

NUVEEN GEORGIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2  
Form N-CSR  
August 08, 2005

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  
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Nuveen Georgia Dividend Advantage Municipal Fund 2  
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(Exact name of registrant as specified in charter)

Nuveen Investments  
333 West Wacker Drive  
Chicago, IL 60606  
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(Address of principal executive offices) (Zip code)

Jessica R. Droeger  
Nuveen Investments  
333 West Wacker Drive  
Chicago, IL 60606  
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(Name and address of agent for service)

Registrant's telephone number, including area code: (312) 917-7700  
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Date of fiscal year end: May 31  
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Date of reporting period: May 31, 2005  
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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, 2005

Nuveen Investments  
Municipal Closed-End  
Exchange-Traded  
Funds

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

Photo of: Man, woman and child at the beach.  
Photo of: A child.

DEPENDABLE,  
TAX-FREE INCOME BECAUSE  
IT'S NOT WHAT YOU EARN,  
IT'S WHAT YOU KEEP. (R)

Logo: NUVEEN Investments

Photo of: Woman  
Photo of: Man and child  
Photo of: Woman

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and statements from your financial  
advisor or brokerage account.

OR

WWW.NUVEEN.COM/ACCOUNTACCESS

if you get your Nuveen Fund dividends  
and statements directly from Nuveen.

(Be sure to have the address sheet that accompanied this report handy. You'll  
need it to complete the enrollment process.)

Logo: NUVEEN Investments

Photo of: Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

Chairman's

LETTER TO SHAREHOLDERS

Once again, I am pleased to report that over the 12-month period covered by this  
report your Fund continued to provide you with monthly tax-free income and an  
attractive total return. For more details about the management strategy and  
performance of your Fund, please see the Portfolio Manager's Comments and  
Performance Overview sections of this report.

As I noted in my last letter to you, many market observers are wondering whether  
longer-term interest rates will soon begin to rise substantially, mirroring the  
rise that has taken place over the past year in shorter-term rates. If  
longer-term rates do begin to rise significantly, some have suggested that this  
would be a signal to begin adjusting your holdings of fixed-income investments.

Nobody knows what the market will do in the future. But from our experience, we  
do know that a well-balanced portfolio, structured and carefully monitored with  
the help of a trusted investment professional, can be an important component in  
helping you achieve your long-term financial goals. In fact, a well-diversified  
portfolio may actually help to reduce your overall

"IN FACT, A WELL-DIVERSIFIED PORTFOLIO MAY ACTUALLY HELP TO  
REDUCE YOUR OVERALL INVESTMENT RISK OVER THE LONG TERM."

investment risk over the long term. That is one reason why we believe that a  
municipal bond investment like your Nuveen Fund can be an important building  
block in a comprehensive investment program designed to perform well in a  
variety of market conditions.

As in past reports, I urge you to consider receiving future Fund reports and  
other Fund information by e-mail and the Internet. Not only will you be able to  
receive the information faster, but this also may help lower your Fund's

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expenses. Sign up is quick and easy - see the inside front cover of this report for instructions.

You may have heard that in April, 2005, The St. Paul Travelers Companies, Inc., which owned 79% of Nuveen Investments, Inc. (the parent of your Fund's investment adviser) completed a public offering of a substantial portion of its equity stake in Nuveen. At the same time, St. Paul Travelers also entered into agreements to sell the balance of its shares in Nuveen to us or to others at a future date.

These transactions had, and will have, no impact on the investment objectives or management of your Fund. However, taken as a whole they are considered to be an "assignment" of your Fund's investment management agreement. This means that you and your fellow Fund shareholders will be asked to formally approve the continuation of your Fund's management contract with Nuveen. We recently sent you more information about this process. Be sure to read the information carefully and return your completed proxy form by the date indicated.

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. 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.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

July 15, 2005

Nuveen Investments Georgia and North Carolina Municipal Closed-End  
Exchange-Traded Funds  
(NPG, NZX, NKG, NNC, NRB, NNO, NII)

Portfolio Manager's  
COMMENTS

Portfolio manager Cathryn Steeves reviews the economic and municipal market environments, key investment strategies and the annual performance of these Funds. Cathryn, who joined Nuveen in 1996, has managed the North Carolina Funds since February 2004 and the Georgia Funds since August 2004.

WHAT FACTORS AFFECTED THE U.S. ECONOMY AND MUNICIPAL MARKET DURING THE 12-MONTH PERIOD ENDED MAY 31, 2005?

During this 12-month reporting period, the Federal Reserve implemented eight separate one-quarter-point increases in the fed funds rate. These increases, which were intended to help control economic growth and head off an increase in the rate of inflation, raised this short-term target rate to 3.00% from 1.00%. (On June 30, 2005, after the close of this reporting period, the fed funds rate was raised another quarter point to 3.25%.) As the Fed raised short-term rates, many market observers expected to see longer-term interest rates increase as well. However, yields on longer-term municipal bonds (as measured by the widely-followed Bond Buyer 25 Revenue Bond Index) actually declined by 61 basis points during this reporting period. This resulted in a flattening of the

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municipal market yield curve over the 12-month period.

The Fed's actions during this period seem to have helped the U.S. maintain a fairly steady economic expansion. After growing at an annualized rate of 3.3% in the second quarter of 2004, the U.S. gross domestic product (GDP) grew by 4.0% in the third quarter of 2004 and by 3.8% in both the fourth quarter of 2004 and the first quarter of 2005. The year-over-year increase in the Consumer Price Index (CPI) as of May 31, 2005, was a modest 2.8%, while unemployment in May 2005 dropped to 5.1% nationally, down from 5.6% in May 2004.

### HOW ABOUT ECONOMIC AND MARKET CONDITIONS IN GEORGIA AND NORTH CAROLINA?

Although Georgia's economy has become more diversified and less dependent on manufacturing, the state experienced relatively weak job creation over this reporting period following a manufacturing-led decline in recent years. In contrast to the national unemployment numbers, Georgia's jobless rate has trended upward over the 12-month period, reaching 5.2% in May 2005 compared with 4.6% in May 2004. Longer-term, we believe that Georgia's location, mild climate and business-friendly environment should help to support future economic growth in the state. As of May 31, 2005, Georgia's

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general obligation debt carried AAA ratings from Moody's, Standard & Poor's and Fitch. For the 12-month period ended May 31, 2005, Georgia issuers offered \$8.7 billion in new municipal debt, an increase of 32.5% over the previous 12-month period.

Following a slowdown in the fourth quarter of 2004, North Carolina's economy began to pick up steam in 2005, with financial services, professional and business activities, and residential and commercial construction serving as major growth drivers. Manufacturing remained the primary drag on the state's economy, as production continued to shift overseas. North Carolina's sizable tobacco industry also was under pressure with the ending of a decades-old subsidy program. However, we believe that future economic growth will be fueled by the state's expanding high-tech manufacturing and life sciences activity centers, with both expected to attract research investment over the long term. As of May 2005, the state's unemployment rate had declined to 5.1% from 5.6% in May 2004. As of May 31, 2005, North Carolina's debt was rated Aa1/AAA/AAA by Moody's, S&P, and Fitch, respectively. In September 2004, Moody's revised its outlook for the state to positive from stable, reflecting North Carolina's strong executive management and stabilizing economy. For the 12-month reporting period ended May 31, 2005, North Carolina issuers offered \$7.5 billion in new municipal debt, up 7% over the previous 12-month period.

### WHAT KEY STRATEGIES WERE USED TO MANAGE THE GEORGIA AND NORTH CAROLINA FUNDS DURING THE 12 MONTHS ENDED MAY 31, 2005?

With many market participants anticipating higher interest rates throughout this reporting period, our focus continued to be on finding bonds that we believed would add immediate value to the Funds' portfolios while also offering the potential to perform well under a variety of future market scenarios.

Overall, our purchase activity emphasized bonds in the intermediate part of the yield curve - bonds that mature in 15 to 25 years. In these two states, we believed that this part of the yield curve generally offered more attractive opportunities and the best values during this period. We also placed an emphasis

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on purchasing premium bonds, which are bonds that at the time of purchase were trading above their par values because their coupons were higher than current interest rate levels. These bonds have been in great demand recently, since historically they have held their value better than current coupon bonds when interest rates rise.

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Among the additions to all three of the Georgia Funds during this period were bonds issued for Coffee County Regional Medical Center. These provide an example of the type of hospital bonds we believed had the potential to add value to the Funds. These bonds, which were issued for the construction of a replacement facility for a sole community provider with an established patient base, were advance refunded and secured with U.S. Treasury bonds following our purchase, resulting in price appreciation. As another example, we added non-rated bonds issued for a continuing care retirement facility to the portfolios of NRB, NNO and NII during this period. These bonds offered very attractive yields and contributed to the overall diversification of these Funds.

Some of the additions to the Georgia and North Carolina Funds during this 12-month period were financed with the proceeds from sales of older pre-refunded bonds and bonds with shorter maturities. For example, in NPG and NZX we reduced our exposure to housing bonds by selling some higher-coupon issues which were due to be called.

As discussed in our last shareholder report, in late 2004 we began using forward interest rate swaps, a type of derivative financial instrument, in an attempt to reduce some of the interest rate risk in NZX, NKG, NRB, NNO and NII. It is important to note that we did not use these hedges in an attempt to profit from correctly predicting the timing and direction of interest rate movements. Instead, our sole objective was to reduce these Funds' durations (and therefore their price sensitivity to interest rate changes) without having a negative impact on their income streams or common share dividends over the short term. The gain or loss from each Fund's hedging activity is reflected as an addition or subtraction to the Fund's net asset value (NAV) as the market value of each hedge fluctuates. The hedges were effective in helping to reduce the NAV volatility of these Funds over the course of this reporting period. However, they did have negative impacts on each Fund's total return for the period because declining long-term interest rates caused the value of the hedges to decline as the value of each Fund's portfolio rose.

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### HOW DID THE FUNDS PERFORM?

Individual results for these Funds, as well as for comparative indexes and averages, are presented in the accompanying table.

TOTAL RETURNS ON NET ASSET VALUE\*  
For periods ended 5/31/05

GEORGIA FUNDS	1-YEAR	5-YEAR	10-YEAR
NPG	11.88%	9.78%	7.31%
NZX	12.10%	NA	NA

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NKG	12.61%	NA	NA
NORTH CAROLINA FUNDS			
NNC	10.52%	9.86%	7.35%
NRB	11.53%	NA	NA
NNO	11.56%	NA	NA
NII	12.39%	NA	NA
Lehman Brothers Municipal Bond Index <sup>1</sup>	7.96%	7.30%	6.22%
Lipper Other States Municipal Debt Funds Average <sup>2</sup>	12.61%	9.88%	7.10%

\* Annualized

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.

For the 12 months ended May 31, 2005, the total returns on NAV for all seven of these Funds outperformed the return on the Lehman Brothers Municipal Bond Index. NKG matched the average return for the Lipper Other States peer group, while the other Funds trailed this measure. Please keep in mind that the Lipper Other States average represents the overall average of returns for funds from 10 different states displaying a variety of economic and municipal market conditions. We believe that makes direct comparisons between the returns of specific state funds with a multi-state group average less meaningful.

One of the primary factors benefiting the 12-month performance of these Funds relative to that of the unleveraged, unmanaged Lehman Brothers index was the Funds' use of financial leverage. While leveraging can add volatility to a Fund's NAV and share price, especially during periods when interest rates rise, this strategy also can provide

- 1 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.
- 2 The Lipper Other States Municipal Debt Funds category average is calculated using the returns of all closed-end exchange-traded funds in this category for each period as follows: 1 year, 44 funds; 5 years, 19 funds; and 10 years, 17 funds. Fund and Lipper returns assume reinvestment of dividends.

opportunities for additional income and total return for common shareholders when short-term interest rates remain relatively low and long-term rates fall.

As noted earlier, over most of this reporting period, longer-term rates tended to fall while shorter-term interest rates rose. As a result, the prices of bonds with longer maturities generally performed better than those of securities with shorter maturities. This benefited the total returns of NKG and NII in particular, since these Funds had more exposure to the longer end of the yield curve than the other Funds included in this report. Conversely, this market trend constrained the performance of NNC, which had relatively more exposure to the short end of the curve. Much of the performance differential between these seven Funds over this period was the result of this relative yield curve positioning.

All of the Funds in this report benefited during this 12-month period from their allocations to non-rated bonds, or to bonds rated BBB or lower. These bonds generally outperformed higher rated securities as the economy improved. However, the municipal markets in Georgia and North Carolina did not provide many opportunities to add to our lower-rated holdings over this period. As a result, the weightings of BBB rated bonds in the Georgia Funds remained stable or rose modestly. Among the North Carolina Funds, the BBB allocations remained relatively stable or declined slightly during this period.

Among the sectors making positive contributions to the Funds' 12-month returns were healthcare, airlines and industrial development revenue bonds. In addition, bonds backed by the 1998 master tobacco settlement agreement also produced solid performance during this reporting period, as the litigation environment improved and the supply/demand situation drove prices higher.

Housing was a sector of the market that tended to underperform relative to the rest of the market during this period, due largely to the increased risk of prepayments and bond calls in the current interest rate environment. NNC held a number of these issues, and although these holdings produced good income for the Fund, their overall performance hurt NNC's total return during this period. NRB and NNO were negatively impacted by their positions in bonds issued by Mecklenburg County for Sycamore Green Apartments, which were called at par after being priced at premiums for much of the period prior to their call.

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NZX and NKG held small positions in DeKalb County bonds issued for General Motors projects, which were downgraded to sub-investment grade in early May 2005 by S&P. This downgrade had a slight negative impact on the performance of these two Funds.

HOW WERE THE FUNDS POSITIONED IN TERMS OF CREDIT QUALITY AND BOND CALLS AS OF MAY 31, 2005?

We continued to believe that, given the current geopolitical and economic climate, maintaining strong credit quality was an important requirement. As of May 31, 2005, all seven of these Funds continued to offer excellent credit quality, with allocations of bonds rated AAA/U.S. guaranteed and AA ranging from 79% in NNC to 82% in NZX, 83% in NPG, 84% in NRB, 87% NNO, 89% in NKG and 93% in NII.

As of May 31, 2005, potential call exposure for the period June 2005 through the end of 2007 ranged from 3% in NZX and NKG to 5% in NNO, 11% in NII, 12% in NRB,



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14% in NPG and 15% in NNC. The number of actual bond calls in all of these Funds depends largely on future market interest rates.

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### Dividend and Share Price INFORMATION

Each of these Funds use leverage to enhance opportunities for additional income for common shareholders. The extent of this benefit is tied in part to the short-term rates the Funds pay their MuniPreferred(R) shareholders. During periods of low short-term rates, leveraged Funds generally pay lower dividends to their MuniPreferred shareholders, which can leave more earnings to support common share dividends. However, when short-term interest rates rise, as they did during this reporting period, the Funds' borrowing costs also rise. While leveraging still provided benefits for common shareholders, the extent of the benefit was reduced. In addition, the decline in interest rates at the longer end of the yield curve during this period impacted the income streams of Funds such as NPG and NNC, which had to reinvest proceeds from called or maturing securities that had been issued when interest rates were higher. The decline in longer-term yields also had an impact on the relatively newer NKG and NII, which had fewer opportunities to build reserves. As a result, NPG, NNC and NII experienced a single dividend cut over the 12-month period ended May 31, 2005, while NKG's dividend was reduced twice. The dividends of NZX, NRB and NNO remained stable during this period.

In addition, due to capital gains generated by normal portfolio activity, common shareholders of the following Funds received capital gains or net ordinary income distributions at the end of December 2004 as follows:

	LONG-TERM CAPITAL GAINS (PER SHARE)	ORDINARY INCOME (PER SHARE)
NPG	--	\$0.0049
NZX	\$0.0083	--
NNO	\$0.0698	--

All of the Funds in this report seek to pay stable monthly dividends at rates that reflect each Fund's past results and projected future performance. During certain periods, each Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds the excess in reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if a Fund has cumulatively paid dividends in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. Each Fund will, over time, pay all of its net investment income as dividends to shareholders. As of May 31, 2005, all of the Funds in this report except NKG and NII had positive UNII balances for both financial statement and tax purposes. Both NKG and NII had negative UNII balances for financial statement purposes and positive UNII balances for tax purposes.

At the end of the reporting period, the Funds' share prices were trading at

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premiums or discounts to their NAVs as shown in the accompanying chart:

	5/31/05 PREMIUM/DISCOUNT	12-MONTH AVERAGE PREMIUM/DISCOUNT
NPG	+9.94%	+7.10%
NZX	+3.86%	+0.04%
NKG	-3.60%	-4.06%
NNC	+13.46%	+9.52%
NRB	+11.58%	+7.04%
NNO	+4.50%	+2.67%
NII	+4.19%	+1.68%

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Nuveen Georgia Premium Income Municipal Fund  
NPG

Performance

OVERVIEW As of May 31, 2005

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

AAA/U.S. Guaranteed	70%
AA	13%
A	10%
BBB	6%
BB or Lower	1%

Bar Chart:

2004-2005 MONTHLY TAX-FREE DIVIDENDS PER SHARE<sup>2</sup>

Jun	0.0755
Jul	0.0755
Aug	0.0755
Sep	0.0755
Oct	0.0755
Nov	0.0755
Dec	0.0755
Jan	0.0755
Feb	0.0755
Mar	0.0725
Apr	0.0725
May	0.0725

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

6/1/04	15.3
	15.44
	15.4
	15.15
	15.12
	15.12
	15.16
	15.26
	15
	14.99
	14.91
	14.72
	14.55
	14.46
	14.44
	14.5
	14.59
	14.59
	14.5
	14.47
	14.6
	14.65
	14.76
	14.9
	14.87
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	16.23
	16.5
	16.5
	16.5
	16.52
5/31/05	16.7

FUND SNAPSHOT

Common Share Price	\$16.70
Common Share Net Asset Value	\$15.19
Premium/(Discount) to NAV	9.94%
Market Yield	5.21%
Taxable-Equivalent Yield1	7.72%
Net Assets Applicable to Common Shares (\$000)	\$57,687
Average Effective Maturity on Securities (Years)	17.93
Leverage-Adjusted Duration	8.02

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

	ON SHARE PRICE	ON NAV
1-Year	15.46%	11.88%
5-Year	12.08%	9.78%
10-Year	9.71%	7.31%

SECTORS

(as a % of total investments)

Healthcare	23.8%
Water and Sewer	16.5%
Tax Obligation/Limited	11.8%
Education and Civic Organizations	10.0%
Utilities	7.3%
Tax Obligation/General	6.7%
Housing/Multifamily	5.5%
Housing/Single Family	4.8%

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U.S. Guaranteed	4.2%
-----	-----
Other	9.4%
-----	-----

- 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 32.5%. When comparing this Fund to investments that generate qualified dividend income, the taxable-equivalent yield is lower.
- 2 The Fund also paid shareholders a net ordinary income distribution in December 2004 of \$0.0049 per share.

