by the Registrant and other Nuveen Funds managed by NAM's municipal investment team.

| NAME OF PORTFOLIO MANAGER | FUND | DOLLAR RANGE OF EQUITY SECURITIES BENEFICIALLY OWNED IN FUND |
|------------------------------|--|--|
| Daniel J. Close | Nuveen Georgia Dividend Advantage Municipal Fund 2 | \$ 0 |

PORTFOLIO MANAGER BIO:

Daniel J. Close, CFA, Assistant Vice President, Nuveen Asset Management. Mr. Close joined Nuveen Investments in 2000 as a member of Nuveen's product management and development team, where he was responsible for the oversight and development of Nuveen's mutual fund product line. He then served as a research analyst for Nuveen's municipal investing team, covering corporate-backed, energy, transportation and utility credits. He received his BS in Business from Miami University, and his MBA from Northwestern University's Kellogg School of Management.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrants Board implemented after the registrant last provided disclosure in response to this item.

ITEM 11. CONTROLS AND PROCEDURES.

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- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

File the exhibits listed below as part of this Form. Letter or number the exhibits in the sequence indicated.

(a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable because the code is posted on registrant's website at www.nuveen.com/etf and there were no amendments during the period covered by this report. (To view the code, click on the Investor Resources drop down menu box, click on Fund Governance and then Code of Conduct.)

(a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)) in the exact form set forth below: Ex-99.CERT Attached hereto.

(a)(3) Any written solicitation to purchase securities under Rule 23c-1 under the 1940 Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons. Not applicable.

(b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the 1940 Act (17 CFR 270.30a-2(b)); Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed "filed" for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference. Ex-99.906 CERT attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

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(Registrant) Nuveen Georgia Dividend Advantage Municipal Fund 2

By (Signature and Title)* /s/ Kevin J. McCarthy

Kevin J. McCarthy
Vice President and Secretary

Date: August 8, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)* /s/ Gifford R. Zimmerman

Gifford R. Zimmerman
Chief Administrative Officer
(principal executive officer)

Date: August 8, 2007

By (Signature and Title)* /s/ Stephen D. Foy

Stephen D. Foy
Vice President and Controller
(principal financial officer)

Date: August 8, 2007

* Print the name and title of each signing officer under his or her signature.