

NUVEEN NORTH CAROLINA PREMIUM INCOME MUNICIPAL FUND
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 811-7608

Nuveen North Carolina Premium Income Municipal Fund

(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

Jessica R. Droeger
Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Name and address of agent for service)

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

Date of fiscal year end: May 31

Date of reporting period: May 31, 2005

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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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

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

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

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 ¹ | 7.96% | 7.30% | 6.22% |
| Lipper Other States Municipal Debt Funds Average ² | 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 SHARE²

| | |
|-----|--------|
| 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.

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6/1/04

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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 Yield ¹ | 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.

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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 SHARE²

| | |
|-----|-------|
| 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
15
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
15.36
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
14.78
14.75
14.63
14.63
14.64
14.84
14.85
14.7
14.64
14.68
14.99
14.89
14.98
14.95
14.99
15.08
15.18
15.36
15.26
15.36
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 ¹ | 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
13.35
13.35
13.41
13.46
13.49
13.48
13.42
13.4
13.42
13.4
13.27
13.21
13.22
13.22
13.45
13.49
13.5
13.5
13.6
13.48
13.55
13.58
13.5
13.6
13.6
13.6
13.67
13.78
13.84
13.99
13.97
14.1
14.16
14.15
14.15
14.1
13.96
13.96
13.96
14.3
14.5
14.61
14.5
14.45
14.5
14.43

14.34
14.33
14.12
14.12
14.21
14.33
14.28
14.2
14.2
14.26
14.18
14.06
14.16
14.21
14.19
14.17
14.18
14.33
14.2
14.2
14.2
14.15
14.51
14.45
14.46
14.42
14.42
14.68
14.7
14.45
14.39
14.39
14.29
14.29
14.33
14.37
14
13.48
13.5
13.45
13.46
13.59
13.78
13.82
13.7
13.75
13.65
13.71
13.71
13.72
13.75
13.6
13.59
13.57
13.34
13.62
13.67
13.5
13.47
13.55
13.67
13.56

13.38
13.59
13.45
13.3
13.54
13.45
13.29
13.44
13.44
13.33
13.38
13.31
13.37
13.5
13.86
13.97
13.97
14.03
14.08
14.07
14.01
14.1
14.3
14.19
14.4
14.5
14.35
14.15
14.27
14.28
14.28
14.29
14.31
14.38
14.5
14.53
14.5
14.51
14.79
14.9
14.5
14.42
14.5
14.97
14.64
14.57
14.48
14.33
14.12
14.29
14.34
14.3
14.6
14.5
14.37
14.35
14.17
13.99
13.85
13.81
13.69
13.72

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| | |
|---------|-------|
| | 13.76 |
| | 13.69 |
| | 13.62 |
| | 13.54 |
| | 13.57 |
| | 13.69 |
| | 13.54 |
| | 13.56 |
| | 13.72 |
| | 13.85 |
| | 13.85 |
| | 14 |
| | 14.28 |
| | 14.11 |
| | 13.5 |
| | 13.75 |
| | 13.8 |
| | 13.9 |
| | 14 |
| | 14 |
| | 13.69 |
| | 13.68 |
| | 13.8 |
| | 13.81 |
| | 13.8 |
| | 13.73 |
| | 13.52 |
| | 13.41 |
| | 13.58 |
| | 13.58 |
| | 13.76 |
| | 13.68 |
| | 13.75 |
| | 13.75 |
| | 13.79 |
| | 13.75 |
| | 13.78 |
| | 13.62 |
| | 13.67 |
| | 13.7 |
| | 13.58 |
| | 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 |
| 5/31/05 | 14.18 |

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 ¹ | 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
16.38
16.23
16.25
16.27
16.28

16.3
16.29
16.22
16.4
16.27
16.37
16.46
16.62
16.67
16.67
16.72
16.77
16.65
16.45
16.35
16.43
16.4
16.48
16.39
16.48
16.48
16.48
16.45
16.49
16.57
16.72
16.51
16.5
16.5
16.5
16.27
16.33
16.56
16.58
16.8
16.78
16.51
16.45
16.47
16.47
16.51
16.43
16.38
16.31
16.3
16.37
16.35
16.33
16.49
16.47
16.43
16.9
16.75
16.71
16.98
16.95
16.84
17.15
17.06
17.4
17.49
17.28

17.39
17.52
17.45
17.36
17.39
17.28
16.94
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 ¹ | 7.56% |
| ----- | |
| Net Assets Applicable to | |
| Common Shares (\$000) | \$96,008 |

| | |
|---|-------|
| 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.