11

Nuveen Georgia Dividend Advantage Municipal Fund  
 NZX

## Performance

OVERVIEW As of May 31, 2005

### Pie Chart:

#### CREDIT QUALITY

(as a % of total investments)

AAA/U.S. Guaranteed	74%
AA	8%
A	6%
BBB	12%

### Bar Chart:

#### 2004-2005 MONTHLY TAX-FREE DIVIDENDS PER SHARE<sup>2</sup>

Jun	0.073
Jul	0.073
Aug	0.073
Sep	0.073
Oct	0.073
Nov	0.073
Dec	0.073
Jan	0.073
Feb	0.073
Mar	0.073
Apr	0.073
May	0.073

### Line Chart:

#### SHARE PRICE PERFORMANCE

#### Weekly Closing Price

Past performance is not predictive of future results.

6/1/04	14.15
	14.06
	14.06
	14.12
	14.24
	14.17
	14.17
	14



13.85  
13.64  
13.77  
13.65  
13.53  
13.57  
13.55  
13.71  
13.71  
13.7  
13.49  
13.55  
13.81  
13.84  
13.97  
13.95  
14.02  
14.02  
14.16  
14.25  
14.19  
14.2  
14.35  
14.35  
14.3  
14.35  
14.3  
14.34  
14.05  
14.1  
14.02  
14.04  
14.14  
14.12  
14.12  
14.16  
14.22  
14.32  
14.44  
14.41  
14.3  
14.34  
14.3  
14.36  
14.32  
14.36  
14.41  
14.5  
14.57  
14.78  
14.82  
14.78  
14.96  
14.86  
14.95  
14.96  
14.98  
14.98  
14.99  
14.87  
14.94  
14.98

14.86  
14.7  
14.7  
14.69  
14.7  
14.9  
14.9  
14.95  
14.96  
14.98  
14.9  
14.84  
14.88  
14.99  
14.98  
14.98  
14.89  
14.98  
14.98  
15.04  
14.92  
14.98  
14.97  
15.26  
15  
15.15  
15.3  
15.59  
15.6  
15.55  
15.47  
15.41  
15.25  
15.3  
15.2  
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15.32  
15.51  
15.41  
15.39  
15.45  
15.26  
14.85  
14.77  
15.2  
15.11  
15.33  
15.34  
15.36  
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15.37  
15.25  
15.35  
15.58  
15.58  
15.55  
15.39  
15.29  
15.1  
15.1  
15.14  
15.4

15.6  
15.36  
15.33  
15.35  
15.37  
15.38  
15.45  
15.41  
15.4  
15.66  
15.78  
15.84  
15.84  
15.84  
15.55  
15.41  
15.43  
15.47  
15.53  
15.57  
15.64  
15.85  
15.85  
15.6  
15.75  
15.71  
15.79  
15.91  
15.93  
16.35  
16.5  
16.45  
16.4  
16.5  
16.8  
16.62  
16.53  
16.42  
16.14  
16.13  
16.3  
16.35  
16.35  
16.95  
16.75  
16.94  
16.68  
16.68  
16.52  
16.19  
16.07  
15.86  
15.81  
15.84  
15.83  
15.8  
15.8  
15.85  
15.81  
15.7  
15.48  
15.47

15.37  
15.22  
15.04  
14.75  
14.55  
14.59  
14.66  
14.74  
14.65  
14.66  
14.69  
14.63  
14.66  
14.5  
14.5  
14.52  
14.57  
14.78  
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14.89  
14.98  
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15.08  
15.18  
15.36  
15.26  
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15.36  
15.45  
15.5  
15.39  
15.32  
15.3  
15.24  
15.3  
15.5  
15.55  
15.4  
15.4  
15.47  
15.64  
15.6  
15.89  
16  
15.98  
15.82  
16  
15.72  
15.89

5/31/05

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FUND SNAPSHOT

Common Share Price	\$15.89
Common Share Net Asset Value	\$15.30
Premium/(Discount) to NAV	3.86%
Market Yield	5.51%
Taxable-Equivalent Yield <sup>1</sup>	8.16%
Net Assets Applicable to Common Shares (\$000)	\$30,007
Average Effective Maturity on Securities (Years)	16.58
Leverage-Adjusted Duration	7.50

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

	ON SHARE PRICE	ON NAV
1-Year	20.74%	12.10%
Since Inception	7.55%	7.88%

SECTORS

(as a % of total investments)

Education and Civic Organizations	20.8%
Healthcare	19.2%
Water and Sewer	12.6%
Utilities	11.0%
Tax Obligation/General	6.4%
Housing/Single Family	6.3%
Housing/Multifamily	5.7%
Tax Obligation/Limited	3.8%
U.S. Guaranteed	3.8%
Other	10.4%

1 Taxable-equivalent yield represents the yield that must be earned on a

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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 32.5%. When comparing this Fund to investments that generate qualified dividend income, the taxable-equivalent yield is lower.

- 2 The Fund also paid shareholders a capital gains distribution in December 2004 of \$0.0083 per share.

12

Nuveen Georgia Dividend Advantage Municipal Fund 2  
NKG

### Performance

OVERVIEW As of May 31, 2005

#### Pie Chart:

##### CREDIT QUALITY

(as a % of total investments)

AAA/U.S. Guaranteed	75%
AA	14%
A	2%
BBB	9%

#### Bar Chart:

##### 2004-2005 MONTHLY TAX-FREE DIVIDENDS PER SHARE

Jun	0.067
Jul	0.067
Aug	0.067
Sep	0.067
Oct	0.067
Nov	0.067
Dec	0.065
Jan	0.065
Feb	0.065
Mar	0.062
Apr	0.062
May	0.062

#### Line Chart:

##### SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

6/1/04	13.2
	13.14
	13.12
	13.07
	13.04
	13.02
	12.93
	12.81
	12.8
	12.9
	12.67
	12.61
	12.58

12.65  
12.65  
12.65  
12.8  
12.85  
12.9  
12.88  
13.05  
13.2  
13.29  
13.2  
13.2  
13.24  
13.35  
13.46  
13.45  
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13.35  
13.41  
13.46  
13.49  
13.48  
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13.4  
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13.22  
13.22  
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13.6  
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13.84  
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13.97  
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13.96  
13.96  
14.3  
14.5  
14.61  
14.5  
14.45  
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14.43

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13.5  
13.86  
13.97  
13.97  
14.03  
14.08  
14.07  
14.01  
14.1  
14.3  
14.19  
14.4  
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 13.64  
 13.68  
 13.94  
 13.92  
 13.99  
 13.99  
 13.7  
 13.76  
 13.85  
 14  
 14.06  
 13.94  
 13.91  
 14.18

5/31/05

FUND SNAPSHOT

Common Share Price	\$14.18
Common Share	

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Net Asset Value	\$14.71
Premium/(Discount) to NAV	-3.60%
Market Yield	5.25%
Taxable-Equivalent Yield <sup>1</sup>	7.78%
Net Assets Applicable to Common Shares (\$000)	\$66,974
Average Effective Maturity on Securities (Years)	19.44
Leverage-Adjusted Duration	7.28

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

	ON SHARE PRICE	ON NAV
1-Year	13.61%	12.61%
Since Inception	3.45%	6.57%

SECTORS  
(as a % of total investments)

Tax Obligation/Limited	21.6%
Healthcare	18.5%
Water and Sewer	15.3%
Education and Civic Organizations	13.8%
Utilities	6.7%
Tax Obligation/General	6.4%
Transportation	4.0%
Housing/Single Family	3.8%
Other	9.9%

- 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 32.5%. When comparing this Fund to investments that generate qualified dividend income, the taxable-equivalent yield is lower.

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Nuveen North Carolina Premium Income Municipal Fund  
 NNC

Performance

OVERVIEW As of May 31, 2005

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

AAA/U.S. Guaranteed	46%
AA	33%
A	17%
BBB	4%

Bar Chart:

2004-2005 MONTHLY TAX-FREE DIVIDENDS PER SHARE

Jun	0.0745
Jul	0.0745
Aug	0.0745
Sep	0.0745
Oct	0.0745
Nov	0.0745
Dec	0.0745
Jan	0.0745
Feb	0.0745
Mar	0.0715
Apr	0.0715
May	0.0715

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

6/1/04	15.32
	15.26
	15.18
	15.2
	15.19
	15.19
	15.18
	15
	14.93
	14.93
	14.86
	14.88
	14.68
	14.59
	14.42
	14.53
	14.56
	14.58
	14.56
	14.6
	14.99
	15.04
	15.08

15.05  
15.35  
15.42  
15.38  
15.27  
15.11  
15.17  
15.08  
15.24  
15.23  
15.25  
15.3  
15.32  
15.62  
15.35  
15.49  
15.63  
15.7  
15.85  
15.85  
16.37  
16.05  
16  
16.04  
16.3  
16.15  
16.19  
16.24  
15.98  
16.17  
16.08  
16.01  
16.3  
16.27  
16.5  
16.3  
16.14  
16.1  
16.24  
16.25  
16.15  
16.19  
16.4  
16.44  
16.4  
16.33  
16.35  
16.4  
16.5  
16.28  
16.4  
16.34  
16.31  
16.45  
16.64  
16.35  
16.48  
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16.25  
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16.29  
16.22  
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16.27  
16.37  
16.46  
16.62  
16.67  
16.67  
16.72  
16.77  
16.65  
16.45  
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16.57  
16.72  
16.51  
16.5  
16.5  
16.5  
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16.33  
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16.51  
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16.85  
16.81  
16.67  
16.95  
16.9  
16.64  
16.71  
16.86  
16.95  
16.72  
16.64  
16.68  
16.85  
16.85  
16.91  
17.17  
17.2  
17.31  
17.18  
17.2  
17.45  
17.49  
17.4  
17.03  
16.97  
16.95  
17.29  
17.2  
17.4  
17.4  
17.3  
17.3  
17.2  
17.45  
17.28  
17.4  
17.5  
17.1  
17.2  
17.18  
17.2  
17.09  
16.95  
16.89  
17.05  
17.3  
17.3  
17.15  
16.78  
16.4  
16.69  
16.35  
16.1  
16  
16.2

	16.2
	16.4
	16.57
	16.55
	16.3
	16.15
	16.25
	15.9
	16
	16.25
	16.17
	16
	16.2
	16.13
	16.27
	16.34
	16.3
	16.31
	16.35
	16.42
	16.33
	16.4
	16.55
	16.55
	16.75
	16.9
	16.81
	16.91
	16.9
	16.9
	17
	16.98
	16.98
	16.95
	17
	17
	17.13
	17.3
	17.21
	17.03
	16.97
	17.23
	17.33
	17.29
5/31/05	17.2

FUND SNAPSHOT

-----	
Common Share Price	\$17.20
-----	
Common Share	
Net Asset Value	\$15.16
-----	
Premium/(Discount) to NAV	13.46%
-----	
Market Yield	4.99%
-----	
Taxable-Equivalent Yield <sup>1</sup>	7.56%
-----	
Net Assets Applicable to	
Common Shares (\$000)	\$96,008



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Average Effective Maturity on Securities (Years)	15.67
Leverage-Adjusted Duration	7.93

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

	ON SHARE PRICE	ON NAV
1-Year	17.79%	10.52%
5-Year	10.39%	9.86%
10-Year	9.27%	7.35%

SECTORS  
(as a % of total investments)

Education and Civic Organizations	20.8%
Tax Obligation/Limited	19.7%
Healthcare	14.1%
U.S. Guaranteed	12.0%
Housing/Single Family	6.1%
Water and Sewer	6.0%
Tax Obligation/General	5.9%
Utilities	5.5%
Other	9.9%

- 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 34%. When comparing this Fund to investments that generate qualified dividend income, the taxable-equivalent yield is lower.

Nuveen North Carolina Dividend Advantage Municipal Fund  
NRB

Performance  
OVERVIEW As of May 31, 2005

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Pie Chart:

CREDIT QUALITY

(as a % of total investments)

AAA/U.S. Guaranteed	49%
AA	35%
A	9%
BBB	6%
NR	1%

Bar Chart:

2004-2005 MONTHLY TAX-FREE DIVIDENDS PER SHARE

Jun	0.0765
Jul	0.0765
Aug	0.0765
Sep	0.0765
Oct	0.0765
Nov	0.0765
Dec	0.0765
Jan	0.0765
Feb	0.0765
Mar	0.0765
Apr	0.0765
May	0.0765

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

6/1/04	14.84
	14.91
	14.85
	14.76
	14.8
	14.8
	14.8
	14.73
	14.7
	14.87
	15
	15.15
	14.92
	14.76
	14.59
	14.65
	14.7
	14.72
	14.73
	14.73
	14.88
	14.99
	14.9
	15.25
	15.25
	15.15
	15.2
	15.22
	15.19
	15.06
	15.2
	15.55

15.4  
15.36  
15.37  
15.4  
15.34  
15.2  
15.2  
15.33  
15.45  
15.55  
15.55  
15.42  
15.5  
15.65  
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15.86  
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15.9  
15.92  
15.96  
16.14  
16.14  
16.05  
16.1  
16.12  
16.15  
16.12  
16.15  
16.1  
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16.13  
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16.25  
16.3  
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16.84  
16.77  
16.72  
16.75  
16.63  
17  
17.1  
17  
16.92  
16.86  
16.86  
16.86  
16.86  
17.05  
17.05  
17.05  
17  
16.96  
16.86  
16.62  
16.86  
16.75  
16.55  
16.55  
16.7  
16.7  
16.44  
16.44  
16.45  
16.31  
16.55  
16.65  
16.5  
16.43  
16.43  
16.55

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	16.55
	16.5
	16.49
	16.49
	16.62
	16.62
	16.53
	16.5
	16.5
	16.5
	16.95
	16.74
	16.75
	17.03
	17.03
	17.22
	17.22
	17.23
	17.23
	16.8
	16.8
	16.95
	16.8
	16.73
	16.56
	16.73
	16.88
	16.7
	17.2
	17.08
	16.82
	17.05
	16.84
	16.86
	16.85
5/31/05	17.25

FUND SNAPSHOT

Common Share Price	\$17.25
Common Share Net Asset Value	\$15.46
Premium/(Discount) to NAV	11.58%
Market Yield	5.32%
Taxable-Equivalent Yield <sup>1</sup>	8.06%
Net Assets Applicable to Common Shares (\$000)	\$34,820
Average Effective Maturity on Securities (Years)	16.52
Leverage-Adjusted Duration	7.56

AVERAGE ANNUAL TOTAL RETURN

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(Inception 1/25/01)

	ON SHARE PRICE	ON NAV
1-Year	21.19%	11.53%
Since Inception	9.33%	8.07%

SECTORS

(as a % of total investments)

Water and Sewer	18.5%
Education and Civic Organizations	18.3%
Tax Obligation/Limited	16.6%
Utilities	14.0%
Healthcare	13.2%
Housing/Multifamily	4.6%
Tax Obligation/General	4.3%
Other	10.5%

- 1 Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34%. When comparing this Fund to investments that generate qualified dividend income, the taxable-equivalent yield is lower.

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Nuveen North Carolina Dividend Advantage Municipal Fund 2  
NNO

Performance

OVERVIEW As of May 31, 2005

Pie Chart:

CREDIT QUALITY

(as a % of total investments)

AAA/U.S. Guaranteed	59%
AA	28%
A	10%
BBB	2%
NR	1%

Bar Chart:

2004-2005 MONTHLY TAX-FREE DIVIDENDS PER SHARE<sup>2</sup>

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Jun	0.072
Jul	0.072
Aug	0.072
Sep	0.072
Oct	0.072
Nov	0.072
Dec	0.072
Jan	0.072
Feb	0.072
Mar	0.072
Apr	0.072
May	0.072

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

6/1/04	14.8
	14.7
	14.92
	14.8
	15
	14.9
	14.86
	14.8
	14.72
	14.69
	14.64
	14.61
	14.66
	14.68
	14.7
	14.66
	14.66
	15.85
	15.19
	15.05
	14.9
	14.85
	14.95
	14.99
	15.02
	15.02
	14.9
	15.13
	15.13
	15.13
	15.05
	15.02
	15.02
	15.07
	14.98
	15.02
	14.98
	14.97
	14.94
	14.97
	14.97
	15.05
	15.05
	15.2



15.18  
15.2  
15.15  
15.42  
15.41  
15.32  
15.25  
15.15  
15.28  
15.36  
15.28  
15.31  
15.49  
15.49  
15.51  
15.48  
15.55  
15.61  
15.54  
15.65  
15.69  
15.7  
15.63  
15.6  
15.58  
15.58  
15.56  
15.73  
15.8  
15.58  
15.58  
15.5  
15.47  
15.52  
15.5  
15.58  
15.65  
15.7  
15.67  
15.72  
15.68  
15.65  
15.6  
15.64  
15.65  
15.73  
15.85  
15.85  
15.82  
15.9  
15.8  
15.8  
15.76  
15.85  
15.9  
15.8  
15.8  
15.74  
15.73  
15.82  
16.04  
16

16.11  
16.1  
16  
16.2  
16.07  
16.03  
15.94  
15.94  
15.8  
15.8  
15.72  
16.04  
15.9  
15.99  
15.93  
15.95  
15.95  
15.95  
16  
16.1  
16.1  
16.13  
16.22  
16.26  
16.33  
16.4  
16.28  
16.33  
16.29  
16.29  
16.1  
16  
16.09  
15.95  
16  
16.24  
16.15  
16.06  
15.9  
15.85  
15.85  
15.78  
15.87  
15.78  
15.8  
15.92  
15.84  
15.82  
15.81  
15.82  
15.93  
15.78  
15.85  
15.85  
15.9  
16.25  
16.34  
16.26  
16.52  
16.57  
16.52  
16.55

16.4  
16.3  
16.38  
16.47  
16.44  
16.28  
16.33  
16.22  
16.27  
16.27  
16.27  
16.24  
16.27  
16.25  
16.16  
15.92  
15.78  
15.77  
15.85  
15.89  
15.9  
15.93  
15.93  
16.25  
16.14  
16.35  
16.29  
16.35  
16.35  
16.4  
16.49  
16.49  
16.35  
16.22  
16.25  
16.1  
16.05  
16  
15.8  
15.9  
15.69  
15.69  
15.75  
15.97  
15.75  
15.74  
15.96  
15.98  
15.9  
16.2  
16.3  
16.15  
16.15  
16.2  
16.2  
16.11  
15.6  
15.67  
15.65  
15.71  
15.62  
15.74

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	15.66
	15.56
	15.56
	15.6
	15.65
	15.66
	15.65
	15.65
	15.87
	16
	15.95
	16.04
	16.04
	16.15
	16.25
	16.44
	16.4
	16.31
	16.32
	16.33
	16.33
	16.13
	16.08
5/31/05	16.25

FUND SNAPSHOT

-----	
Common Share Price	\$16.25
-----	
Common Share Net Asset Value	\$15.55
-----	
Premium/(Discount) to NAV	4.50%
-----	
Market Yield	5.32%
-----	
Taxable-Equivalent Yield <sup>1</sup>	8.06%
-----	
Net Assets Applicable to Common Shares (\$000)	\$58,155
-----	
Average Effective Maturity on Securities (Years)	15.29
-----	
Leverage-Adjusted Duration	7.59
-----	

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

-----		
	ON SHARE PRICE	ON NAV
-----		
1-Year	16.46%	11.56%
-----		
Since Inception	8.26%	8.43%
-----		

SECTORS

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(as a % of total investments)

Education and Civic Organizations	21.0%
Tax Obligation/Limited	20.2%
Healthcare	14.8%
Transportation	10.8%
Water and Sewer	9.9%
Utilities	8.7%
U.S. Guaranteed	7.2%
Other	7.4%

- 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 34%. When comparing this Fund to investments that generate qualified dividend income, the taxable-equivalent yield is lower.
- 2 The Fund also paid shareholders a capital gains distribution in December 2004 of \$0.0698 per share.

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## Nuveen North Carolina Dividend Advantage Municipal Fund 3 NII

### Performance

OVERVIEW As of May 31, 2005

#### Pie Chart:

##### CREDIT QUALITY

(as a % of total investments)

AAA/U.S. Guaranteed	69%
AA	24%
A	2%
BBB	5%

#### Bar Chart:

##### 2004-2005 MONTHLY TAX-FREE DIVIDENDS PER SHARE

Jun	0.067
Jul	0.067
Aug	0.067
Sep	0.067
Oct	0.067
Nov	0.067
Dec	0.067
Jan	0.067
Feb	0.067
Mar	0.064

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Apr	0.064
May	0.064

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

6/1/04	13.79
	14
	14.07
	14.1
	13.88
	14
	14
	14.16
	13.8
	14.1
	14.06
	13.75
	13.79
	13.85
	13.62
	13.69
	13.68
	13.62
	13.64
	13.57
	13.69
	13.76
	13.85
	13.9
	14.04
	14.12
	14.04
	14.15
	14.13
	14.05
	14.06
	14.2
	14.29
	14.23
	14.15
	14.12
	14.03
	13.97
	13.85
	13.9
	14.15
	14.32
	14.32
	14.29
	14.28
	14.23
	14.21
	14.4
	14.49
	14.53
	14.43
	14.3
	14.34
	14.31

14.38  
14.65  
14.55  
14.67  
14.74  
14.65  
14.57  
14.55  
14.57  
14.57  
14.64  
14.64  
14.64  
14.64  
14.58  
14.55  
14.65  
14.78  
14.66  
14.55  
14.47  
14.62  
14.48  
14.53  
14.56  
14.56  
14.8  
14.78  
14.8  
14.82  
14.75  
14.72  
14.65  
14.65  
14.72  
14.63  
14.92  
14.89  
15.02  
15.03  
14.9  
14.9  
14.85  
14.8  
14.9  
14.77  
15  
14.94  
14.74  
14.95  
15  
14.9  
15.12  
15.05  
15.05  
15.28  
15.2  
15  
14.8  
14.75  
14.55  
14.46

14.65  
14.86  
15.15  
14.98  
15.2  
15.15  
15.15  
15.16  
15.05  
15.13  
15.03  
14.85  
14.82  
14.7  
15  
15.19  
14.98  
15  
15.03  
14.9  
14.66  
14.7  
15.15  
15.04  
15.15  
15.07  
15.07  
15.22  
15.15  
15.06  
14.87  
14.96  
14.95  
14.95  
14.97  
15.1  
15.4  
15.3  
14.81  
14.85  
14.9  
14.82  
14.85  
14.83  
15.02  
15.1  
15.35  
15.51  
15.4  
15.3  
15.18  
15.1  
15.35  
15.37  
15.3  
15.29  
15.2  
15.29  
15.28  
15.05  
15.03  
15.03



15.03  
15.01  
15.07  
14.97  
14.64  
14.56  
14.79  
14.67  
14.71  
14.82  
14.97  
14.91  
15.1  
15.15  
15.24  
15.33  
15.4  
15.17  
15.1  
15.01  
15.02  
14.92  
14.74  
14.8  
14.64  
14.35  
14.29  
14.17  
14.1  
13.75  
13.8  
13.91  
14.21  
14.51  
14.54  
14.51  
14.59  
15  
14.94  
15.08  
15.01  
15.03  
15  
14.92  
15.15  
15.2  
15.2  
15.05  
14.95  
15  
14.95  
14.96  
15.05  
14.98  
14.98  
14.97  
14.89  
14.85  
14.84  
14.75  
14.9  
14.9

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	14.9
	14.75
	14.88
	14.85
	14.8
	14.98
	14.9
	15.07
	15.1
	15.07
	15.3
	15.25
	15.35
5/31/05	15.4

FUND SNAPSHOT

Common Share Price	\$15.40
Common Share Net Asset Value	\$14.78
Premium/(Discount) to NAV	4.19%
Market Yield	4.99%
Taxable-Equivalent Yield1	7.56%
Net Assets Applicable to Common Shares (\$000)	\$58,035
Average Effective Maturity on Securities (Years)	16.91
Leverage-Adjusted Duration	6.36

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

	ON SHARE PRICE	ON NAV
1-Year	18.78%	12.39%
Since Inception	6.39%	6.74%

SECTORS

(as a % of total investments)

Tax Obligation/Limited	25.0%
Water and Sewer	17.9%
Education and Civic Organizations	10.1%
Utilities	10.0%

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Healthcare	7.8%
-----	-----
Tax Obligation/General	7.7%
-----	-----
U.S. Guaranteed	7.0%
-----	-----
Transportation	6.2%
-----	-----
Other	8.3%
-----	-----

- 1 Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 34%. 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 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 as of May 31, 2005, and the related statements of operations 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 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

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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, 2005, by correspondence with the custodian. 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 position 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, 2005, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for the periods indicated therein, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

CHICAGO, ILLINOIS  
JULY 14, 2005

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Nuveen Georgia Premium Income Municipal Fund (NPG)  
Portfolio of  
INVESTMENTS May 31, 2005

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
-----		
	CONSUMER STAPLES - 5.4% (3.7% 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)	5/07 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
-----		
	EDUCATION AND CIVIC ORGANIZATIONS - 14.4% (10.0% 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
	Atlanta Urban Residential Finance Authority, Georgia, Dormitory Facility Revenue Refunding Bonds, Morehouse College Project, Series 1995:	
1,210	5.750%, 12/01/20 - MBIA Insured	12/05 at 102
1,375	5.750%, 12/01/25 - MBIA Insured	12/05 at 102
1,550	Bulloch County Development Authority, Georgia, Student	8/14 at 100

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	Housing and Athletic Facility Lease Revenue Bonds, Georgia Southern University, Series 2004, 5.250%, 8/01/21 - XLCA Insured	
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
395	DeKalb County Development Authority, Georgia, Revenue Bonds, Emory University, Series 1994A, 6.000%, 10/01/14	10/05 at 101
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

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HEALTHCARE - 34.6% (23.8% 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
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	1/14 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
1,765	Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 1995, 6.000%, 10/01/25 - MBIA Insured	10/05 at 102
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
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

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HOUSING/MULTIFAMILY - 8.0% (5.5% OF TOTAL INVESTMENTS)

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3,000	Macon-Bibb County Urban Development Authority, Georgia, Multifamily Housing Revenue Refunding Bonds, Series 1997A, 5.550%, 1/01/24 - MBIA Insured	7/05 at 102
1,500	Marietta Housing Authority, Georgia, GNMA Collateralized Multifamily Housing Revenue Bonds, Country Oaks Apartments, Series 1996, 6.150%, 10/20/26 (Alternative Minimum Tax)	10/06 at 102

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Nuveen Georgia Premium Income Municipal Fund (NPG) (continued)  
Portfolio of INVESTMENTS May 31, 2005

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
-----		
HOUSING/SINGLE FAMILY - 6.9% (4.8% OF TOTAL INVESTMENTS)		
\$ 2,950	Georgia Housing and Finance Authority, Single Family Mortgage Resolution 1 Bonds, Series 2001A-2, 5.700%, 12/01/31 (Alternative Minimum Tax)	12/10 at 100
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
-----		
INDUSTRIALS - 0.9% (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 - 3.2% (2.2% 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
-----		
TAX OBLIGATION/GENERAL - 9.7% (6.7% OF TOTAL INVESTMENTS)		
1,805	Forsyth County, Georgia, General Obligation Bonds, Series 2004, 5.250%, 3/01/13	No Opt. C
2,500	Georgia, General Obligation Bonds, Series 2002D, 5.000%, 8/01/16	8/12 at 100

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800	Puerto Rico, General Obligation and Public Improvement Bonds, Series 2004A, 5.250%, 7/01/22	7/14 at 100
-----		
TAX OBLIGATION/LIMITED - 17.2% (11.8% OF TOTAL INVESTMENTS)		
3,000	Cobb-Marietta Coliseum and Exhibit Hall Authority, Georgia, Revenue Refunding Bonds, Series 1993, 5.625%, 10/01/26 - MBIA Insured	10/19 at 100
2,000	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
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
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
-----		
TRANSPORTATION - 4.2% (2.9% OF TOTAL INVESTMENTS)		
2,290	Atlanta, Georgia, Airport General Revenue Bonds, Series 2004G, 5.000%, 1/01/26 - FSA Insured	1/15 at 100
-----		
U.S. GUARANTEED *** - 6.1% (4.2% OF TOTAL INVESTMENTS)		
500	Atlanta, Georgia, Airport Facilities Revenue Refunding Bonds, Series 1994A, 6.500%, 1/01/09 - AMBAC Insured	No Opt. C
2,500	Forsyth County School District, Georgia, General Obligation Bonds, Series 1999, 5.750%, 2/01/19 (Pre-refunded to 2/01/10)	2/10 at 102
85	Georgia Municipal Electric Authority, Project One Special Obligation Bonds, Fifth Crossover Series 1998Y: 6.400%, 1/01/09	No Opt. C
10	6.400%, 1/01/09	No Opt. C
-----		
UTILITIES - 10.6% (7.3% OF TOTAL INVESTMENTS)		
885	Coweta County Development Authority, Georgia, Revenue Bonds, Newnan Water and Sewer, and Light Commission Project, Series 2002, 5.250%, 1/01/18 - FGIC Insured	1/13 at 100
1,000	Fairburn, Georgia, Combined Utility Revenue Bonds, Series 2000, 5.750%, 10/01/20	10/10 at 101
1,655	Georgia Municipal Electric Authority, Project One Special Obligation Bonds, Fifth Crossover Series 1998Y, 6.400%, 1/01/09	No Opt. C

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1,000	Georgia Municipal Electric Authority, 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

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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
	WATER AND SEWER - 24.0% (16.5% OF TOTAL INVESTMENTS)	
\$ 1,225	Atlanta, Georgia, Water and Wastewater Revenue Bonds, Series 2004, 5.000%, 11/01/24 - 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
3,500	Coweta County Water and Sewer Authority, Georgia, Revenue Bonds, Series 2001, 5.250%, 6/01/26 - AMBAC Insured	6/11 at 102
2,500	DeKalb County, Georgia, Water and Sewerage Revenue Bonds, Series 2000, 5.125%, 10/01/31	10/10 at 101
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	Milledgeville, Georgia, Water and Sewerage Revenue Refunding Bonds, Series 1996, 6.000%, 12/01/21 - FSA Insured	No Opt. C
\$ 77,275	Total Long-Term Investments (cost \$78,446,822) - 145.2%	
	Other Assets Less Liabilities - 3.0%	
	Preferred Shares, at Liquidation Value - (48.2)%	
	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.

\* 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.

\*\* Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.

\*\*\* Securities are backed by an escrow or trust containing



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sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.

See accompanying notes to financial statements.

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Nuveen Georgia Dividend Advantage Municipal Fund (NZX)  
Portfolio of  
INVESTMENTS May 31, 2005

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
-----		
	CONSUMER DISCRETIONARY - 2.4% (1.7% OF TOTAL INVESTMENTS)	
\$ 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 100
-----		
	CONSUMER STAPLES - 3.6% (2.4% 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 - 30.4% (20.8% 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
1,200	Atlanta Development Authority, Georgia, Revenue Bonds, Yamacraw Design Center Project, Series 2001A, 5.125%, 1/01/27 - MBIA Insured	1/12 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
1,485	Fulton County Development Authority, Georgia, Revenue Bonds, Georgia Tech Athletic Association, Series 2001,	4/12 at 100

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5.000%, 10/01/20 - AMBAC Insured

1,250 Private Colleges and Universities Authority, Georgia, 10/11 at 102  
 Revenue Bonds, Mercer University, Series 2001,  
 5.750%, 10/01/31

-----  
 HEALTHCARE - 28.2% (19.2% OF TOTAL INVESTMENTS)

210 Chatham County Hospital Authority, Savannah, Georgia, 7/11 at 101  
 Hospital Revenue Improvement Bonds, Memorial Health  
 University Medical Center Inc., Series 2001A, 6.125%, 1/01/24

1,000 Clarke County Hospital Authority, Georgia, Hospital Revenue 1/12 at 101  
 Certificates, Athens Regional Medical Center, Series 2002,  
 5.375%, 1/01/19 - MBIA Insured

500 Coffee County Hospital Authority, Georgia, Revenue Bonds, 1/14 at 100  
 Coffee County Regional Medical Center, Series 2004,  
 5.250%, 12/01/22

1,250 Gainesville and Hall County Hospital Authority, Georgia, 5/11 at 100  
 Revenue Anticipation Certificates, Northeast Georgia Health  
 Services Inc., Series 2001, 5.500%, 5/15/31

1,900 Gwinnett County Hospital Authority, Georgia, Revenue 2/12 at 102  
 Anticipation Certificates, Gwinnett Hospital System Inc.  
 Project, Series 1997B, 5.300%, 9/01/27 - MBIA Insured

500 Henry County Hospital Authority, Georgia, Revenue 7/14 at 101  
 Certificates, Henry Medical Center, Series 2004,  
 5.000%, 7/01/20 - MBIA Insured

500 Savannah Hospital Authority, Georgia, Revenue Bonds, 1/14 at 100  
 St. Joseph's/Candler Health System, Series 2003,  
 5.250%, 7/01/23 - RAAI Insured

2,000 Valdosta and Lowndes County Hospital Authority, 10/12 at 101  
 Georgia, Revenue Certificates, South Georgia Medical  
 Center, Series 2002, 5.250%, 10/01/27 - AMBAC Insured

-----  
 HOUSING/MULTIFAMILY - 8.4% (5.7% OF TOTAL INVESTMENTS)

990 DeKalb County Housing Authority, Georgia, GNMA 8/11 at 103  
 Collateralized Multifamily Housing Revenue Bonds,  
 Castaways Apartments, Series 2001A, 5.400%, 2/20/29

1,400 Savannah Housing Authority, Georgia, FNMA Multifamily 8/16 at 100  
 Housing Revenue Refunding Bonds, Chatham Gardens,  
 Series 2001, 5.625%, 8/01/31 (Alternative Minimum Tax)  
 (Mandatory put 2/01/19)

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AMOUNT (000)	DESCRIPTION(1)	PROVISION
-----		
	HOUSING/SINGLE FAMILY - 9.3% (6.3% OF TOTAL INVESTMENTS)	
\$ 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
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
-----		
	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
-----		
	MATERIALS - 3.0% (2.0% OF TOTAL INVESTMENTS)	
850	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
-----		
	TAX OBLIGATION/GENERAL - 9.4% (6.4% OF TOTAL INVESTMENTS)	
2,000	Georgia, General Obligation Bonds, Series 2002D, 5.000%, 8/01/18	8/12 at 100
595	Puerto Rico, General Obligation and Public Improvement Bonds, Series 2004A, 5.250%, 7/01/22	7/14 at 100
-----		
	TAX OBLIGATION/LIMITED - 5.6% (3.8% 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 101
-----		
	TRANSPORTATION - 3.7% (2.5% OF TOTAL INVESTMENTS)	
1,000	Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series 2000A, 5.400%, 1/01/15 - FGIC Insured	1/10 at 101
-----		
	U.S. GUARANTEED *** - 5.6% (3.8% OF TOTAL INVESTMENTS)	
500	Atlanta, Georgia, Airport Facilities Revenue Refunding Bonds, Series 1994A, 6.500%, 1/01/09 - AMBAC Insured	No Opt. C

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1,000	Rockdale County Water and Sewerage Authority, Georgia, Revenue Bonds, Series 1999A, 5.375%, 7/01/29 (Pre-refunded to 1/01/10) - MBIA Insured	1/10 at 101
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 UTILITIES - 16.2% (11.0% OF TOTAL INVESTMENTS)

1,500	Coweta County Development Authority, Georgia, Revenue Bonds, Newnan Water and Sewer, and Light Commission Project, Series 2002, 5.250%, 1/01/18 - FGIC Insured	1/13 at 100
1,250	Municipal Electric Authority of Georgia, Combustion Turbine Revenue Bonds, Series 2002A, 5.250%, 11/01/20 - MBIA Insured	11/07 at 100
500	Municipal Electric Authority of Georgia, Combustion Turbine Revenue Bonds, Series 2003A, 5.250%, 11/01/15 - MBIA Insured	11/13 at 100
1,200	Summerville, Georgia, Combined Public Utility System Revenue Refunding and Improvement Bonds, Series 2002, 5.750%, 1/01/26	1/12 at 101

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Nuveen Georgia Dividend Advantage Municipal Fund (NZX) (continued)  
 Portfolio of INVESTMENTS May 31, 2005

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
-----		
WATER AND SEWER - 18.5% (12.6% 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
-----		
\$ 41,010	Total Long-Term Investments (cost \$41,845,038) - 147.0%	
=====		
	Other Assets Less Liabilities - 3.0%	
	Preferred Shares, at Liquidation Value - (50.0)%	
	Net Assets Applicable to Common Shares - 100%	
=====		

FORWARD SWAPS OUTSTANDING AT MAY 31, 2005:

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	NOTIONAL AMOUNT	EFFECTIVE DATE
Agreement with Morgan Stanley dated December 8, 2004, to pay semi-annually the notional amount multiplied by 5.313% (annualized) and receive quarterly the notional amount multiplied by the three-month USD-LIBOR (United States Dollar-London Inter-Bank Offered Rates).	\$ 200,000	7/18
Agreement with Morgan Stanley dated January 31, 2005, to pay semi-annually the notional amount multiplied by 5.058% (annualized) and receive quarterly the notional amount multiplied by the three-month USD-LIBOR (United States Dollar-London Inter-Bank Offered Rates).	1,100,000	8/16

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Effective date represents the date on which both the Fund and counterparty commence interest payment accruals on each forward swap contract.
- \* 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.
- \*\* Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.
- \*\*\* Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest.

See accompanying notes to financial statements.