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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
15.8
15.81
15.9
15.9
15.86
15.86
15.85
15.85
15.85
15.9
15.92
15.96
16.14
16.14
16.05
16.1
16.12
16.15
16.12
16.15
16.1
16.1
16.13
16.11
16.25
16.3
16.3
16.07
16.07
16.4
16.25
16.2
16.2
16.23
16.23
16.25
16.25
16.35
16.35
16.39
16.43
16.5
16.35
16.45
16.56
16.56
16.55
16.56

16.55
16.85
16.85
16.75
16.85
16.75
16.9
16.62
16.92
16.95
16.9
16.67
16.69
16.67
16.62
16.75
16.75
16.75
16.75
16.75
16.84
16.84
16.84
16.63
16.63
16.8
17
17
16.85
16.76
16.69
16.54
16.57
16.45
16.31
16.44
16.45
16.54
16.54
16.58
16.41
16.5
16.5
16.46
16.43
16.4
16.6
16.6
16.7
16.7
16.76
16.76
16.67
16.75
16.68
16.65
16.7
16.84
16.69
16.8
16.76
16.7

17
17
17.05
16.83
16.83
16.83
16.83
16.8
16.8
16.8
16.9
16.83
16.88
16.8
16.9
16.86
16.73
16.65
16.88
17.05
17.05
17.05
17.05
17.02
17.12
16.92
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

| | |
|---------|-------|
| | 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 ¹ | 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 SHARE2

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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 ¹ | 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 |
| 1,210 | Atlanta Urban Residential Finance Authority, Georgia, Dormitory Facility Revenue Refunding Bonds, Morehouse College Project, Series 1995: 5.750%, 12/01/20 - MBIA Insured | 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 |

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 |

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 |
| | Georgia Municipal Electric Authority, Project One Special Obligation Bonds, Fifth Crossover Series 1998Y: | |
| 85 | 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 | Midgewville, 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) | PROVISIO |
|--------------|---|--------------|
| ----- | | |
| | 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 |
|-------|--|-------------|

 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:

| | 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

 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

 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

 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 |

| 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 |

| 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 |

| 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

| 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% | |
| ===== | | |

Other Assets Less Liabilities - 2.4%

 Preferred Shares, at Liquidation Value - (49.3)%

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

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 |

- (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 |
|---------------------------|---|------------------------|
| ----- | | |
| | 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 |
|-------|--|-----------|

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 |
|-----|--|-------------|

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 |
|-------|---|-------------|

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 |
|---------------------------|----------------|------------------------|
|---------------------------|----------------|------------------------|

TAX OBLIGATION/LIMITED (continued)

| | | |
|----|--|---|
| \$ | Charlotte, North Carolina, Certificates of Participation, Governmental Facilities Projects, Series 2003G: 1,145 5.000%, 6/01/18 1,700 5.375%, 6/01/26 | 6/13 at 100 6/13 at 100 |
| | Charlotte, North Carolina, Storm Water Fee Revenue Bonds, Series 2002: 1,050 5.250%, 6/01/20 1,750 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 2,180 | 6/06 at 102 |
| | Davidson County, North Carolina, Certificates of Participation, Series 2004, 5.250%, 6/01/14 - AMBAC Insured 1,000 | 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 750 | 8/09 at 101 |
| | Lee County, North Carolina, Certificates of Participation, Public Schools and Community College, Series 2004: 1,715 5.250%, 4/01/18 - FSA Insured 500 5.250%, 4/01/20 - FSA Insured 1,000 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: 2,500 5.000%, 2/01/19 1,500 5.000%, 2/01/23 | 2/14 at 100 2/14 at 100 |
| | North Carolina, Certificates of Participation, Series 2003: 1,130 5.250%, 6/01/21 1,000 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 1,500 | 6/14 at 100 |
| | Puerto Rico Highway and Transportation Authority, Grant Anticipation Revenue Bonds, Series 2004, 2,000 | 3/14 at 100 |

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5.000%, 9/15/21 - MBIA Insured

| | | |
|---|--|-------------|
| 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 |

| | | |
|--|---|-------------|
| 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 |

| | | |
|--|--|-------------|
| 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 |
|------------------------|----------------|---------------------|
|------------------------|----------------|---------------------|

| | | |
|--|--|--------------|
| 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.