Nuveen Georgia Dividend Advantage Municipal Fund 2 (NKG)  
Portfolio of  
INVESTMENTS May 31, 2005

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
	CONSUMER DISCRETIONARY - 2.6% (1.7% OF TOTAL INVESTMENTS)	
\$ 1,750	DeKalb County Development Authority, Georgia, Pollution	12/12 at 101

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Control Revenue Refunding Bonds, General Motors Corporation Projects, Series 2002, 6.000%, 3/15/21

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CONSUMER STAPLES - 3.0% (2.1% 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

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EDUCATION AND CIVIC ORGANIZATIONS - 20.3% (13.8% OF TOTAL INVESTMENTS)		
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
	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
1,050	Fulton County Development Authority, Georgia, Revenue Bonds, TUFF Morehouse Project, Series 2002A, 5.000%, 2/01/34 - AMBAC Insured	2/12 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
1,315	Private Colleges and Universities Authority, Georgia, Revenue Bonds, Emory University, Series 2001A, 5.125%, 9/01/33	9/11 at 100
1,250	Private Colleges and Universities Authority, Georgia, Revenue Bonds, Mercer University, Series 2001, 5.750%, 10/01/31	10/11 at 102

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HEALTHCARE - 27.2% (18.5% OF TOTAL INVESTMENTS)		
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
1,000	Coffee County Hospital Authority, Georgia, Revenue Bonds, Coffee County Regional Medical Center, Series 2004, 5.250%, 12/01/22	1/14 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
1,145	Floyd County Hospital Authority, Georgia, Revenue Anticipation Certificates, Floyd Medical Center, Series 2003, 5.000%, 7/01/20 - MBIA Insured	7/13 at 101
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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750	Glynn-Brunswick Memorial Hospital Authority, Georgia, Revenue Bonds, Southeast Georgia Health Systems, Series 1996, 5.250%, 8/01/13 - MBIA Insured	8/06 at 102
	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
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

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Nuveen Georgia Dividend Advantage Municipal Fund 2 (NKG)  
(continued) Portfolio of INVESTMENTS May 31, 2005

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
-----		
HOUSING/MULTIFAMILY - 4.5% (3.0% 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
-----		
HOUSING/SINGLE FAMILY - 5.6% (3.8% OF TOTAL INVESTMENTS)		
1,900	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
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
-----		
MATERIALS - 1.6% (1.1% 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

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TAX OBLIGATION/GENERAL - 9.3% (6.4% OF TOTAL INVESTMENTS)		
1,000	Cherokee County School System, Georgia, General Obligation Bonds, Series 2003, 5.000%, 8/01/16 - MBIA Insured	8/13 at 100
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
	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

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TAX OBLIGATION/LIMITED - 31.8% (21.6% OF TOTAL INVESTMENTS)		
1,405	Clayton County Development Authority, Georgia, Revenue Bonds, TUFF Archives LLC Project, Series 2001A, 5.250%, 7/01/21 - MBIA Insured	7/12 at 100
4,000	Forsyth County Water and Sewerage Authority, Georgia, Revenue Bonds, Series 2002, 5.000%, 4/01/32	4/13 at 100
750	Georgia Municipal Association Inc., Certificates of Participation, Atlanta Court Project, Series 2002, 5.125%, 12/01/21 - AMBAC Insured	6/12 at 101
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
2,000	Puerto Rico, Highway Revenue Bonds, Highway and Transportation Authority, Series 1996Y, 5.500%, 7/01/36 - FSA Insured	7/16 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
	Puerto Rico Municipal Finance Agency, Series 2002A:	
800	5.250%, 8/01/21 - FSA Insured	8/12 at 100
2,500	5.000%, 8/01/27 - FSA Insured	8/12 at 100

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TRANSPORTATION - 5.9% (4.0% 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

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U.S. GUARANTEED *** - 2.9% (2.0% OF TOTAL INVESTMENTS)		
1,865	Glynn-Brunswick Memorial Hospital Authority, Georgia, Revenue Bonds, Southeast Georgia Health Systems, Series 1996, 5.250%, 8/01/13 (Pre-refunded to 8/01/06) -	8/06 at 102



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MBIA Insured

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UTILITIES - 9.8% (6.7% 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
1,300	Fairburn, Georgia, Combined Utility Revenue Bonds, Series 2000, 5.750%, 10/01/20	10/10 at 101
1,000	Monroe County Development Authority, Georgia, Pollution Control Revenue Bonds, Georgia Power Company - Scherer Plant, Series 2001, 4.200%, 1/01/12 (Mandatory put 12/01/08) - AMBAC Insured	No Opt. C

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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
UTILITIES (continued)		
\$ 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
1,775	Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2002II, 5.375%, 7/01/19 - MBIA Insured	7/12 at 101
WATER AND SEWER - 22.4% (15.3% OF TOTAL INVESTMENTS)		
500	Atlanta, Georgia, Water and Wastewater Revenue Bonds, Series 2004, 5.250%, 11/01/15 - FSA Insured	11/14 at 100
	Augusta, Georgia, Water and Sewerage Revenue Bonds, Series 2002:	
1,000	5.250%, 10/01/22 - FSA Insured	10/12 at 100
3,500	5.000%, 10/01/27 - FSA Insured	10/12 at 100
	DeKalb County, Georgia, Water and Sewerage Revenue Bonds, Series 2000:	
2,500	5.125%, 10/01/31	10/10 at 101
2,500	5.375%, 10/01/35	10/10 at 101
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
\$ 91,210	Total Long-Term Investments (cost \$94,368,112) - 146.9%	

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Other Assets Less Liabilities - 2.4%

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 Preferred Shares, at Liquidation Value - (49.3)%  
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Net Assets Applicable to Common Shares - 100%  
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FORWARD SWAPS OUTSTANDING AT MAY 31, 2005:

	NOTIONAL AMOUNT	EFFECTIVE DATE
-----		
Agreement with JPMorgan dated January 11, 2005, to pay semi-annually the notional amount multiplied by 5.235% (annualized) and receive quarterly the notional amount multiplied by the three-month USD-LIBOR (United States Dollar-London Inter-Bank Offered Rates).	\$1,400,000	8/17
Agreement with Morgan Stanley dated January 31, 2005, to pay semi-annually the notional amount multiplied by 5.058% (annualized) and receive quarterly the notional amount multiplied by the three-month USD-LIBOR (United States Dollar-London Inter-Bank Offered Rates).	3,200,000	8/16
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- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Effective date represents the date on which both the Fund and counterparty commence interest payment accruals on each forward swap contract.
- \* 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.
- \*\* Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.
- \*\*\* Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest.

See accompanying notes to financial statements.

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AMOUNT (000)	DESCRIPTION(1)	PROVISIO
-----		
EDUCATION AND CIVIC ORGANIZATIONS - 30.3% (20.8% OF TOTAL INVESTMENTS)		
\$ 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
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
1,000	North Carolina Education Assistance Authority, Subordinate Lien Guaranteed Student Loan Revenue Bonds, Series 1995A: 6.050%, 7/01/10 (Alternative Minimum Tax)	7/05 at 102
2,400	6.300%, 7/01/15 (Alternative Minimum Tax)	7/05 at 102
5,875	North Carolina Education Assistance Authority, Subordinate Lien Guaranteed Student Loan Revenue Bonds, Series 1996C, 6.350%, 7/01/16 (Alternative Minimum Tax)	7/06 at 102
3,285	North Carolina State University at Raleigh, General Revenue Bonds, Series 2003A, 5.000%, 10/01/15	10/13 at 100
1,200	University of North Carolina, Charlotte, Certificates of Participation, Student Housing Project, Series 2005, 5.000%, 3/01/31 - AMBAC Insured	3/15 at 100
2,380	University of North Carolina, Chapel Hill, System Net Revenue Bonds, Series 2003: 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
1,000	University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.375%, 4/01/22 - AMBAC Insured	10/12 at 100
750	University of North Carolina System, Pooled Revenue Bonds, Series 2004C, 5.000%, 4/01/21 - AMBAC Insured	4/14 at 100
1,530	University of North Carolina System, Pooled Revenue Bonds, Series 2005A, 5.000%, 4/01/15 - AMBAC Insured	No Opt. C
1,675	University of North Carolina, Wilmington, General Revenue Bonds, Series 2002A, 5.000%, 1/01/23 - AMBAC Insured	1/12 at 101
-----		
ENERGY - 1.7% (1.2% OF TOTAL INVESTMENTS)		
1,500	Virgin Islands Public Finance Authority, Refinery Revenue Bonds, Hovensa LLC, Series 2003, 6.125%, 7/01/22 (Alternative Minimum Tax)	1/14 at 100
-----		
HEALTHCARE - 20.7% (14.1% OF TOTAL INVESTMENTS)		
North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Union Regional Medical Center, Series 2002A:		

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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
2,000	North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Novant Health Obligated Group, Series 2003A, 5.000%, 11/01/19	11/13 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
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
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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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
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	HEALTHCARE (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
735	North Carolina Medical Care Commission, Revenue Bonds, Northeast Medical Center, Series 2004, 5.000%, 11/01/24	11/14 at 100
5,000	North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2001, 5.250%, 10/01/31	10/11 at 101
-----		
	HOUSING/MULTIFAMILY - 5.4% (3.7% OF TOTAL INVESTMENTS)	
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
1,000	Charlotte, North Carolina, FHA-Insured Mortgage Revenue Refunding Bonds, Tryon Hills Apartments, Series 1993A, 5.875%, 1/01/25 - MBIA Insured	7/05 at 103
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
	North Carolina Housing Finance Agency, FHA-Insured Multifamily Revenue Bonds, Series 1993:	

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250	5.800%, 7/01/14	7/05 at 100
435	5.900%, 7/01/26	7/05 at 100

-----  
HOUSING/SINGLE FAMILY - 9.0% (6.1% OF TOTAL INVESTMENTS)

5,095	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
1,985	North Carolina Housing Finance Agency, Single Family Revenue Bonds, Series 1996HH, 6.300%, 3/01/26 (Alternative Minimum Tax)	3/06 at 102
1,215	North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 10A, 5.400%, 7/01/32 (Alternative Minimum Tax) - AMBAC Insured	7/10 at 100

-----  
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 (Alternative Minimum Tax) (Mandatory put 8/01/07)	No Opt. C
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LONG-TERM CARE - 0.3% (0.2% OF TOTAL INVESTMENTS)

250	North Carolina Medical Care Commission, Revenue Bonds, United Church Homes and Services, Series 2005A, 5.250%, 9/01/21	9/15 at 100
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MATERIALS - 2.2% (1.6% OF TOTAL INVESTMENTS)

2,000	Haywood County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Pollution Control Revenue Refunding Bonds, Champion International Corporation, Series 1995, 6.000%, 3/01/20	3/06 at 102
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TAX OBLIGATION/GENERAL - 8.7% (5.9% 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
4,285	Durham County, North Carolina, General Obligation Public Improvement Bonds, Series 2002B, 5.000%, 4/01/16	4/12 at 100
1,000	Johnston County, North Carolina, General Obligation Bonds, Series 2001, 5.000%, 6/01/16 - FGIC Insured	6/11 at 102
500	North Carolina, General Obligation Bonds, Series 2004A, 5.000%, 3/01/22	3/14 at 100

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TAX OBLIGATION/LIMITED - 28.7% (19.7% 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

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Nuveen North Carolina Premium Income Municipal Fund (NNC) (continued)  
Portfolio of INVESTMENTS May 31, 2005

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
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TAX OBLIGATION/LIMITED (continued)

\$	Charlotte, North Carolina, Certificates of Participation, Governmental Facilities Projects, Series 2003G: 5.000%, 6/01/18 5.375%, 6/01/26	6/13 at 100 6/13 at 100
	Charlotte, North Carolina, Storm Water Fee Revenue Bonds, Series 2002: 5.250%, 6/01/20 5.000%, 6/01/25	6/12 at 101 6/12 at 101
	Concord, North Carolina, Certificates of Participation, Series 1996A, 6.125%, 6/01/21 - MBIA Insured	6/06 at 102
	Davidson County, North Carolina, Certificates of Participation, Series 2004, 5.250%, 6/01/14 - AMBAC Insured	No Opt. C
	Johnston County Finance Corporation, North Carolina, Installment Payment Revenue Bonds, School and Museum Projects, Series 1999, 5.250%, 8/01/21 - FSA Insured	8/09 at 101
	Lee County, North Carolina, Certificates of Participation, Public Schools and Community College, Series 2004: 5.250%, 4/01/18 - FSA Insured 5.250%, 4/01/20 - FSA Insured 5.250%, 4/01/22 - FSA Insured	4/14 at 100 4/14 at 100 4/14 at 100
	North Carolina Infrastructure Finance Corporation, Certificates of Participation, Correctional Facilities, Series 2004A: 5.000%, 2/01/19 5.000%, 2/01/23	2/14 at 100 2/14 at 100
	North Carolina, Certificates of Participation, Series 2003: 5.250%, 6/01/21 5.250%, 6/01/23	6/13 at 100 6/13 at 100
	North Carolina, Certificates of Participation, Repair and Renovation Project, Series 2004B, 5.000%, 6/01/20	6/14 at 100
	Puerto Rico Highway and Transportation Authority, Grant Anticipation Revenue Bonds, Series 2004,	3/14 at 100

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5.000%, 9/15/21 - MBIA Insured

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TRANSPORTATION - 3.3% (2.2% OF TOTAL INVESTMENTS)		
600	Charlotte, North Carolina, Airport Revenue Bonds, Series 2004A, 5.250%, 7/01/24 - MBIA Insured	7/14 at 100
2,250	Raleigh Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A, 5.250%, 11/01/16 - FGIC Insured	5/11 at 101

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U.S. GUARANTEED *** - 17.6% (12.0% OF TOTAL INVESTMENTS)		
2,000	Charlotte, North Carolina, Storm Water Fee Revenue Bonds, Series 2000, 6.000%, 6/01/25 (Pre-refunded to 6/01/10)	6/10 at 101
2,500	Fayetteville Public Works Commission, North Carolina, Revenue Bonds, Series 1997, 5.125%, 3/01/24 (Pre-refunded to 3/01/07) - FSA Insured	3/07 at 101
1,775	North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 1980, 10.500%, 1/01/10	No Opt. C
4,260	North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 1986, 5.000%, 1/01/20	No Opt. C
4,500	North Carolina, General Obligation Bonds, Series 2000A, 5.100%, 9/01/16 (Pre-refunded to 9/01/10)	9/10 at 102

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UTILITIES - 8.1% (5.5% OF TOTAL INVESTMENTS)		
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

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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
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WATER AND SEWER - 8.8% (6.0% OF TOTAL INVESTMENTS)		
\$ 2,825	Charlotte, North Carolina, Water and Sewerage System Revenue Bonds, Series 2005A, 5.000%, 12/01/21	12/14 at 102

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	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
	2,000	Winston-Salem, North Carolina, Water and Sewerage System Revenue Bonds, Series 2002A, 5.000%, 6/01/18	6/12 at 100
	1,170	Winston-Salem, North Carolina, Water and Sewerage System Revenue Bonds, Series 2005, 5.000%, 6/01/20	6/15 at 100
<hr/>			
\$	130,360	Total Long-Term Investments (cost \$133,296,350) - 146.3%	
<hr/>			
		Other Assets Less Liabilities - 2.4%	
<hr/>			
		Preferred Shares, at Liquidation Value - (48.7)%	
<hr/>			
		Net Assets Applicable to Common Shares - 100%	
<hr/>			

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.

\* 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.

\*\* Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.

\*\*\* Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.

N/R Investment is not rated.

See accompanying notes to financial statements.

Nuveen North Carolina Dividend Advantage Municipal Fund (NRB)  
 Portfolio of  
 INVESTMENTS May 31, 2005

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
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EDUCATION AND CIVIC ORGANIZATIONS - 26.6% (18.3% OF TOTAL INVESTMENTS)



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\$	500	North Carolina Capital Facilities Financing Agency, Revenue Bonds, High Point University, Series 2001, 5.125%, 9/01/18	9/11 at 101
	2,000	North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A, 5.125%, 10/01/26	10/11 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
	2,450	University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.375%, 4/01/17 - AMBAC Insured	10/12 at 100

-----  
HEALTHCARE - 19.2% (13.2% OF TOTAL INVESTMENTS)

	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	5/07 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, Northeast Medical Center, Series 2004, 5.000%, 11/01/24	11/14 at 100
	1,000	North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2001, 5.250%, 10/01/31	10/11 at 101

-----  
HOUSING/MULTIFAMILY - 6.6% (4.6% OF TOTAL INVESTMENTS)

	2,230	Durham Housing Authority, North Carolina, FNMA Guaranteed Multifamily Housing Revenue Bonds, Naples Terrace Apartments, Series 2001A, 5.700%, 6/01/33 (Alternative Minimum Tax)	6/11 at 100
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HOUSING/SINGLE FAMILY - 5.2% (3.6% OF TOTAL INVESTMENTS)

	1,270	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
	485	North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 10A, 5.400%, 7/01/32 (Alternative Minimum Tax) - AMBAC Insured	7/10 at 100

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INDUSTRIALS - 1.4% (1.0% OF TOTAL INVESTMENTS)

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500	North Carolina Capital Facilities Financing Agency, Exempt Facilities Revenue Bonds, Waste Management Inc., Series 2001, 3.750%, 8/01/14 (Alternative Minimum Tax) (Mandatory put 8/01/07)	No Opt. C
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 LONG-TERM CARE - 1.6% (1.1% OF TOTAL INVESTMENTS)

300	North Carolina Medical Care Commission, Revenue Bonds, United Methodist Retirement Homes Inc., Series 2005A, 5.500%, 10/01/35	10/14 at 100
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250	North Carolina Medical Care Commission, Revenue Bonds, United Church Homes and Services, Series 2005A, 5.250%, 9/01/21	9/15 at 100
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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
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MATERIALS - 2.2% (1.5% OF TOTAL INVESTMENTS)

\$ 750	Columbus County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Environmental Improvement Revenue Bonds, International Paper Company Project, Series 1997A, 6.150%, 4/01/21 (Alternative Minimum Tax)	4/07 at 102
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 TAX OBLIGATION/GENERAL - 6.3% (4.3% OF TOTAL INVESTMENTS)

North Carolina, General Obligation Bonds, Series 2004A:		
1,000	5.000%, 3/01/18	3/14 at 100
1,000	5.000%, 3/01/22	3/14 at 100

-----  
 TAX OBLIGATION/LIMITED - 24.2% (16.6% OF TOTAL INVESTMENTS)

1,330	Cabarrus County, North Carolina, Certificates of Participation, Series 2002, 5.250%, 2/01/15	2/13 at 100
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,	6/14 at 100

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Downtown Improvement Project, Series 2004B,  
5.000%, 6/01/20

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TRANSPORTATION - 4.8% (3.3% OF TOTAL INVESTMENTS)		
1,530	Raleigh Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A, 5.250%, 11/01/18 - FGIC Insured	5/11 at 101

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UTILITIES - 20.4% (14.0% 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
2,500	North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1993B, 5.500%, 1/01/17 - FGIC Insured	7/05 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

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WATER AND SEWER - 27.1% (18.5% OF TOTAL INVESTMENTS)		
2,290	Broad River Water Authority, North Carolina, Water System Revenue Bonds, Series 2000, 5.375%, 6/01/26 - MBIA Insured	6/10 at 101
2,250	Charlotte, North Carolina, Water and Sewerage System Revenue Bonds, Series 2001, 5.125%, 6/01/26	6/11 at 101
Greensboro, North Carolina, Combined Enterprise System Revenue Bonds, Series 2001A:		
500	5.125%, 6/01/20	6/11 at 101
500	5.125%, 6/01/21	6/11 at 101

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WATER AND SEWER (continued)

\$	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
	2,275	Winston-Salem, North Carolina, Water and Sewerage System Revenue Bonds, Series 2002A, 5.000%, 6/01/17	6/12 at 100
-----			
\$	47,445	Total Long-Term Investments (cost \$48,066,192) - 145.6%	
=====			

Other Assets Less Liabilities - 3.2%

Preferred Shares, at Liquidation Value - (48.8)%

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.

\* 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.

\*\* Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.

N/R Investment is not rated.

See accompanying notes to financial statements.

Nuveen North Carolina Dividend Advantage Municipal Fund 2 (NNO)  
Portfolio of  
INVESTMENTS May 31, 2005

	PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
-----			
		EDUCATION AND CIVIC ORGANIZATIONS - 30.3% (21.0% 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

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	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
500	East Carolina University, General Revenue Bonds, Series 2003A, 5.000%, 5/01/19 - AMBAC Insured		5/13 at 100
	North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A:		
3,750	5.125%, 10/01/26		10/11 at 100
2,000	5.125%, 10/01/41		10/11 at 100
1,000	University of North Carolina, Charlotte, Certificates of Participation, Student Housing Project, Series 2005, 5.000%, 3/01/31 - AMBAC Insured		3/15 at 100
1,840	University of North Carolina, Chapel Hill, System Net Revenue Bonds, Series 2002B, 5.000%, 12/01/11		No Opt. C
400	University of North Carolina, Greensboro, General Revenue Refunding Bonds, Series 2002B, 5.375%, 4/01/17 - FSA Insured		4/11 at 101
	University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A:		
1,155	5.375%, 4/01/16 - AMBAC Insured		10/12 at 100
1,100	5.375%, 4/01/19 - AMBAC Insured		10/12 at 100
	University of North Carolina System, Pooled Revenue Bonds, Series 2004C:		
250	5.000%, 4/01/21 - AMBAC Insured		4/14 at 100
500	5.000%, 4/01/24 - AMBAC Insured		4/14 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

-----  
HEALTHCARE - 21.4% (14.8% OF TOTAL INVESTMENTS)

2,130	Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, Carolinas Healthcare System, Series 2001A, 5.000%, 1/15/31		1/11 at 101
1,000	New Hanover County, North Carolina, Hospital Revenue Bonds, New Hanover Regional Medical Center, Series 1993, 4.750%, 10/01/23 - AMBAC Insured		10/05 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
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
	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
	North Carolina Medical Care Commission, Hospital Revenue		

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	Bonds, Southeastern Regional Medical Center, Series 2002:	
1,000	5.500%, 6/01/15	6/12 at 100
2,000	5.250%, 6/01/22	6/12 at 100
500	North Carolina Medical Care Commission, Revenue Bonds, Northeast Medical Center, Series 2004, 5.000%, 11/01/24	11/14 at 100
1,000	North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2001, 5.250%, 10/01/31	10/11 at 100

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Nuveen North Carolina Dividend Advantage Municipal Fund 2 (NNO) (continued)  
Portfolio of INVESTMENTS May 31, 2005

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
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	HOUSING/SINGLE FAMILY - 3.9% (2.7% OF TOTAL INVESTMENTS)	
\$ 410	North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 10A, 5.400%, 7/01/32 (Alternative Minimum Tax) - AMBAC Insured	7/10 at 100
	North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 13A:	
885	4.700%, 7/01/12 (Alternative Minimum Tax)	7/11 at 100
885	4.850%, 7/01/13 (Alternative Minimum Tax)	7/11 at 100
-----		
	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 (Alternative Minimum Tax) (Mandatory put 8/01/07)	No Opt. C
-----		
	LONG-TERM CARE - 1.1% (0.8% OF TOTAL INVESTMENTS)	
400	North Carolina Medical Care Commission, Revenue Bonds, United Methodist Retirement Homes Inc., Series 2005A, 5.500%, 10/01/35	10/14 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
-----		
	MATERIALS - 2.0% (1.4% OF TOTAL INVESTMENTS)	
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 100
-----		
	TAX OBLIGATION/GENERAL - 2.3% (1.6% OF TOTAL INVESTMENTS)	

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250	Durham County, North Carolina, General Obligation Bonds, Series 2000, 5.600%, 5/01/15	5/10 at 102
1,000	North Carolina, General Obligation Bonds, Series 2004A, 5.000%, 3/01/22	3/14 at 100
-----		
TAX OBLIGATION/LIMITED - 29.1% (20.2% OF TOTAL INVESTMENTS)		
30	Cabarrus County, North Carolina, Certificates of Participation, Series 2002, 5.250%, 2/01/16	2/13 at 100
1,650	Charlotte, North Carolina, Certificates of Participation, Governmental Facilities Projects, Series 2003G, 5.000%, 6/01/28	6/13 at 100
	Charlotte, North Carolina, Storm Water Fee Revenue Bonds, Series 2002:	
1,850	5.250%, 6/01/18	6/12 at 101
400	5.250%, 6/01/19	6/12 at 101
1,325	Dare County, North Carolina, Certificates of Participation, Series 2002, 5.250%, 6/01/17 - AMBAC Insured	12/12 at 100
	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
	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
-----		
TRANSPORTATION - 15.6% (10.8% OF TOTAL INVESTMENTS)		
2,035	Charlotte, North Carolina, Airport Revenue Bonds, Series 2004A, 5.000%, 7/01/34 - MBIA Insured	7/14 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

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
-----		
	TRANSPORTATION (continued)	
	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
-----		
	U.S. GUARANTEED *** - 10.4% (7.2% OF TOTAL INVESTMENTS)	
800	Fayetteville Public Works Commission, North Carolina, Revenue Bonds, Series 1997, 5.125%, 3/01/24 (Pre-refunded to 3/01/07) - FSA Insured	3/07 at 101
1,465	Orange Water and Sewerage Authority, North Carolina, Water and Sewerage System Revenue Bonds, Series 2001, 5.000%, 7/01/20 (Pre-refunded to 7/01/11)	7/11 at 101
3,200	Wake County, North Carolina, General Obligation School Bonds, Series 2000, 5.400%, 2/01/13 (Pre-refunded to 2/01/10)	2/10 at 101
-----		
	UTILITIES - 12.5% (8.7% OF TOTAL INVESTMENTS)	
2,500	North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1993B, 5.500%, 1/01/17 - FGIC Insured	7/05 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
-----		
	WATER AND SEWER - 14.3% (9.9% OF TOTAL INVESTMENTS)	
2,520	Charlotte, North Carolina, Water and Sewerage System Revenue Bonds, Series 2002, 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
1,085	Greensboro, North Carolina, Combined Enterprise System Revenue Bonds, Series 2005A, 5.000%, 6/01/24	6/15 at 100
	Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2004:	



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	1,000	5.000%, 3/01/21	3/14 at 100
	2,000	5.000%, 3/01/22	3/14 at 100
-----			
\$	77,880	Total Long-Term Investments (cost \$79,376,942) - 144.3%	
=====			
		Other Assets Less Liabilities - 3.8%	
-----			
		Preferred Shares, at Liquidation Value - (48.1)%	
-----			
		Net Assets Applicable to Common Shares - 100%	
=====			

FORWARD SWAP OUTSTANDING AT MAY 31, 2005:

	NOTIONAL AMOUNT	EFFECT DATE
-----		
Agreement with Morgan Stanley dated December 2, 2004, to pay semi-annually the notional amount multiplied by 5.465% (annualized) and receive quarterly the notional amount multiplied by the three-month USD-LIBOR (United States Dollar-London Inter-Bank Offered Rates).	\$1,750,000	7/11
=====		

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Effective date represents the date on which both the Fund and counterparty commence interest payment accruals on each forward swap contract.
- \* 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.
- \*\* Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.
- \*\*\* Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.
- N/R Investment is not rated.

See accompanying notes to financial statements.

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Portfolio of  
INVESTMENTS May 31, 2005

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
-----		
	CONSUMER STAPLES - 3.5% (2.4% 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 - 14.8% (10.1% OF TOTAL INVESTMENTS)	
500	East Carolina University, General Revenue Bonds, Series 2003A, 5.000%, 5/01/19 - AMBAC Insured	5/13 at 100
1,750	North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A: 5.125%, 10/01/26	10/11 at 100
500	5.125%, 10/01/41	10/11 at 100
3,000	North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2002A, 5.125%, 7/01/42	10/12 at 100
1,900	University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.000%, 4/01/27 - AMBAC Insured	10/12 at 100
500	University of North Carolina System, Pooled Revenue Bonds, Series 2004C, 5.000%, 4/01/24 - AMBAC Insured	4/14 at 100
-----		
	HEALTHCARE - 11.4% (7.8% OF TOTAL INVESTMENTS)	
2,000	Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolina Healthcare System, Series 1997A, 5.125%, 1/15/22	1/07 at 102
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	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, Northeast Medical Center, Series 2004, 5.000%, 11/01/24	11/14 at 100
1,000	North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2001, 5.250%, 10/01/31	10/11 at 101
-----		
	HOUSING/MULTIFAMILY - 1.8% (1.2% OF TOTAL INVESTMENTS)	
1,000	Mecklenburg County, North Carolina, FNMA Multifamily Housing Revenue Bonds, Little Rock Apartments,	7/13 at 105

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Series 2003, 5.150%, 1/01/22 (Alternative Minimum Tax)

HOUSING/SINGLE FAMILY - 2.3% (1.6% OF TOTAL INVESTMENTS)		
1,285	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
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 (Alternative Minimum Tax) (Mandatory put 8/01/07)	No Opt. C
LONG-TERM CARE - 0.7% (0.5% OF TOTAL INVESTMENTS)		
400	North Carolina Medical Care Commission, Revenue Bonds, United Methodist Retirement Homes Inc., Series 2005A, 5.500%, 10/01/35	10/14 at 100
MATERIALS - 2.4% (1.7% OF TOTAL INVESTMENTS)		
1,400	Haywood County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Environmental Improvement Revenue Bonds, Champion International Corporation, Series 1995A, 5.750%, 12/01/25 (Alternative Minimum Tax)	12/05 at 102

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PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
TAX OBLIGATION/GENERAL - 11.2% (7.7% OF TOTAL INVESTMENTS)		
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

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TAX OBLIGATION/LIMITED - 36.5% (25.0% 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
1,550	Cary, North Carolina, Certificates of Participation, Public Improvement Projects, Series 2002A, 5.000%, 12/01/17	12/12 at 100
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, Arena Project, Series 1997, 5.125%, 9/01/19 - FSA Insured	9/07 at 102
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
1,785	Union County, North Carolina, Certificates of Participation, Series 2003, 5.000%, 6/01/20 - AMBAC Insured	6/13 at 101

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TRANSPORTATION - 9.1% (6.2% 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

---

U.S. GUARANTEED *** - 10.3% (7.0% OF TOTAL INVESTMENTS)		
	Forsyth County, North Carolina, Certificates of Participation, Public Facilities and Equipment Project, Series 2002:	
1,325	5.125%, 1/01/16 (Pre-refunded to 1/01/13)	1/13 at 101
770	5.250%, 1/01/19 (Pre-refunded to 1/01/13)	1/13 at 101
1,235	5.250%, 1/01/23 (Pre-refunded to 1/01/13)	1/13 at 101
1,000	Mecklenburg County, North Carolina, General Obligation Public Improvement Bonds, Series 2000D, 5.000%, 4/01/13 (Pre-refunded to 4/01/10)	4/10 at 101
1,000	North Carolina, General Obligation Bonds, Series 2000A,	9/10 at 102

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5.100%, 9/01/16 (Pre-refunded to 9/01/10)

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UTILITIES - 14.6% (10.0% OF TOTAL INVESTMENTS)		
4,000	North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1993B, 5.500%, 1/01/17 - FGIC Insured (PLG)	7/05 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

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Nuveen North Carolina Dividend Advantage Municipal Fund 3 (NII) (continued)  
Portfolio of INVESTMENTS May 31, 2005

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)	OPTIONAL C PROVISIO
<hr/>		
WATER AND SEWER - 26.3% (17.9% OF TOTAL INVESTMENTS)		
\$ 750	Broad River Water Authority, North Carolina, Water System Revenue Bonds, Series 2000, 5.375%, 6/01/26 - MBIA Insured	6/10 at 101
	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
	Durham County, North Carolina, Enterprise System Revenue Bonds, Series 2002:	
680	5.000%, 6/01/16 - MBIA Insured	6/13 at 100
710	5.000%, 6/01/17 - MBIA Insured	6/13 at 100
300	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 (Alternative Minimum Tax) - FSA Insured	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
	Winston-Salem, North Carolina, Water and Sewerage System Revenue Bonds, Series 2002A:	
500	5.000%, 6/01/17	6/12 at 100
4,715	5.000%, 6/01/19	6/12 at 100

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\$	79,230	Total Long-Term Investments (cost \$81,247,960) - 146.3%
=====		
		Other Assets Less Liabilities - 1.9%
-----		
		Preferred Shares, at Liquidation Value - (48.2)%
-----		
		Net Assets Applicable to Common Shares - 100%
=====		

FORWARD SWAPS OUTSTANDING AT MAY 31, 2005:

	NOTIONAL AMOUNT	EFFECTIVE DATE
-----		
Agreement with Morgan Stanley dated December 8, 2004, to pay semi-annually the notional amount multiplied by 5.313% (annualized) and receive quarterly the notional amount multiplied by the three-month USD-LIBOR (United States Dollar-London Inter-Bank Offered Rates).	\$2,700,000	7/18
Agreement with Morgan Stanley dated January 31, 2005, to pay semi-annually the notional amount multiplied by 5.058% (annualized) and receive quarterly the notional amount multiplied by the three-month USD-LIBOR (United States Dollar-London Inter-Bank Offered Rates).	500,000	8/16
-----		

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Effective date represents the date on which both the Fund and counterparty commence interest payment accruals on each forward swap contract.
- \* 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.
- \*\* Ratings (not covered by the report of independent registered public accounting firm): Using the higher of Standard & Poor's or Moody's rating.
- \*\*\* Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.
- N/R Investment is not rated.
- (PLG) Portion of security, with an aggregate market value of \$250,483, has been pledged to collateralize the net

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payment obligations under forward swap contracts. See accompanying notes to financial statements.

See accompanying notes to financial statements.

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Statement of  
ASSETS AND LIABILITIES May 31, 2005

	GEORGIA PREMIUM INCOME (NPG)
-----	
ASSETS	
Investments, at market value (cost \$78,446,822, \$41,845,038 and \$94,368,112, respectively)	\$83,740,329
Cash	393,307
Receivables:	
Interest	1,395,907
Investments sold	31,168
Other assets	2,753
-----	
Total assets	85,563,464
-----	
LIABILITIES	
Forward swaps, at value	--
Accrued expenses:	
Management fees	46,368
Other	22,283
Preferred share dividends payable	7,618
-----	
Total liabilities	76,269
-----	
Preferred shares, at liquidation value	27,800,000
-----	
Net assets applicable to Common shares	\$57,687,195
=====	
Common shares outstanding	3,796,767
=====	
Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	\$ 15.19
=====	
NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:	
-----	
Common shares, \$.01 par value per share	\$ 37,968
Paid-in surplus	52,237,655
Undistributed (Over-distribution of) net investment income	371,927
Accumulated net realized gain (loss) from investments and forward swaps	(253,862)
Net unrealized appreciation (depreciation) of investments and forward swaps	5,293,507
-----	
Net assets applicable to Common shares	\$57,687,195
=====	

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Authorized shares:	
Common	Unlimited
Preferred	Unlimited

See accompanying notes to financial statements.

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Statement of  
ASSETS AND LIABILITIES May 31, 2005 (continued)

	NORTH CAROLINA PREMIUM INCOME (NNC)	NORTH CAROLINA DIVIDEND ADVANTAGE (NRB)
-----		
ASSETS		
Investments, at market value (cost \$133,296,350, \$48,066,192, \$79,376,942 and \$81,247,960, respectively)	\$140,506,690	\$50,695,072
Cash	12,383	274,886
Receivables:		
Interest	2,406,873	875,743
Investments sold	--	--
Other assets	8,796	7,693
-----		
Total assets	142,934,742	51,853,394
-----		
LIABILITIES		
Forward swaps, at value	--	--
Accrued expenses:		
Management fees	77,287	14,962
Other	33,559	12,393
Preferred share dividends payable	16,032	6,521
Total liabilities	126,878	33,876
-----		
Preferred shares, at liquidation value	46,800,000	17,000,000
-----		
Net assets applicable to Common shares	\$ 96,007,864	\$34,819,518
=====		
Common shares outstanding	6,334,245	2,252,723
=====		
Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	\$ 15.16	\$ 15.46
=====		
NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:		
-----		
Common shares, \$.01 par value per share	\$ 63,342	\$ 22,527
Paid-in surplus	87,554,145	31,924,053
Undistributed (Over-distribution of) net investment income	461,694	352,079
Accumulated net realized gain (loss) from investments and forward swaps	718,343	(108,021)
Net unrealized appreciation (depreciation) of investments and forward swaps	7,210,340	2,628,880
-----		



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Net assets applicable to Common shares	\$ 96,007,864	\$34,819,518
=====		
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, 2005

	GEORGIA PREMIUM INCOME (NPG)
-----	
INVESTMENT INCOME	\$4,182,288
-----	
EXPENSES	
Management fees	543,124
Preferred shares - auction fees	69,500
Preferred shares - dividend disbursing agent fees	10,000
Shareholders' servicing agent fees and expenses	7,137
Custodian's fees and expenses	23,776
Trustees' fees and expenses	1,859
Professional fees	12,144
Shareholders' reports - printing and mailing expenses	13,638
Stock exchange listing fees	403
Investor relations expense	12,180
Other expenses	12,691
-----	
Total expenses before custodian fee credit and expense reimbursement	706,452
Custodian fee credit	(11,429)
Expense reimbursement	--
-----	
Net expenses	695,023
-----	
Net investment income	3,487,265
-----	
REALIZED AND UNREALIZED GAIN (LOSS)	
Net realized gain from investments	334,583
Net realized gain (loss) from forward swaps	--
Change in net unrealized appreciation (depreciation) of investments	2,888,311
Change in net unrealized appreciation (depreciation) of forward swaps	--
-----	
Net realized and unrealized gain	3,222,894
-----	
DISTRIBUTIONS TO PREFERRED SHAREHOLDERS	
From net investment income	(347,395)
From accumulated net realized gains from investments	--
-----	
Decrease in net assets applicable to Common shares from distributions to Preferred shareholders	(347,395)
-----	

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Net increase in net assets applicable to Common shares  
from operations

\$6,362,764

See accompanying notes to financial statements.