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

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

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 100 |
| | 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 100 |
| | 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 100 |

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 |
|--|-------|---|-------------|

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 |

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 |
|-----|--|-----------|

 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 |
| 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 |
|------------------------|----------------|---------------------|
|------------------------|----------------|---------------------|

 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 |
|--------|--|-------------|

 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

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 |
|-------|--|-------------|

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 |

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 |
|---------------------------|--|------------------------|
| ----- | | |
| | 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 | EFFECTIVE 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 |

| 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)

| 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 |

| | | |
|-------|--------|--|
| \$ | 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

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) |
|---|---------------------------------------|
| <hr/> | |
| 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 |
| <hr/> | |
| Total assets | 85,563,464 |
| <hr/> | |
| LIABILITIES | |
| Forward swaps, at value | -- |
| Accrued expenses: | |
| Management fees | 46,368 |
| Other | 22,283 |
| Preferred share dividends payable | 7,618 |
| <hr/> | |
| Total liabilities | 76,269 |
| <hr/> | |
| Preferred shares, at liquidation value | 27,800,000 |
| <hr/> | |
| Net assets applicable to Common shares | \$57,687,195 |
| <hr/> | |
| Common shares outstanding | 3,796,767 |
| <hr/> | |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 15.19 |
| <hr/> | |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF: | |
| <hr/> | |
| 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 |
| <hr/> | |
| Net assets applicable to Common shares | \$57,687,195 |
| <hr/> | |

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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 |
| OPERATIONS | | | | |
| 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) |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | | | |
| 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) |
| CAPITAL SHARE TRANSACTIONS | | | | |
| 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.

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| | 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

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 | -- | |

| | 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.

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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.

| 2004 | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) |
|--|---------------------------------------|---|---|
| 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 | -- |

| 2004 | 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 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:

| Expiration year: | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII) |
|------------------|---------------------------------------|---|---|---|
| 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 |
|-------|-----------|-----------|----------|-----------|

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.

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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 |

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

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 |

- * 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 |
|--------------------------------|--------------------------------------|---|---|
|--------------------------------|--------------------------------------|---|---|

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 |
|--------------------------------|--------------------------------------|---|---|
|--------------------------------|--------------------------------------|---|---|

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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Development Coalition; President, Dayton Orchestra Association; formerly, Member Advisory Board, National City Bank, Dayton Business Advisory Council, Cleveland Fe

 Judith M. Stockdale Board member 1997 Executive Director, Gaylord and Dorothy
 12/29/47 Foundation (since 1994); prior thereto,
 333 W. Wacker Drive Great Lakes Protection Fund (from 1990
 Chicago, IL 60606

 Eugene S. Sunshine Board member 2005 Senior Vice President for Business and
 1/22/50 Northwestern University; Director (sinc
 333 W. Wacker Drive Board of Options Exchange; Director (si
 Chicago, IL 60606 Mentor Holdings, a privately-held, nati
 and community-based services; Chairman
 Board of Directors, Rubicon, an insuran
 by Northwestern University; Director (s
 Evanston of Commerce and Evanston Inven
 development organization.

| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED (4) | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS |
|--------------------------------|---------------------------------------|---|--|
|--------------------------------|---------------------------------------|---|--|

 OFFICERS OF THE FUND:

| | | | |
|--|------------------------------------|------|--|
| Gifford R. Zimmerman 9/9/56 333 W. Wacker Drive Chicago, IL 60606 | Chief Administrative Officer | 1988 | Managing Director (since 2002), Assista Associate General Counsel, formerly, Vi Assistant General Counsel of Nuveen Inv Managing Director (since 2002), Genera Assistant Secretary, formerly, Vice Pre Advisory Corp. and Nuveen Institutional Managing Director (since 2002), Assista Associate General Counsel, formerly, Vi (since 2000), of Nuveen Asset Managemen (since 2004) and Assistant Secretary (s Investments, Inc.; Assistant Secretary Management Company, LLC (since 2002); V Assistant Secretary of Nuveen Investmen (since 2002); Managing Director, Associ and Assistant Secretary of Rittenhouse Inc. (since 2003); Chartered Financial |
|--|------------------------------------|------|--|

Board Members
 AND OFFICERS (CONTINUED)

| 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):

| | | | |
|---|--|------|---|
| 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 |
|--------------------------------|---------------------------------------|---|--|
|--------------------------------|---------------------------------------|---|--|

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. |
|--|----------------|------|--|

| | | | |
|--|----------------|------|---|
| Tina M. Lazar 8/27/61 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2002 | Vice President (since 1999) of Nuveen I |
|--|----------------|------|---|

| | | | |
|--|--|------|--|
| 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; Vic 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). |
|--|--|------|--|

- (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.

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

CEO CERTIFICATION DISCLOSURE

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.

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

- 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. (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 North Carolina Premium Income Municipal Fund

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 | \$ 8,977 | \$ 0 |
| Percentage approved pursuant to pre-approval exception | N/A | 0% |
| May 31, 2004 | \$ 8,546 | \$ 0 |
| Percentage approved | N/A | 0% |

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pursuant to
pre-approval
exception

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 | \$ 3,060 | \$ 282,575 | |
| May 31, 2004 | \$ 2,837 | \$ 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 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 and there were no amendments during the period covered by this report. (To view the code, click on the Investor Resources drop down menu box, click on Fund

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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 North Carolina Premium Income Municipal Fund

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

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