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Statement of  
OPERATIONS Year Ended May 31, 2005 (continued)

	NORTH CAROLINA PREMIUM INCOME (NNC)	NORTH CAROLINA DIVIDEND ADVANTAGE (NRB)
INVESTMENT INCOME	\$6,939,138	\$2,456,940
EXPENSES		
Management fees	909,176	330,246
Preferred shares - auction fees	117,000	42,500
Preferred shares - dividend disbursing agent fees	10,000	10,000
Shareholders' servicing agent fees and expenses	12,592	397
Custodian's fees and expenses	35,939	14,159
Trustees' fees and expenses	3,380	870
Professional fees	14,182	10,997
Shareholders' reports - printing and mailing expenses	20,718	6,015
Stock exchange listing fees	10,730	191
Investor relations expense	20,616	6,771
Other expenses	14,847	12,039
Total expenses before custodian fee credit and expense reimbursement	1,169,180	434,185
Custodian fee credit	(10,195)	(2,652)
Expense reimbursement	--	(153,856)
Net expenses	1,158,985	277,677
Net investment income	5,780,153	2,179,263
REALIZED AND UNREALIZED GAIN (LOSS)		
Net realized gain from investments	1,595,461	117,198
Net realized gain (loss) from forward swaps	--	(105,324)
Change in net unrealized appreciation (depreciation) of investments	2,755,786	1,727,315
Change in net unrealized appreciation (depreciation) of forward swaps	--	--
Net realized and unrealized gain	4,351,247	1,739,189
DISTRIBUTIONS TO PREFERRED SHAREHOLDERS		
From net investment income	(680,330)	(201,792)
From accumulated net realized gains from investments	--	--
Decrease in net assets applicable to Common shares from distributions to Preferred shareholders	(680,330)	(201,792)

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Net increase in net assets applicable to Common shares  
from operations \$9,451,070 \$3,716,660

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 5/31/05	YEAR ENDED 5/31/04	YEAR ENDED 5/31/05	YEAR ENDED 5/31/04
<b>OPERATIONS</b>				
Net investment income	\$ 3,487,265	\$ 3,686,825	\$ 1,888,117	\$ 1,906,221
Net realized gain (loss) from investments	334,583	(142,352)	55,245	(34,604)
Net realized gain (loss) from forward swaps	--	--	(333,601)	--
Change in net unrealized appreciation (depreciation) of investments	2,888,311	(3,536,134)	2,011,284	(2,293,885)
Change in net unrealized appreciation (depreciation) of forward swaps	--	--	(67,410)	--
Distributions to Preferred Shareholders:				
From net investment income	(347,395)	(189,236)	(200,088)	(108,936)
From accumulated net realized gains from investments	--	--	(976)	(1,918)
Net increase (decrease) in net assets applicable to Common shares from operations	6,362,764	(180,897)	3,352,571	(533,122)
<b>DISTRIBUTIONS TO COMMON SHAREHOLDERS</b>				
From net investment income	(3,420,792)	(3,423,438)	(1,717,243)	(1,704,122)
From accumulated net realized gains from investments	--	--	(16,271)	(26,640)
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(3,420,792)	(3,423,438)	(1,733,514)	(1,730,762)
<b>CAPITAL SHARE TRANSACTIONS</b>				
Common shares:				
Net proceeds from sale of shares	--	--	--	3,771
Net proceeds from shares issued to shareholders due to reinvestment of distributions	138,628	160,945	26,856	33,434

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Preferred shares offering costs	--	--	13,620	(1,870)
-----				
Net increase in net assets applicable to Common shares from capital share transactions	138,628	160,945	40,476	35,335
-----				
Net increase (decrease) in net assets applicable to Common shares	3,080,600	(3,443,390)	1,659,533	(2,228,549)
Net assets applicable to Common shares at the beginning of year	54,606,595	58,049,985	28,347,941	30,576,490
-----				
Net assets applicable to Common shares at the end of year	\$57,687,195	\$54,606,595	\$30,007,474	\$28,347,941
=====				
Undistributed (Over-distribution of) net investment income at the end of year	\$ 371,927	\$ 652,523	\$ 331,184	\$ 360,398
=====				

See accompanying notes to financial statements.

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Statement of  
CHANGES IN NET ASSETS (continued)

	NORTH CAROLINA PREMIUM INCOME (NNC)	
	YEAR ENDED 5/31/05	YEAR ENDED 5/31/04
-----		
OPERATIONS		
Net investment income	\$ 5,780,153	\$ 6,036,869
Net realized gain (loss) from investments	1,595,461	1,150,011
Net realized gain (loss) from forward swaps	--	--
Change in net unrealized appreciation (depreciation) of investments	2,755,786	(7,239,557)
Change in net unrealized appreciation (depreciation) of forward swaps	--	--
Distributions to Preferred Shareholders:		
From net investment income	(680,330)	(386,028)
From accumulated net realized gains from investments	--	--
-----		
Net increase (decrease) in net assets applicable to Common shares from operations	9,451,070	(438,705)
-----		
DISTRIBUTIONS TO COMMON SHAREHOLDERS		
From net investment income	(5,600,573)	(5,617,376)
From accumulated net realized gains from investments	--	--

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Decrease in net assets applicable to Common shares from distributions to Common shareholders	(5,600,573)	(5,617,376)
CAPITAL SHARE TRANSACTIONS		
Common shares:		
Net proceeds from sale of shares	--	--
Net proceeds from shares issued to shareholders due to reinvestment of distributions	216,479	211,834
Preferred shares offering costs	--	--
Net increase in net assets applicable to Common shares from capital share transactions	216,479	211,834
Net increase (decrease) in net assets applicable to Common shares	4,066,976	(5,844,247)
Net assets applicable to Common shares at the beginning of year	91,940,888	97,785,135
Net assets applicable to Common shares at the end of year	\$96,007,864	\$91,940,888
Undistributed (Over-distribution of) net investment income at the end of year	\$ 461,694	\$ 996,809

See accompanying notes to financial statements.

	NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO)	
	YEAR ENDED 5/31/05	YEAR ENDED 5/31/04
OPERATIONS		
Net investment income	\$ 3,499,776	\$ 3,524,512
Net realized gain (loss) from investments	748,290	29,594
Net realized gain (loss) from forward swaps	20,984	--
Change in net unrealized appreciation (depreciation) of investments	2,568,886	(4,418,430)
Change in net unrealized appreciation (depreciation) of forward swaps	(172,011)	--
Distributions to Preferred Shareholders:		
From net investment income	(384,082)	(219,210)
From accumulated net realized gains from investments	(18,106)	(6,486)
Net increase (decrease) in net assets		

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applicable to Common shares from operations	6,263,737	(1,090,020)
-----		
DISTRIBUTIONS TO COMMON SHAREHOLDERS		
From net investment income	(3,229,318)	(3,186,908)
From accumulated net realized gains from investments	(260,889)	(106,264)
-----		
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(3,490,207)	(3,293,172)
-----		
CAPITAL SHARE TRANSACTIONS		
Common shares:		
Net proceeds from sale of shares	--	2,456
Net proceeds from shares issued to shareholders due to reinvestment of distributions	70,466	50,055
Preferred shares offering costs	--	--
-----		
Net increase in net assets applicable to Common shares from capital share transactions	70,466	52,511
-----		
Net increase (decrease) in net assets applicable to Common shares	2,843,996	(4,330,681)
Net assets applicable to Common shares at the beginning of year	55,311,219	59,641,900
-----		
Net assets applicable to Common shares at the end of year	\$58,155,215	\$55,311,219
=====		
Undistributed (Over-distribution of) net investment income at the end of year	\$ 182,568	\$ 300,170
=====		

See accompanying notes to financial statements.

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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 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

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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.

Effective January 1, 2005, Nuveen Advisory Corp. ("NAC"), the Funds' previous Adviser, and its affiliate, Nuveen Institutional Advisory Corp. ("NIAC"), were merged into Nuveen Asset Management ("NAM"), each wholly owned subsidiaries of Nuveen Investments, Inc. ("Nuveen"). As a result of the merger, NAM is now the Adviser to all funds previously advised by either NAC or NIAC.

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 price quotes are not readily available (which is usually the case for municipal securities), the pricing service establishes fair market 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 derivative investments are also provided by an independent pricing service approved by each Fund's Board of Trustees. If the pricing service is unable to supply a price for a derivative investment each Fund may use a market quote provided by a major broker/dealer in such investments. If it is determined that market prices for an investment are 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 securities are valued at amortized cost, which approximates market value.

### Securities Transactions

Securities transactions are recorded on a trade date basis. Realized gains and losses from transactions are determined on the specific identification method. Securities purchased on a when-issued or delayed delivery basis may have extended settlement periods. Any securities 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 and delayed delivery purchase commitments. At May 31, 2005, there were no such outstanding purchase commitments in any of the 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. All monthly tax-exempt income dividends paid during the fiscal

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year ended May 31, 2005, have been designated Exempt Interest Dividends. Net realized capital gains and ordinary income distributions paid by the Funds are subject to federal taxation.

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### 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 on each Series is determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and is payable weekly 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)	NORTH CAROLINA DIVIDEND ADVANTAGE (NNO)
Number of shares:						
Series M	--	600	--	--	--	--
Series T	--	--	--	--	680	--
Series W	--	--	--	--	--	--
Series TH	1,112	--	--	1,872	--	--
Series F	--	--	1,320	--	--	1,120

### Forward Swap Transactions

The Funds may invest in certain derivative financial instruments. The Funds' use of forward interest rate swap transactions is intended to mitigate the negative impact that an increase in long-term interest rates could have on Common share net asset value. Forward interest rate swap transactions involve each Fund's agreement with the counterparty to pay, in the future, a fixed rate payment in exchange for the counterparty paying the Fund a variable rate payment. The amount of the payment obligation is based on the notional amount of the forward swap contract. The Funds may close out a contract prior to the effective date at which point a realized gain or loss would be recognized. When a forward swap is terminated, it does not involve the delivery of securities or other underlying assets or principal, but rather is settled in cash. 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



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failing to honor its commitment to pay any realized gain to the Fund upon termination. To minimize 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 pre-determined threshold amount.

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.

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.

Notes to

FINANCIAL STATEMENTS (continued)

2. FUND SHARES

Transactions in Common shares were as follows:

	GEORGIA PREMIUM INCOME (NPG)		GEORGIA DIVIDEND ADVANTAGE (NZX)		GEORGIA DIVI ADVANTAGE 2	
	YEAR ENDED 5/31/05	YEAR ENDED 5/31/04	YEAR ENDED 5/31/05	YEAR ENDED 5/31/04	YEAR ENDED 5/31/05	YE
Common shares issued to shareholders due to reinvestment of distributions	8,727	9,866	1,724	2,157	--	

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	NORTH CAROLINA PREMIUM INCOME (NNC)		NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO)	
	YEAR ENDED	YEAR ENDED	YEAR ENDED	YEAR ENDED
	5/31/05	5/31/04	5/31/05	5/31/04
Common shares issued to shareholders due to reinvestment of distributions	13,171	12,801	3,678	

	NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO)		NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII)	
	YEAR ENDED	YEAR ENDED	YEAR ENDED	YEAR ENDED
	5/31/05	5/31/04	5/31/05	5/31/04
Common shares issued to shareholders due to reinvestment of distributions	4,454	3,167	3,600	

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3. SECURITIES TRANSACTIONS

Purchases and sales (including maturities) of investments in long-term municipal securities for the fiscal year ended May 31, 2005, were as follows:

	GEORGIA PREMIUM INCOME (NPG)	GEORGIA DIVIDEND ADVANTAGE (NZX)	GEORGIA DIVIDEND ADVANTAGE 2 (NKG)
Purchases	\$15,163,886	\$5,293,971	\$4,962,669
Sales and maturities	15,166,858	5,377,673	5,552,198

	NORTH CAROLINA PREMIUM INCOME (NNC)	NORTH CAROLINA DIVIDEND ADVANTAGE (NRB)	NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO)	NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII)
Purchases	\$26,338,456	\$5,546,422	\$22,004,110	\$6,404,023
Sales and maturities	26,374,158	5,529,796	23,805,043	6,812,981

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 on investments, timing differences in recognizing income on taxable market discount securities and timing differences in recognizing certain gains and losses on investment transactions.

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At May 31, 2005, the cost of investments was as follows:

	GEORGIA PREMIUM INCOME (NPG)	GEORGIA DIVIDEND ADVANTAGE (NZX)	GEORGIA DIVIDEND ADVANTAGE 2 (NKG)
Cost of investments	\$78,433,510	\$42,071,676	\$94,953,455

	NORTH CAROLINA PREMIUM INCOME (NNC)	NORTH CAROLINA DIVIDEND ADVANTAGE (NRB)	NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO)	NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII)
Cost of investments	\$133,264,705	\$48,120,510	\$79,372,610	\$81,365,299

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Notes to  
FINANCIAL STATEMENTS (continued)

Gross unrealized appreciation and gross unrealized depreciation of investments at May 31, 2005, were as follows:

	GEORGIA PREMIUM INCOME (NPG)	GEORGIA DIVIDEND ADVANTAGE (NZX)	GEORGIA DIVIDEND ADVANTAGE 2 (NKG)
Gross unrealized:			
Appreciation	\$5,319,764	\$2,293,873	\$4,104,153
Depreciation	(12,945)	(242,601)	(665,824)
Net unrealized appreciation of investments	\$5,306,819	\$2,051,272	\$3,438,329

	NORTH CAROLINA PREMIUM INCOME (NNC)	NORTH CAROLINA DIVIDEND ADVANTAGE (NRB)	NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO)	NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII)
Gross unrealized:				
Appreciation	\$7,261,604	\$2,632,355	\$4,558,642	\$3,687,846
Depreciation	(19,619)	(57,793)	(3,568)	(123,225)
Net unrealized appreciation of investments	\$7,241,985	\$2,574,562	\$4,555,074	\$3,564,621

The tax components of undistributed net investment income and net realized gains at May 31, 2005, were as follows:

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	GEORGIA PREMIUM INCOME (NPG)	GEORGIA DIVIDEND ADVANTAGE (NZX)	GEORGIA DIVIDEND ADVANTAGE 2 (NKG)
Undistributed net tax-exempt income *	\$641,497	\$475,192	\$73,268
Undistributed net ordinary income **	--	--	--
Undistributed net long-term capital gains	--	--	--

	NORTH CAROLINA PREMIUM INCOME (NNC)	NORTH CAROLINA DIVIDEND ADVANTAGE (NRB)	NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO)	NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII)
Undistributed net tax-exempt income *	\$895,718	\$529,690	\$449,054	\$200,083
Undistributed net ordinary income **	3,258	--	123,149	--
Undistributed net long-term capital gains	718,343	--	400,623	--

\* Undistributed net tax-exempt income (on a tax basis) has not been reduced for the dividend declared on May 2, 2005, paid on June 1, 2005.

\*\* 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 fiscal years ended May 31, 2005 and May 31, 2004, was designated for purposes of the dividends paid deduction as follows:

2005	GEORGIA PREMIUM INCOME (NPG)	GEORGIA DIVIDEND ADVANTAGE (NZX)	GEORGIA DIVIDEND ADVANTAGE 2 (NKG)
Distributions from net tax-exempt income	\$3,753,153	\$1,919,401	\$4,087,495
Distributions from net ordinary income **	19,521	--	--
Distributions from net long-term capital gains	--	17,247	--

2005	NORTH CAROLINA PREMIUM INCOME (NNC)	NORTH CAROLINA DIVIDEND ADVANTAGE (NRB)	NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO)	NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII)
Distributions from net				

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tax-exempt income	\$6,287,760	\$2,264,563	\$3,616,451	\$3,544,530
Distributions from net ordinary income **	--	--	--	--
Distributions from net long-term capital gains	--	--	278,995	--

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

	GEORGIA PREMIUM INCOME (NPG)	GEORGIA DIVIDEND ADVANTAGE (NZX)	GEORGIA DIVIDEND ADVANTAGE 2 (NKG)
2004			
Distributions from net tax-exempt income	\$3,576,247	\$1,804,473	\$3,908,774
Distributions from net ordinary income **	25,456	--	109,478
Distributions from net long-term capital gains	--	28,503	--

	NORTH CAROLINA PREMIUM INCOME (NNC)	NORTH CAROLINA DIVIDEND ADVANTAGE (NRB)	NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO)	NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII)
2004				
Distributions from net tax-exempt income	\$5,990,683	\$2,139,529	\$3,390,258	\$3,408,983
Distributions from net ordinary income **	--	66,536	76,010	30,673
Distributions from net long-term capital gains	--	102,835	36,895	--

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

At May 31, 2005, 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 PREMIUM INCOME (NPG)	GEORGIA DIVIDEND ADVANTAGE 2 (NKG)	NORTH CAROLINA DIVIDEND ADVANTAGE (NRB)	NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII)
Expiration year:				
2005	\$ --	\$ --	\$ --	\$ --
2006	--	--	--	--
2007	--	--	--	--
2008	129,908	--	--	--
2009	--	--	--	--
2010	--	--	--	--
2011	--	--	--	--
2012	123,954	138,103	--	339,128
2013	--	--	52,458	28,043

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Total	\$253,862	\$138,103	\$52,458	\$367,171
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Notes to  
FINANCIAL STATEMENTS (continued)

The following Funds elected to defer net realized losses from investments incurred from November 1, 2004 through May 31, 2005 ("post-October losses") in accordance with Federal income tax regulations. The following post-October losses were treated as having arisen on the first day of the following fiscal year:

	GEORGIA DIVIDEND ADVANTAGE (NZX)	GEORGIA DIVIDEND ADVANTAGE 2 (NKG)	NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII)
	\$103,434	\$179,798	\$275,967

5. MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

As approved by the Board of Trustees, effective August 1, 2004, a complex-wide management fee structure was adopted for all funds sponsored by the Adviser, or its predecessor and its affiliates. This fee structure separates each fund's management fee into two components - a complex-level component, based on the aggregate amount of all fund assets managed by the Adviser, 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 individual fund as well as from growth in the amount of complex-wide assets managed by the Adviser. Under no circumstances will this pricing structure result in a fund paying management fees at a rate higher than would otherwise have been applicable had the complex-wide management fee structure not been implemented. As of June 30, 2005, the complex-level fee rate was .1900%; that is, the funds' effective management fees were reduced by approximately .0100%.

Effective August 1, 2004, the annual fund-level fee, payable monthly, for each of the Funds 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

GEORGIA DIVIDEND ADVANTAGE (NZX)

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AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO PREFERRED SHARES)	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

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Effective August 1, 2004, 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 follows:

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 all types of leverage used 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 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.

Each Fund paid through July 31, 2004, an annual management fee, payable monthly, at the rates set forth below, which were 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) MANAGEMENT FEE RATE
For the first \$125 million	.6500%
For the next \$125 million	.6375
For the next \$250 million	.6250

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For the next \$500 million	.6125
For the next \$1 billion	.6000
For the next \$3 billion	.5875
For net assets over \$5 billion	.5750

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) MANAGEMENT FEE RATE
For the first \$125 million	.6500%
For the next \$125 million	.6375
For the next \$250 million	.6250
For the next \$500 million	.6125
For the next \$1 billion	.6000
For net assets over \$2 billion	.5750

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 their 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.

Notes to  
FINANCIAL STATEMENTS (continued)

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.



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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 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.

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

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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. ANNOUNCEMENT REGARDING PARENT COMPANY OF ADVISER

In early April 2005, The St. Paul Travelers Companies, Inc. ("St. Paul Travelers"), which owned 79% of Nuveen, (A) completed a public offering of a substantial portion of its equity stake in Nuveen, (B) sold Nuveen \$200 million of its Nuveen shares, (C) entered into an agreement with Nuveen to sell an additional \$400 million of its Nuveen shares on a "forward" basis with payment for and settlement of these shares delayed for several months, and (D) entered into agreements with two unaffiliated investment banking firms to sell an amount equal to most or all of its remaining Nuveen shares for current payment but for future settlement. The settlement of transactions (C) and (D) above would likely be deemed an "assignment" (as defined in the 1940 Act) of the investment management agreements between the Funds and the Adviser, which would result in the automatic termination of each agreement under the 1940 Act. The Board of Trustees will consider approval of new ongoing investment management agreements for each Fund and the submission of those agreements for approval by each respective Fund's shareholders. Those agreements, if approved by a Fund's shareholders, would take effect upon such approval. There can be no assurance that these approvals will be obtained.

7. SUBSEQUENT EVENT - DISTRIBUTIONS TO COMMON SHAREHOLDERS

The Funds declared Common share dividend distributions from their tax-exempt net investment income which were paid on July 1, 2005, to shareholders of record on June 15, 2005, 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 (NNO)
Dividend per share	\$ .0690	\$ .0730	\$ .0590	\$ .0680	\$ .0765	\$ .0725

Financial  
HIGHLIGHTS

Selected data for a Common share outstanding throughout each period:

Beginning Common Share	Investment Operations			
	Net	Net Realized/	Distributions from Net Investment Income to Preferred	Distributions from Capital Gains to Preferred

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	Net Asset Value	Investment Income	Unrealized Gain (Loss)	Share- holders+	Share- holders+	To
GEORGIA PREMIUM INCOME (NPG)						
Year Ended 5/31:						
2005	\$14.42	\$ .92	\$ .84	\$ (.09)	\$ --	\$1
2004	15.36	.97	(.96)	(.05)	--	(
2003	14.31	.96	1.02	(.07)	--	1
2002	14.15	1.02	.11	(.12)	--	1
2001	12.80	1.06	1.35	(.26)	--	2

GEORGIA DIVIDEND ADVANTAGE (NZX)						
Year Ended 5/31:						
2005	14.47	.96	.85	(.10)	--	1
2004	15.62	.97	(1.18)	(.06)	--	(
2003	14.00	.96	1.65	(.06)	(.02)	2
2002 (a)	14.33	.58	(.19)	(.06)	--	

GEORGIA DIVIDEND ADVANTAGE 2 (NKG)						
Year Ended 5/31:						
2005	13.79	.87	.94	(.11)	--	1
2004	15.01	.88	(1.23)	(.05)	--	(
2003 (b)	14.33	.47	.92	(.04)	--	1

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

GEORGIA PREMIUM INCOME (NPG)						
Year Ended 5/31:						
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	
2002	--	14.31	15.83	8.98	7.32	
2001	--	14.15	15.35	30.41	16.98	

GEORGIA DIVIDEND ADVANTAGE (NZX)						
Year Ended 5/31:						
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	
2002 (a)	(.19)	14.00	14.74	1.42	1.02	

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GEORGIA DIVIDEND  
ADVANTAGE 2 (NKG)

Year Ended 5/31:					
2005	--	14.71	14.18	13.61	12.61
2004	--	13.79	13.20	(6.57)	(2.67)
2003 (b)	(.20)	15.01	14.98	3.16	8.22

Ratios/Supplemental Data

	Before Credit/Reimbursement			After Credit/Reimbursement	
	Ending Net Assets Applicable to Common Shares (000)	Ratio of Expenses to Average Net Assets Applicable to Common Shares++	Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++	Ratio of Expenses to Average Net Assets Applicable to Common Shares++	Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++

GEORGIA PREMIUM  
INCOME (NPG)

Year Ended 5/31:				
2005	\$57,687	1.25%	6.15%	1.23%
2004	54,607	1.23	6.54	1.22
2003	58,050	1.29	6.53	1.26
2002	53,909	1.37	7.12	1.35
2001	53,168	1.41	7.67	1.40

GEORGIA DIVIDEND  
ADVANTAGE (NZX)

Year Ended 5/31:				
2005	30,007	1.27	5.93	.80
2004	28,348	1.27	6.03	.81
2003	30,576	1.31	6.00	.83
2002 (a)	27,381	1.37*	5.70*	.92*

GEORGIA DIVIDEND  
ADVANTAGE 2 (NKG)

Year Ended 5/31:				
2005	66,974	1.23	5.58	.74
2004	62,810	1.22	5.63	.73
2003 (b)	68,325	1.16*	4.36*	.69*

Preferred Shares at End of Period

Aggregate Amount Outstanding (000)	Liquidation and Market Value Per Share	Asset Coverage Per Share

GEORGIA PREMIUM  
INCOME (NPG)

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Year Ended 5/31:			
2005	\$27,800	\$25,000	\$76,877
2004	27,800	25,000	74,107
2003	27,800	25,000	77,203
2002	27,800	25,000	73,480
2001	27,800	25,000	72,813

GEORGIA DIVIDEND  
ADVANTAGE (NZX)

Year Ended 5/31:			
2005	15,000	25,000	75,012
2004	15,000	25,000	72,247
2003	15,000	25,000	75,961
2002 (a)	15,000	25,000	70,636

GEORGIA DIVIDEND  
ADVANTAGE 2 (NKG)

Year Ended 5/31:			
2005	33,000	25,000	75,738
2004	33,000	25,000	72,583
2003 (b)	33,000	25,000	76,761

- \* Annualized.
- \*\* Total Investment 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, 2001 (commencement of operations) through May 31, 2002.
- (b) For the period September 25, 2002 (commencement of operations) through May 31, 2003.

See accompanying notes to financial statements.

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Financial Highlights (continued)

Selected data for a Common share outstanding throughout each period:

			Investment Operations		
			Distributions	Distributions	
			from Net	from	
Beginning			Investment	Capital	
Common		Net	Income to	Gains to	
Share	Net	Realized/	Preferred	Preferred	
Net Asset	Investment	Unrealized	Share-	Share-	
Value	Income	Gain (Loss)	holders+	holders+	To

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NORTH CAROLINA  
PREMIUM INCOME (NNC)

Year Ended 5/31:

2005	\$14.55	\$ .91	\$ .70	\$(.11)	\$ --	\$1
2004	15.50	.95	(.95)	(.06)	--	(
2003	14.18	.98	1.27	(.07)	--	2
2002	13.94	1.02	.15	(.13)	--	1
2001	12.62	1.03	1.31	(.27)	--	2

NORTH CAROLINA  
DIVIDEND ADVANTAGE (NRB)

Year Ended 5/31:

2005	14.72	.97	.78	(.09)	--	1
2004	15.87	.98	(1.10)	(.05)	--	(
2003	14.39	1.00	1.54	(.06)	(.02)	2
2002	13.90	1.06	.38	(.13)	--	1
2001 (a)	14.33	.25	(.26)	(.05)	--	(

NORTH CAROLINA  
DIVIDEND ADVANTAGE 2 (NNO)

Year Ended 5/31:

2005	14.81	.94	.83	(.10)	--	1
2004	15.98	.94	(1.17)	(.06)	--	(
2003	14.30	.94	1.78	(.07)	(.02)	2
2002 (b)	14.33	.38	.11	(.04)	--	

NORTH CAROLINA  
DIVIDEND ADVANTAGE 3 (NII)

Year Ended 5/31:

2005	13.89	.89	.91	(.11)	--	1
2004	14.96	.90	(1.09)	(.07)	--	(
2003 (c)	14.33	.49	.87	(.05)	--	1

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:

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
2002	--	14.18	16.21	15.44	7.62
2001	--	13.94	14.80	14.03	16.65

NORTH CAROLINA

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DIVIDEND ADVANTAGE (NRB)

Year Ended 5/31:					
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
2002	--	14.39	15.44	7.54	9.58
2001 (a)	(.17)	13.90	15.15	2.42	(1.57)

NORTH CAROLINA  
DIVIDEND ADVANTAGE 2 (NNO)

Year Ended 5/31:					
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
2002 (b)	(.14)	14.30	14.90	1.64	2.22

NORTH CAROLINA  
DIVIDEND ADVANTAGE 3 (NII)

Year Ended 5/31:					
2005	--	14.78	15.40	18.78	12.39
2004	--	13.89	13.68	(4.93)	(1.75)
2003 (c)	(.21)	14.96	15.20	4.56	7.86

Ratios/Supplemental Data

	Before Credit/Reimbursement		After Credit/Reimbursement		Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++
	Ratio of Expenses to Average Net Assets Applicable to Common Shares++	Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++	Ratio of Expenses to Average Net Assets Applicable to Common Shares++	Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++	
Ending Net Assets Applicable to Common Shares (000)					

NORTH CAROLINA  
PREMIUM INCOME (NNC)

Year Ended 5/31:				
2005	\$96,008	1.23%	6.09%	1.22%
2004	91,941	1.23	6.35	1.22
2003	97,785	1.27	6.60	1.25
2002	89,286	1.33	7.17	1.32
2001	87,614	1.34	7.47	1.30

NORTH CAROLINA  
DIVIDEND ADVANTAGE (NRB)

Year Ended 5/31:				
2005	34,820	1.27	5.90	.81
2004	33,110	1.24	5.96	.78
2003	35,591	1.30	6.16	.83
2002	32,148	1.44	6.86	.90
2001 (a)	31,015	1.31*	5.02*	.85*

NORTH CAROLINA

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DIVIDEND ADVANTAGE 2 (NNO)

Year Ended 5/31:				
2005	58,155	1.23	5.64	.77
2004	55,311	1.22	5.71	.77
2003	59,642	1.24	5.80	.76
2002 (b)	53,383	1.19*	4.70*	.74*

NORTH CAROLINA  
DIVIDEND ADVANTAGE 3 (NII)

Year Ended 5/31:				
2005	58,035	1.24	5.65	.76
2004	54,482	1.22	5.75	.73
2003 (c)	58,653	1.18*	4.61*	.71*

Preferred Shares at End of Period

	Aggregate Amount Outstanding (000)	Liquidation and Market Value Per Share	Asset Coverage Per Share
=====			

NORTH CAROLINA  
PREMIUM INCOME (NNC)

Year Ended 5/31:			
2005	\$46,800	\$25,000	\$76,286
2004	46,800	25,000	74,114
2003	46,800	25,000	77,236
2002	46,800	25,000	72,695
2001	46,800	25,000	71,802

NORTH CAROLINA  
DIVIDEND ADVANTAGE (NRB)

Year Ended 5/31:			
2005	17,000	25,000	76,205
2004	17,000	25,000	73,692
2003	17,000	25,000	77,340
2002	17,000	25,000	72,277
2001 (a)	17,000	25,000	70,610

NORTH CAROLINA  
DIVIDEND ADVANTAGE 2 (NNO)

Year Ended 5/31:			
2005	28,000	25,000	76,924
2004	28,000	25,000	74,385
2003	28,000	25,000	78,252
2002 (b)	28,000	25,000	72,664

NORTH CAROLINA  
DIVIDEND ADVANTAGE 3 (NII)

Year Ended 5/31:			
2005	28,000	25,000	76,817
2004	28,000	25,000	73,644
2003 (c)	28,000	25,000	77,369



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- \* Annualized.
- \*\* Total Investment 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 January 25, 2001 (commencement of operations) through May 31, 2001.
- (b) For the period November 15, 2001 (commencement of operations) through May 31, 2002.
- (c) For the period September 25, 2002 (commencement of operations) through May 31, 2003.

See accompanying notes to financial statements.

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Board Members  
AND OFFICERS

The management of the Fund, including general supervision of the duties performed for the Fund by the Adviser, is the responsibility of the Board Members of the Fund. 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 Fund 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 Fund, 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 AND ADDRESS	POSITION(S) HELD WITH THE FUND	YEAR FIRST ELECTED OR APPOINTED (2)	PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS
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BOARD MEMBER WHO IS AN INTERESTED PERSON OF THE FUND:

Timothy R. Schwertfeger(1) 3/28/49 333 W. Wacker Drive Chicago, IL 60606	Chairman of the Board and Trustee	1994	Chairman and Director (since 1996) of N Inc. and Nuveen Investments, LLC; Direc Chairman (since 1996) of Nuveen Advisor Institutional Advisory Corp.(3); Chairm 1997) of Nuveen Asset Management; Direc of Institutional Capital Corporation; C (since 1999) of Rittenhouse Asset Manag Chairman of Nuveen Investments Advisers
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BOARD MEMBERS WHO ARE NOT INTERESTED PERSONS OF THE FUND:

Robert P. Bremner 8/22/40 333 W. Wacker Drive Chicago, IL 60606	Board member	1997	Private Investor and Management Consult
Lawrence H. Brown 7/29/34 333 W. Wacker Drive Chicago, IL 60606	Board member	1993	Retired (1989) as Senior Vice President Trust Company; Director, Community Advi Highland Park and Highwood, United Way Shore (since 2002).
Jack B. Evans 10/22/48 333 W. Wacker Drive Chicago, IL 60606	Board member	1999	President, The Hall-Perrine Foundation, corporation (since 1996); Director and Fire Group, a publicly held company; Ad University of Iowa; Director, Gazette C of Coe College; Director, Iowa College Director, Alliant Energy; formerly, Dir Bank of Chicago; formerly, President an SCI Financial Group, Inc., a regional f
William C. Hunter 3/6/48 333 W. Wacker Drive Chicago, IL 60606	Board member	2004	Dean and Distinguished Professor of Fin Business at the University of Connectic previously, Senior Vice President and D at the Federal Reserve Bank of Chicago (since 1997), Credit Research Center at Director of Xerox Corporation (since 20
David J. Kundert 10/28/42 333 W. Wacker Drive Chicago, IL 60606	Board member	2005	Retired (2004) as Chairman, JPMorgan FL Management, President and CEO, Banc One Advisors Corporation, and President, On Funds; prior thereto, Executive Vice Pr Corporation and Chairman and CEO, Banc Management Group; Board of Regents, Lut currently a member of the American and Associations.

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NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUND	YEAR FIRST ELECTED OR APPOINTED (2)	PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS
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BOARD MEMBERS WHO ARE NOT INTERESTED PERSONS OF THE FUND (CONTINUED):

William J. Schneider 9/24/44 333 W. Wacker Drive Chicago, IL 60606	Board member	1997	Chairman, formerly, Senior Partner and Officer, Miller-Valentine Partners Ltd. investment company; formerly, Vice Pres Realty, a construction company; Board M Finance Committee, member of the Audit Health Partners, the not-for-profit com Valley Hospital; Board Member, formerly
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OFFICERS OF THE FUND (CONTINUED):

Julia L. Antonatos 9/22/63 333 W. Wacker Drive Chicago, IL 60606	Vice President	2004	Managing Director (since 2005), previously (since 2002), formerly, Assistant Vice of Nuveen Investments, LLC; Chartered
Michael T. Atkinson 2/3/66 333 W. Wacker Drive Chicago, IL 60606	Vice President and Assistant Secretary	2000	Vice President (since 2002), formerly, President (since 2000) of Nuveen Invest
Peter H. D'Arrigo 11/28/67 333 W. Wacker Drive Chicago, IL 60606	Vice President and Treasurer	1999	Vice President of Nuveen Investments, L Vice President and Treasurer of Nuveen (since 1999); Vice President and Treasu Corp. and Nuveen Institutional Advisory Vice President and Treasurer of Nuveen (since 2002) and of Nuveen Investments Assistant Treasurer of NWQ Investment M Company, LLC (since 2002); Vice Preside Nuveen Rittenhouse Asset Management, In Chartered Financial Analyst.
Jessica R. Droeger 9/24/64 333 W. Wacker Drive Chicago, IL 60606	Vice President and Secretary	1998	Vice President (since 2002) and Assista (since 1998), formerly, Assistant Vice Nuveen Investments, LLC; Vice President and Assistant Secretary (since 1998), f Vice President of Nuveen Advisory Corp. Institutional Advisory Corp.(3); and (s Asset Management.
Lorna C. Ferguson 10/24/45 333 W. Wacker Drive Chicago, IL 60606	Vice President	1998	Managing Director (since 2004) formerly Nuveen Investments, LLC; Managing Direc formerly, Vice President (since 1998) o and Nuveen Institutional Advisory Corp. (since 2005) of Nuveen Asset Management
William M. Fitzgerald 3/2/64 333 W. Wacker Drive Chicago, IL 60606	Vice President	1995	Managing Director (since 2002) of Nuvee LLC; Managing Director (since 2001), fo (since 1995) of Nuveen Advisory Corp. a Advisory Corp.(3); Managing Director (s Asset Management; Vice President (since Investment Advisers Inc.; Chartered Fin
Stephen D. Foy 5/31/54 333 W. Wacker Drive Chicago, IL 60606	Vice President and Controller	1998	Vice President (since 1993) and Funds C of Nuveen Investments, LLC; formerly, V Funds Controller (1998-2004) of Nuveen Certified Public Accountant.
James D. Grassi 4/13/56 333 W. Wacker Drive Chicago, IL 60606	Vice President and Chief Compliance Officer	2004	Vice President and Deputy Director of C of Nuveen Investments, LLC, Nuveen Inve Nuveen Asset Management and Rittenhouse Inc.; previously, Vice President and De (2004) of Nuveen Advisory Corp. and Nuv

Corp. (3); formerly, Senior Attorney (1) Trust Company.

NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUNDS	YEAR FIRST ELECTED OR APPOINTED (4)	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
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 OFFICERS OF THE FUND (CONTINUED):

David J. Lamb 3/22/63 333 W. Wacker Drive Chicago, IL 60606	Vice President	2000	Vice President (since 2000) of Nuveen I LLC; Certified Public Accountant.
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Tina M. Lazar 8/27/61 333 W. Wacker Drive Chicago, IL 60606	Vice President	2002	Vice President (since 1999) of Nuveen I
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Larry W. Martin 7/27/51 333 W. Wacker Drive Chicago, IL 60606	Vice President and Assistant Secretary	1988	Vice President, Assistant Secretary and Counsel of Nuveen Investments, LLC; Vice Assistant Secretary of Nuveen Advisory Institutional Advisory Corp. (3); Vice P Assistant Secretary of Nuveen Investmen Asset Management; Vice President (since Secretary and Assistant General Counsel Rittenhouse Asset Management; Vice Pres Secretary of Nuveen Investments Adviser Assistant Secretary of NWQ Investment M Company, LLC (since 2002).
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- (1) Mr. Schwertfeger is an "interested person" of the Fund, as defined in the Investment Company Act of 1940, because he is an officer and board member of the Adviser.
- (2) Board members serve an indefinite term until his/her successor is elected. The year first 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.

ANNUAL INVESTMENT  
 MANAGEMENT AGREEMENT  
 APPROVAL PROCESS

At a meeting held on May 10-12, 2005, the Board of Trustees of each Fund, including the independent Trustees, unanimously approved the Investment Management Agreement between each Fund and NAM.

#### THE APPROVAL PROCESS

To assist the Board in its evaluation of an advisory contract with NAM, the independent Trustees received a report in adequate time in advance of their meeting which outlined, among other things, the services provided by NAM; the organization of NAM, including the responsibilities of various departments and key personnel; the Fund's past performance as well as the Fund's performance compared to funds of similar investment objectives compiled by an independent third party (a "Peer Group") and if available, with recognized or, in certain cases, customized benchmarks; the profitability of NAM and certain industry profitability analyses for advisers to unaffiliated investment companies; the expenses of NAM in providing the various services; the advisory fees of NAM, including comparisons of such fees with the management fees of comparable funds in its Peer Group as well as comparisons of NAM's management fees with the fees NAM assesses to other types of investment products or accounts, if any; the soft dollar practices of NAM; and the expenses of each Fund, including comparisons of the Fund's expense ratios (after any fee waivers) with the expense ratios of its Peer Group. This information supplements that received by the Board throughout the year regarding Fund performance, expense ratios, portfolio composition, trade execution and sales activity.

In addition to the foregoing materials, independent legal counsel to the independent Trustees provided, in advance of the meeting, a legal memorandum outlining, among other things, the duties of the Trustees under the 1940 Act as well as the general principles of relevant state law in reviewing and approving advisory contracts; the requirements of the 1940 Act in such matters; an adviser's fiduciary duty with respect to advisory agreements and compensation; the standards used by courts in determining whether investment company boards of directors have fulfilled their duties and factors to be considered by the board in voting on advisory agreements.

At the Board meeting, NAM made a presentation to and responded to questions from the Board. After the presentations and after 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 contract. It is with this background that the Trustees considered each Investment Management Agreement with NAM. 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 the following: (a) the nature, extent and quality of the services to be provided by NAM; (b) the investment performance of the Fund and NAM; (c) the costs of the services to be provided and profits to be realized by NAM and its affiliates from the relationship with the Fund; (d) the extent to which economies of scale would be realized as the Fund grows; and (e) whether fee levels reflect these economies of scale for the benefit of Fund investors.

#### A. NATURE, EXTENT AND QUALITY OF SERVICES

In evaluating the nature, extent and quality of NAM's services, the Trustees reviewed information concerning the types of services that NAM or its affiliates provide and are expected to provide to the Nuveen Funds; narrative and statistical information concerning the Fund's performance record and how such performance compares to the Fund's Peer Group and, if available, recognized benchmarks or, in certain cases, customized benchmarks (as described in further detail in Section B below); information describing NAM's organization and its various departments, the experience and responsibilities of key personnel, and

available resources. In the discussion of key personnel, the Trustees received materials regarding the changes or additions in personnel of NAM. The Trustees further noted the willingness of the personnel of NAM to engage in open, candid discussions with the Board. The Trustees further considered the quality of NAM's investment process in making portfolio management decisions, including any refinements or improvements to the portfolio management processes, enhancements to technology and systems that are available to portfolio managers, and any additions of new personnel which may strengthen or expand the research and investment capabilities of NAM. In their review of advisory contracts for the fixed income funds, the Trustees also noted that Nuveen won the Lipper Award for Best Fund Family: Fixed Income-Large Asset Class, for 2004. Given the Trustees' experience with the Funds, other Nuveen funds and NAM, the Trustees noted that they were familiar with and continue to have a good understanding of the organization, operations and personnel of NAM.

In addition to advisory services, the independent Trustees considered the quality of the administrative or non-advisory services provided. In this regard, NAM provides the Fund with such administrative and other services (exclusive of, and in addition to, any such services provided by others for the Funds) and officers and other personnel as are necessary for the operations of the respective Fund. In addition to investment management services, NAM and its affiliates provide each Fund with a wide range of services, including: preparing shareholder reports; providing daily accounting; providing quarterly financial statements; overseeing and coordinating the

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activities of other service providers; administering and organizing Board meetings and preparing the Board materials for such meetings; providing legal support (such as helping to prepare registration statements, amendments thereto and proxy statements and responding to regulatory inquiries); and performing other Fund administrative tasks necessary for the operation of the respective Fund (such as tax reporting and fulfilling regulatory filing requirements). In addition, in evaluating the administrative services, the Trustees considered, in particular, NAM's policies and procedures for assuring compliance with applicable laws and regulations in light of the new SEC regulations governing compliance. The Trustees noted NAM's focus on compliance and its compliance systems. In their review, the Trustees considered, among other things, the additions of experienced personnel to NAM's compliance group and modifications and other enhancements to NAM's computer systems. In addition to the foregoing, the Trustees also noted that NAM outsources certain services that cannot be replicated without significant costs or at the same level of expertise. Such outsourcing has been a beneficial and efficient use of resources by keeping expenses low while obtaining quality services.

In addition to the above, in reviewing the variety of additional services that NAM or its affiliates must provide to closed-end funds, such as the Funds, the independent Trustees determined that Nuveen's commitment to supporting the secondary market for the common shares of its closed-end funds is particularly noteworthy. In this regard, the Trustees noted Nuveen's efforts to sponsor numerous forums for analysts and specialists regarding the various Nuveen closed-end funds, its creation of a new senior position dedicated to providing secondary market support services and enhancing communications with investors and analysts, and its advertising and media relations efforts designed to raise investor and analyst awareness of the closed-end funds.

With respect to services provided to municipal funds, such as the Funds, the Trustees also noted, among other things, the enhancements NAM implemented to its municipal portfolio management processes (e.g., the increased use of benchmarks

to guide and assess the performance of its portfolio managers); the implementation of a risk management program; and the various initiatives being undertaken to enhance or modify NAM's computer systems as necessary to support the innovations of the municipal investment team (such as, the ability to assess certain historical data in order to create customized benchmarks, perform attribution analysis and facilitate the use of derivatives as hedging instruments). With respect to certain of the Funds with a less seasoned portfolio, the Trustees also noted the hedging program implemented for such Funds and the team responsible for developing, implementing and monitoring the hedging procedures. The hedging program was designed to help maintain the applicable Fund's duration within certain benchmarks.

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

#### B. THE INVESTMENT PERFORMANCE OF THE FUND AND ADVISER

As previously noted, the Board received a myriad of performance information regarding each Fund and its Peer Group, if available. Among other things, the Board received materials reflecting a Fund's historic performance, the Fund's performance compared to its Peer Group and, if available, its performance compared to recognized and, in certain cases, customized benchmarks. Further, in evaluating the performance information, in certain limited instances, the Trustees noted that the closest Peer Group for a Fund still would 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 Peer Group.

For state municipal funds, such as the Funds, the performance data included, among other things, the respective Fund's performance relative to its peers. More specifically, a Fund's one, three and five year total returns (as available) for the periods ending December 31, 2004 were evaluated relative to the unaffiliated funds in its respective Peer Group (including the returns of individual peers as well as the Peer Group average) as well as additional performance information with respect to all the funds in the Peer Group, subject to the following. Certain state municipal Funds do not have a corresponding Peer Group in which case their performance is measured against a state-specific municipal index compiled by an independent third party. Such indices measure bond performance rather than fund performance. The closed-end Funds that utilize such indices are from Connecticut, Georgia, Maryland, Missouri, North Carolina, Texas and Virginia. Based on their review, the Trustees determined that each Fund's absolute and relative investment performance over time had been satisfactory.

#### C. FEES, EXPENSES AND PROFITABILITY

##### 1. FEES AND EXPENSES

In evaluating the management fees and expenses that a Fund is expected to bear, the Trustees considered the Fund's current management fee structure and the Fund's expected expense ratios in absolute terms as well as compared with the fees and expense ratios of the unaffiliated funds in its Peer Group. The Trustees reviewed the financial information of NAM, including its respective revenues, expenses and profitability. In reviewing fees, the Trustees, among other things, reviewed comparisons of the Fund's gross management fees (fees after fund-level and complex-wide level breakpoints but before reimbursement and fee waivers), net management fees (after breakpoints and reimbursements and fee waivers) and total expense ratios (before and after waivers) with those of the unaffiliated funds in the Peer Group and peer averages. In this regard, the Trustees noted that the relative ranking of the Nuveen Funds on fees and expenses was aided by the significant level of fee reductions provided by the fund-level and complex-wide breakpoint schedules, and the fee waivers and reimbursements



provided by Nuveen for certain Funds launched since 1999. The complex-wide breakpoint schedule was instituted in 2004 and is described in further detail below in Section D entitled "Economies of Scale." In their review of the fee and expense information provided, including, in particular, the expense ratios of the unaffiliated funds in the respective Peer Group, the Trustees determined that each Fund's net total expense ratio was within an acceptable range compared to such peers.

## 2. COMPARISONS WITH THE FEES OF OTHER CLIENTS

The Trustees further compared the fees of NAM to the fees NAM assessed for other types of clients investing in municipal funds (such as municipal managed accounts). With respect to such separately managed accounts, the advisory fees for such accounts

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### ANNUAL INVESTMENT MANAGEMENT AGREEMENT APPROVAL PROCESS (continued)

are generally lower than those charged to the comparable Fund. The Trustees noted, however, the additional services that are provided and the costs incurred by Nuveen in managing and operating registered investment companies, such as the Funds, compared to individually managed separate accounts. For instance, as described above, NAM and its affiliates provide numerous services to the Funds including, but not limited to, preparing shareholder reports; providing daily accounting; preparing quarterly financial statements; overseeing and coordinating the activities of other service providers; administering and organizing Board meetings and preparing the Board materials for such meetings; providing legal support; and administering all other aspects of the Fund's operations. Further, the Trustees noted the increased compliance requirements for funds in light of new SEC regulations and other legislation. These services are generally not required to the same extent, if at all, for separate accounts. In addition to the differences in services, the Trustees also considered, among other things, the differences in product distribution, investment policies, investor profiles and account sizes. Accordingly, the Trustees believe that the nature and number of services provided to operate a Fund merit the higher fees than those to separate managed accounts.

## 3. PROFITABILITY OF ADVISER

In conjunction with its review of fees, the Trustees also considered NAM's profitability. The Trustees reviewed NAM's revenues, expenses and profitability margins (on both a pre-tax and after-tax basis). In reviewing profitability, the Trustees recognized that one of the most difficult issues in determining profitability is establishing a method of allocating expenses. Accordingly, the Trustees reviewed NAM's assumptions and methodology of allocating expenses. In this regard, the methods of allocation used appeared reasonable but the Board noted the inherent limitations in allocating costs among various advisory products. The Trustees also recognized that individual fund or product line profitability of other advisers is generally not publicly available. Further, profitability may be affected by numerous factors including the types of funds managed, expense allocations, business mix, etc. and therefore comparability of profitability is somewhat limited. Nevertheless, to the extent available, the Trustees considered NAM's profit margin compared to the profitability of various publicly-traded investment management

companies and/or investment management companies that publicly disclose some or all of their financial results compiled by three independent third-party service providers. The Trustees also reviewed the revenues, expenses and profit margins of various unaffiliated advisory firms with similar amounts of assets under management for the last year prepared by NAM. Based on their review, the Trustees were satisfied that NAM's level of profitability from its relationship with each Fund was reasonable in light of the services provided.

In evaluating the reasonableness of the compensation, the Trustees also considered any other revenues paid to NAM as well as any indirect benefits (such as soft dollar arrangements, if any) NAM 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

In reviewing the compensation, the Trustees have long understood the benefits of economies of scale as the assets of a fund grows and have sought to ensure that shareholders share in these benefits. One method for shareholders to share in economies of scale is to include breakpoints in the advisory fee schedules that reduce fees as fund assets grow. Accordingly, the Trustees received and reviewed the schedules of advisory fees for each Fund, including fund-level breakpoints thereto. In addition, after lengthy negotiations with management, the Board in May, 2004 approved a complex-wide fee arrangement pursuant to which fees of the funds in the Nuveen complex, including the Funds, are reduced as the assets in the fund complex reach certain levels. The complex-wide fee arrangement was introduced on August 1, 2004 and the Trustees reviewed data regarding the reductions of fees for the Funds for the period of August 1, 2004 to December 31, 2004. In evaluating the complex-wide fee arrangement, the Trustees considered, among other things, the historic and expected fee savings to shareholders as assets grow, the amount of fee reductions at various asset levels, and that the arrangement would extend to all Funds in the Nuveen complex. The Trustees also considered the impact, if any, the complex-wide fee arrangement may have on the level of services provided. 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.

#### E. INDIRECT BENEFITS

In evaluating fees, the Trustees also considered any indirect benefits or profits NAM or its affiliates may receive as a result of its relationship with each Fund. In this regard, the Trustees considered any benefits from soft dollar arrangements. The Trustees noted that although NAM manages a large amount of assets, it has very little, if any, brokerage to allocate. This is due to the fact that NAM

typically manages the portfolios of the municipal funds in the Nuveen complex and municipal bonds generally trade on a principal basis. Accordingly, NAM does not currently have any soft dollar arrangements and does not pay excess brokerage commissions (or spreads on principal transactions) in order to receive research services. In addition to soft dollar arrangements, the Trustees also considered any other revenues, if any, received by NAM or its affiliates. With respect to Funds with outstanding preferred shares and new Funds, the Trustees considered revenues received by Nuveen for serving as agent for broker-dealers

at its preferred trading desk and for acting as co-manager in the initial public offering of new closed-end exchange-traded funds.

#### F. OTHER CONSIDERATIONS

Nuveen, until recently, was a majority-owned subsidiary of St. Paul Travelers. As noted, St. Paul earlier this year announced its intention to divest its equity stake in Nuveen. Nuveen is the parent of NAM. Pursuant to a series of transactions, St. Paul has begun to reduce its interest in Nuveen which will ultimately result in a change of control of Nuveen and therefore NAM. As mandated by the 1940 Act, such a change in control would result in an assignment of the advisory agreement with NAM and the automatic termination of such agreement. Accordingly, the Board also considered for each Fund the approval of a New Investment Management Agreement with each Fund in light of, and which would take effect upon, the anticipated change of control. More specifically, the Board considered for each Fund a New Investment Management Agreement on substantially identical terms to the existing Investment Management Agreement, to take effect after the change of control has occurred and the contract has been approved by Fund shareholders. In its review, the Board considered whether the various transactions necessary to divest St. Paul's interest will have an impact on the various factors they considered in approving NAM, such as the scope and quality of services to be provided following the change of control. In reviewing the St. Paul transactions, the Board considered, among other things, the impact, if any, on the operations and organizational structure of NAM; the possible benefits and costs of the transactions to the respective Fund; the potential implications of any arrangements used by Nuveen to finance certain of the transactions; the ability of NAM to perform its duties after the transactions; whether a Fund's fee structure or expense ratio would change; any changes to the current practices of the respective Fund; any changes to the terms of the advisory agreement; and any anticipated changes to the operations of NAM. Based on its review, the Board determined that St. Paul's divestiture would not affect the nature and quality of services provided by NAM, the terms of the Investment Management Agreement, including the fees thereunder, and would not materially affect the organization or operations of NAM. Accordingly, the Board determined that their analysis of the various factors regarding their approval of NAM would continue to apply after the change of control.

#### G. APPROVAL

The Trustees did not identify any single factor discussed previously as all-important or controlling. The Trustees, including a majority of independent Trustees, concluded that the terms of the Investment Management Agreements were fair and reasonable, that the respective Fund Adviser's fees are reasonable in light of the services provided to each Fund, that the renewal of the NAM Investment Management Agreements should be approved, and that the new, post-change of control NAM Investment Management Agreements be approved and recommended to shareholders.

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Reinvest Automatically  
EASILY AND CONVENIENTLY

Sidebar text: NUVEEN MAKES REINVESTING EASY. A PHONE CALL IS ALL IT TAKES TO SET UP YOUR REINVESTMENT ACCOUNT.

#### NUVEEN CLOSED-END EXCHANGE-TRADED FUNDS DIVIDEND REINVESTMENT PLAN

Your Nuveen Closed-End Exchange-Traded 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 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. 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.

#### 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.

Effective Jan. 1, 2005, the asset management services and operations of Nuveen Advisory Corp. (NAC) and Nuveen Institutional Advisory Corp (NIAC) became part of Nuveen Asset Management (NAM). This internal consolidation is intended to simplify the delivery of services to the investment management clients of Nuveen Investments. It does not affect the investment objectives or portfolio management of any Fund.

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, 2004, 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](http://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](mailto: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

Each Fund's Chief Executive Officer has submitted to the New York Stock 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.

GLOSSARY OF TERMS USED IN THIS REPORT

**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.

**AVERAGE EFFECTIVE MATURITY:** The average of all the maturities of the bonds in a Fund's portfolio, computed by weighting each maturity date (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.

**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.

**MARKET YIELD (ALSO KNOWN AS DIVIDEND YIELD OR CURRENT YIELD):** An investment's current annualized dividend divided by its current market price.

**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

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the remainder by the number of shares outstanding. Fund NAVs are calculated at the end of each business day.

**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 DIRECTORS/TRUSTEES

Robert P. Bremner  
Lawrence H. Brown  
Jack B. Evans  
William C. Hunter  
David J. Kundert  
William J. Schneider  
Timothy R. Schwertfeger  
Judith M. Stockdale  
Eugene S. Sunshine

### FUND MANAGER

Nuveen Asset Management  
333 West Wacker Drive  
Chicago, IL 60606

### CUSTODIAN

State Street Bank & Trust  
Boston, MA

### TRANSFER AGENT AND SHAREHOLDER SERVICES

State Street Bank & Trust  
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

Photo of: 2 women looking at a photo album.

Since 1898, financial advisors and their clients have relied on Nuveen

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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.

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 more than \$115 billion in assets, 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 four distinct brands: Nuveen, a leader in fixed-income investments; NWQ, a leader in value-style equities; Rittenhouse, a leader in growth-style equities; and Symphony, a leading institutional manager of market-neutral alternative investment 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](http://WWW.NUVEEN.COM/ETF)

- o Share prices
- o Fund details
- o Daily financial news
- o Investor education
- o Interactive planning tools

Logo: NUVEEN Investments

EAN-C-0505D

### 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](http://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

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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.

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 entered into on or after May 6, 2003, 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	AUDIT-RELATED FEES BILLED TO FUND
May 31, 2005	\$ 7,991	\$ 0
Percentage approved pursuant to pre-approval exception	N/A	0%
May 31, 2004	\$ 7,599	\$ 0



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Percentage approved pursuant to pre-approval exception N/A 0%

The above "All Other Fees" are fees paid to audit firms to perform agreed upon procedures required by the rating agencies to rate fund preferred shares. The above "Tax Fees" were billed for professional services for tax advice, tax compliance, and tax planning.

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 table also shows 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	BI AND SE
May 31, 2005	\$ 0	\$ 282,575	
Percentage approved pursuant to pre-approval exception	0%	0%	
May 31, 2004	\$ 0	\$ 0	
Percentage approved pursuant to pre-approval exception	N/A	N/A	

The above "Tax Fees" are primarily fees billed to the Adviser for Fund tax return preparation.

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. For engagements entered into on or after May 6, 2003, 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 BILLED AFFILIATED PRO
May 31, 2005	\$ 3,231	\$ 282,575	
May 31, 2004	\$ 3,381	\$ 0	

The above "Non-Audit Fees billed to Adviser" for 2005 include "Tax-Fees" billed to Adviser in the amount of \$282,575 from 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 (the "Exchange Act") (15 U.S.C. 78c(a)(58)(A)). The members of the audit committee are Robert P. Bremner, Lawrence H. Brown, Jack B. Evans and William J. Schneider.

ITEM 6. SCHEDULE OF INVESTMENTS.

See Portfolio of Investments in Item 1.

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

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### MANAGEMENT INVESTMENT COMPANIES.

In the rare event that a municipal issuer held by the Fund were to issue a proxy or that the Fund were to receive a proxy issued by a cash management security, the Adviser 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 Fund's Board of Directors or Trustees or its representative. In the case of a conflict of interest, the proxy would be submitted to the applicable Fund's Board to determine how the proxy should be voted. A member of the Adviser's legal department would oversee the administration of the voting, and ensure that records were maintained in accordance with Rule 204-2(c)(2) under the Investment Advisers Act of 1940 (17 CFR 275.204-2(c)(2)), reports were filed with the SEC on Form N-PX, and the results were provided to the Board of Directors or Trustees and made available to shareholders as required by applicable rules.

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

Not applicable at this time.

### 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 registrant's Board implemented after the registrant last provided disclosure in response to this Item.

### ITEM 11. CONTROLS AND PROCEDURES.

- (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](http://www.nuveen.com/etf) and there were no amendments during the period covered by this report. (To view the

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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.

(Registrant) Nuveen Georgia Dividend Advantage Municipal Fund 2

By (Signature and Title)\* /s/ Jessica R. Droeger

Jessica R. Droeger  
Vice President and Secretary

Date: August 8, 2005

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, 2005

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

Stephen D. Foy  
Vice President and Controller

(principal financial officer)

Date: August 8, 2005

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